Town of West Newbury
Select Board
Monday, December 5, 2022 @ 5:30pm

381 Main Street, Town Office Building
www.wnewbury.org

RECD W.NEWBURY CLERK '22 DEC 1 PM5:10

AGENDA

Executive Session: *5:30pm in 1910 Building, 381 Main Street: Select Board office*

- MGL Ch. 30A §21(a) 2: To conduct strategy sessions in preparation for negotiations with nonunion personnel or to conduct collective bargaining sessions or contract negotiations with nonunion personnel *(Town Accountant contract; wage / classification study for non-Union personnel; process for Select Board personnel evaluations);*
- MGL Ch. 30A §21(a) 6: To consider the purchase, exchange, lease or value of real property if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body *(31 Dole Place)*;
- MGL Ch. 30A §21(a) 7: To comply with, or act under the authority of, any general or special law or federal grant-in-aid requirements *(potential engagement of Special Counsel services).*

The Board may take a brief recess between the Executive Session and the Open Session beginning at 7 PM.

Open Session: *7:00pm by in-person attendance or remote participation (instructions below)*

Announcements:

- This meeting is being broadcast on local cable TV and recorded for rebroadcast on the local cable channels and on the internet. Meeting also accessible by remote participation; instructions below.
- Pentucket Arts Foundation – Makers' Market, Sat., Dec. 3rd from 10:30am-4pm, Veasey Mem. Park, Groveland
- Holiday Tree Lighting – Training Field – Thursday, December 8th, 6:30pm – Caroling, cookies, hot chocolate!
- Holiday Luncheon and musical performance by the Page School Chorus – Thursday, December 15th at 11:30am, SAGE Center – spaghetti & meatballs, FREE to attend, advance registration required
- Call for volunteers! Open positions on Boards/Commissions/Committees. See www.wnewbury.org/volunteer
- Reminder to subscribe for emailed Town agendas/news/announcements at www.wnewbury.org/subscribe

Regular Business

A. Presentation of new Hand Tub Lane sign and confirm date for formal on-site unveiling – *Rock Dower, Veteran Firemen's Association*
B. Discussion of Pentucket Regional Agreement; review of potential revisions to propose to other towns and PRSD Administration
C. Discussion of Wage/Classification study
D. Review/approve Select Board FY24 budget policy direction
E. Confirm date for 2023 Annual Town Meeting
F. Stormwater Work Group Update and Stormwater Management Project Request for Comments – *Wayne Amaral, DPW Director*
G. Review of proposal for Select Board hearing room design/furniture – *Wayne Amaral, DPW Director*
H. Meeting minutes: October 17, 2022; October 24, 2022

Town Manager Updates

I. Update re recent meeting with PRSD Administration and Groveland, Merrimac Finance Directors
J. Update re recent ratings call with Moody's
K. Update re recent introductory meeting with MVPC staff regarding updates to Housing Production Plan
L. Follow up meeting assignment; placing items for future agendas

Addendum to Meeting Notice regarding Remote Participation

Public participation in this meeting of the West Newbury Select Board will be available via remote participation. For this meeting, members of the public who wish to listen to the meeting may do so in the following manner:

Zoom Meeting
Phone: (646) 558 8656
Meeting ID: 879 8791 7996
Passcode: 912440
Join at:
https://us06web.zoom.us/j/87987917996?pwd=dk4ydzZwTkZrUmkyT2xpU2VvclFOZz09

Every effort will be made to ensure that the public can adequately access the proceedings in real time, via technological means. In the event that we are unable to do so, despite best efforts, we will post on the West Newbury website an audio or video recording of proceedings as soon as practicable after the meeting.

West Newbury

Annual Tree Lighting

Thursday, December 8 at 6:30 pm

Please join us for this annual tradition

Caroling, Hot Cocoa & Cookies

Located at the Training Field

All are welcome!

(Main Street adjacent to G.A.R. Memorial Library and across from the Town Hall)

HOLIDAY LUNCHEON

AND MUSICAL PERFORMANCE BY THE PAGE SCHOOL CHORUS

Thursday, December 15
11:30 am
at the SAGE Center or Annex*
*TBD based on participation

Please Register: 978-363-1104
Lunch: Spaghetti & Meatballs
Cost: FREE

SAGE CENTER
social | activities | growth | education

West Newbury Council on Aging | 381 Main Street, West Newbury | 978-363-1104

A

Town of West Newbury

381 Main Street
West Newbury, Massachusetts 01985

Angus Jennings, Town Manager
978·363·1100, Ext. 111 Fax 978·363·1826
townmanager@wnewbury.org

TO: Select Board

FROM: Angus Jennings, Town Manager

DATE: December 1, 2022

RE: Hand Tub Lane

The Hand Tub Lane street sign has been delivered, and looks terrific!

At Monday's meeting, the sign will be shared. We'd also like to pin down a date/time that evening, for later in December, for an on-site unveiling of the sign. (DPW will install the sign in advance, then cover it, with the cover to be removed at the unveiling). The Veteran Firemen's Association will assist in organizing the on-site event, which is expected to include an opportunity for attendees to look at the actual hand tub (which is located in the adjacent Historical Society property).

Town of West Newbury
381 Main Street
West Newbury, Massachusetts 01985
Angus Jennings, Town Manager
978·363·1100, Ext. 111 Fax 978·363·1826
townmanager@wnewbury.org

B

TO: Select Board

FROM: Angus Jennings, Town Manager

DATE: December 1, 2022

RE: PRSD Regional Agreement

At its Nov. 21 meeting, the Board considered a range of potential revisions to the PRSD Regional Agreement, as suggested by the Chair Archibald (in written comments dated __, by the FinCom, and considered in Board discussions this fall. The Nov. 21 meeting resulted in Board agreement to consider a relatively short list of potential revisions – which, if endorsed by the Board, would be forwarded to your counterparts (Select Boards) in Merrimac and Groveland, and to the PRSD Administration – for their review and consideration. If the 3 towns agree that some number of revisions are warranted in the next Town Meeting cycle, the next step would be to work toward agreement (among the Boards) regarding specific language to include on the Spring ATM warrants. (Revisions to the Regional Agreement would require approval by all 3 Town Meetings, as well as by the Massachusetts Commissioner of Elementary and Secondary Education).

At the Nov. 21 meeting, it was agreed that the items considered by the Board that night would be reduced to writing, and that the Board would review draft redlined changes at its upcoming Dec. 5th meeting. I have prepared the following DRAFT redlined edits (of sections discussed on Nov. 21 for potential revision) for Board review.

Section IV. LOCATION OF SCHOOLS

B. There may ~~shall~~ be ~~not less than~~ one elementary school in each member town provided, however, that the towns may decide to share or consolidate elementary schools in the future. Unless and until any such consolidation, students ~~Students~~ in grades PK - 5 or 6 shall attend schools in their towns of residence, except in cases of emergency as defined by the Regional District School Committee, children attending special education low incidence classes, regional "magnet" classes, or intradistrict school choice. In such instances of emergency, refer to the Pentucket Regional School District "Contingency Plan" as approved by the Pentucket Regional School Committee, and as may be amended from time to time.

Section VI. DEFINITIONS

The budget for construction and operation of the District's Schools including payments of principal and interest on bonds and other evidence of indebtedness issued by the District shall be apportioned to the member towns subject to the following definitions:

A. Budget

As defined by this document, the budget is the amount of dollars voted by the Regional District School Committee to finance the District schools to be paid from the general revenues of the Regional School District.

The budget shall be comprised of two parts: operating costs and debt service, each as herein defined.

1. DEBT SERVICE and CAPITAL COSTS include all costs that are used for payment of principal and interest on bonds or other obligations issued by the District. Capital projects shall be defined as costing not less than $20,000 ~~$10,000~~ and having a depreciable life of not less than 5 years.
2. OPERATING COSTS include all costs not included in Debt Service and Capital Costs as defined in 1, but includes interest and principal on revenue anticipation notes.

Section VIII. RESPONSIBILITY FOR ADDITIONS, MAJOR REPLACEMENTS AND MAINTENANCE OF SECONDARY AND ELEMENTARY SCHOOLS

A. The District shall develop a 5 year capital plan for each building that will be provided to each member town by October ~~January~~ 15th. This plan shall include; item descriptions, estimated costs, and the projected depreciable life. Capital projects shall be defined as costing not less than $20,000 ~~$10,000~~ and having a depreciable life of not less than 5 years. Capital projects shall be scheduled and approved by the member Town. Emergency repair procedures shall be defined by the member Town lease agreement.

In addition, on or before January 15th of each year, the District shall provide the member towns with a maintenance plan for the following budget year for each of its buildings. The District shall include a line item in its budget to fully fund this plan. As part of its closeout of the fiscal year, on or around September 1st of each year, a ~~A~~ year end maintenance report covering the preceding fiscal year shall be provided to the member towns identifying the cost of all maintenance performed.

Section X. WITHDRAWAL OF MEMBER TOWNS FROM THE REGIONAL SCHOOL DISTRICT

A Any town withdrawing from the District must first pay all its share of total debt and current operating expenses. All withdrawals are subject to the approval of the Commissioner of Elementary and Secondary Education and must be approved by all ~~two thirds~~ of the member Towns.

Any member town may withdraw from the regional school district in total or at the elementary level if accepted by a majority vote of the voters present and voting on the question at its Annual Town meeting called for the purpose, such withdrawal to become effective on June 30th of the year named in the question, provided: (1) that in pursuance of such vote, the withdrawing town gives the regional school district at least one years written notice of its intention to withdraw, (2) that the said town has paid over to the District any costs which have been certified by the District Treasurer to the Treasurer of the withdrawing town.

Section XII. BUDGET

There shall be a Regional Finance Advisory Committee, comprised of the following: one Selectperson from each member town annually appointed by each member town Select Board; the Finance Director, or person holding such position by whichever title it may be known, from each member town; one Finance Committee member from each member town annually appointed by each member town Finance Committee; the Regional District School Committee Chair, or his/her designee; and the District Superintendent and/or Business Manager. The Regional Advisory Committee will meet, from time to time, with the Regional District School Committee Chair, the Superintendent and/or Business Manager to discuss matters that may impact the District and/or the towns, including budget calendars and timelines, content and detail of budgets, revenue estimates and other revenue matters, capital budget items and use of Excess and Deficiency funds. The chairmanship of the Advisory Committee shall rotate annually among the members from each of the towns. The Committee shall prepare reports to be read into the School Committee minutes.

A. The Regional District School Committee shall prepare a budget on a fiscal year basis for the District in the following manner:

2. The proposed budget shall contain a notice stating when and where a public hearing will be held. The public hearing shall be held in any District school building. The notice of the public hearing shall be posted in all three towns. Said hearing shall be held at least ten (10) days prior to final adoption of the proposed budget. Upon request of the Finance Committee and/or the Board of Selectmen of any member town, the Regional District School Committee shall arrange to meet with such Finance Committee and/or Board of Selectmen for the purpose of discussing the proposed budget. Said proposed budget shall be submitted in the template approved by the School Committee, itemized at least as follows: central administration; expenses of instruction; transportation; operation of school plant; maintenance of school plant; outlay, debt and interest charges; the last named to specify all items costing [REVIEWING POTENTIAL INCREASED AMOUNT WITH PRSD ADMINISTRATION] ~~$1,000.00~~ or more. All non-recurring expenditures shall be itemized. Enrollment, staffing, total expenditures and assessments for the past five years shall be included. The Chair of any member Board of Selectmen or Finance Committee may request further information.

A complete copy of the current, executed Regional Agreement is also enclosed for reference.

PENTUCKET REGIONAL SCHOOL DISTRICT
REGIONAL AGREEMENT

PreK-12 REGIONAL AGREEMENT OF APRIL 30, 1993 AS AMENDED JULY 1, 1997, JULY 1, 1998, JULY 1, 1999, JULY 1, 2005, JULY 1, 2006, JULY 1, 2012, JULY 1, 2014, AND JULY 1, 2019

For a Regional School District for the Towns of Groveland, Merrimac, and West Newbury, towns in the Commonwealth of Massachusetts hereinafter referred to as member towns.

Section I. MEMBERSHIP OF THE REGIONAL DISTRICT SCHOOL COMMITTEE

A. The Regional District School Committee shall consist of nine members, three from each member town, who shall be elected by the voters of that town. Each member so elected shall serve a three year term. In the event that a town or towns separate from the Regional School District at the elementary level as stated in Section X, the three (3) elected members from said town or towns shall constitute the elementary school committee as well as represent their town at the regional level.

B. Any vacancy occurring on the Regional District School Committee for any cause shall be filled by the local Board of Selectmen and the remaining School Committee members from the town where the vacancy occurs. Such replacement shall serve until the next annual town election.

C. At the first scheduled meeting of the Regional District School Committee after the annual election of all member towns, the Regional District School Committee shall organize in accordance with Massachusetts General Laws, Chapter 71, Section 16A, known as "Regional School Committee, Organization". In addition, the Regional District School Committee shall fix the time and place for its regular meetings for the new term, provide for the calling of special meetings upon notice to all its members, and appoint appropriate sub-committees and other officers.

D. The Chairmanship, Vice Chairmanship and Secretary positions shall be revolving with one position being from each town. No Town shall hold more than one office.

Section II. QUORUMS, VOTES AND GOVERNANCE

A. A quorum to conduct business at regular meetings shall consist of a simple majority of its members and special meetings shall require not less than two members from each of the towns.

B. On all issues requiring a vote of the Regional District School Committee, each member's vote will be weighted according to the respective town's population based on the most recent decennial Federal census data, calculated out to two decimal places, and remain as such until the next official Federal census.

C. Any action voted by the Regional District School Committee which directly and specifically affects the elementary school(s) in only one town shall require that two of the three members of the Regional District School Committee from the town in which the affected elementary school is located vote in support of that action. In order, however, for a school to be closed in any member town where there is more than one elementary school, all three committee members from the affected town are required to vote in favor of the proposed closure after a public hearing is held in the affected town.

Section III. TYPE OF SCHOOL

A. The Regional School District shall include all grades from PK – 12.

B. The secondary schools shall serve students in grades 6 or 7 – 12.

C. The elementary schools shall serve students in grades PK – 5 or 6.

D. In the agreement where "preschool" is mentioned it is done so for future purposes to permit the Regional District School Committee with the approval of all member towns at their respective Town Meetings, at some future date, to include preschool classes. Until such time all preschool expenses shall be on a self supporting basis, except those excluded by law.

Section IV. LOCATION OF SCHOOLS

A. The Regional District secondary school buildings shall be located on sites owned by the District.

B. There shall be not less than one elementary school in each member town. Students in grades PK – 5 or 6 shall attend schools in their towns of residence, except in cases of emergency as defined by the Regional District School Committee, children attending special education low incidence classes, regional "magnet" classes, or intradistrict school choice. In such instances of emergency, refer to the Pentucket Regional School District "Contingency Plan" as approved by the Pentucket Regional School Committee, and as may be amended from time to time.

C. Each member town shall retain ownership of all elementary school buildings and related grounds, including any new elementary school buildings constructed in the future. Each member town shall lease each elementary school building and related grounds to the Pentucket Regional School District for the sum of one dollar. Each lease shall be for a term not greater than the term permitted by either general or special State law. The initial term of each lease shall commence on the date that the Regional District School Committee assumes jurisdiction over the pupils in grades PK-12 or as otherwise provided in such lease. Each lease may contain provisions for an extension of the lease term at the option of the Regional District School Committee. Responsibilities for maintenance of elementary school buildings shall be uniform across all District elementary school leases. A lease shall not prevent the use of the elementary school buildings or premises by the respective owner towns with the approval of the School Committee, which shall not withhold such approval unless educationally necessary. If permitted by either general or special State law, a lease may provide that it shall terminate and the leased property shall revert to the member town if the town should no longer be a member of the Pentucket Regional School District or if the Regional District School Committee should determine that the land, with the building and other improvements thereon, is no longer needed for the educational program of the District. Each lease may include such other terms as may be agreed upon by the Board of Selectmen of a member town and the Regional District School Committee. A lease shall be executed by the Board of Selectmen on behalf of the member town and the Regional District School Committee on behalf of the District.

D. Said requirements to lease land and buildings shall not include portions of land and buildings already under separate lease at the time of the effective date of this agreement until such time as the existing lease terms expire.

E. Payments from present leases and future leases shall be paid to the Regional School District in accordance with the lease agreement by and between the District and the Town.

F. When necessary to implement due to an emergency as described in Section IV (B), the Pentucket Regional School District "Contingency Plan" will be in place for not more than one year, or until all towns have convened a special town meeting for the purpose of reviewing any amendments as may be proposed to the Regional Agreement, whichever comes first.

Section V. TRANSPORTATION

Transportation shall be provided by the Regional School District. The Regional District School Committee shall set District transportation policy.

Section VI. DEFINITIONS

The budget for construction and operation of the District's Schools including payments of principal and interest on bonds and other evidence of indebtedness issued by the District shall be apportioned to the member towns subject to the following definitions:

A. Budget

As defined by this document, the budget is the amount of dollars voted by the Regional District School Committee to finance the District schools to be paid from the general revenues of the Regional School District.

The budget shall be comprised of two parts: operating costs and debt service, each as herein defined.

1. DEBT SERVICE and CAPITAL COSTS include all costs that are used for payment of principal and interest on bonds or other obligations issued by the District. Capital projects shall be defined as costing not less than $10,000 and having a depreciable life of not less than 5 years.

2. OPERATING COSTS include all costs not included in Debt Service and Capital Costs as defined in 1, but includes interest and principal on revenue anticipation notes.

Section VII. METHOD OF ASSESSING COSTS OF THE REGIONAL SCHOOL DISTRICT

A. All operating costs shall be assessed to the three towns on the basis of M.G.L. Chapter 71, Section 16B.

1. The district assessment will be calculated and reported to the member towns by using the two – step method. The District shall list all general fund revenues, including but not limited to Chapter 70 and Transportation Aid, and reduce the member assessment as it relates to the approved operating budget by said amount. The remaining member assessments shall be calculated by charging each member Town its net minimum spending amount as approved by the Department of Elementary and Secondary Education for the Fiscal Year being assessed. Should the requested member assessments exceed the net minimum spending required then the remaining amount shall be charged to each member Town based upon its percentage of the entire District enrollment calculated to 4 decimal places as of October 1 of the prior Fiscal Year for grades K to 12, including out of District placements, as reported to the Massachusetts Department of Elementary and Secondary Education on the statewide pupil census. All Debt Service and Capital Costs not associated directly to one member community's Elementary School(s) shall be allocated and assessed annually using the calculation stated above for any amount over the net minimum spending requirement.

2. Should all member Towns agree on an alternative method of assessment the District shall be notified in writing by each member community's Board of Selectmen Chair on the agreed procedure on or before March 1 of the year

prior to the Fiscal year budget start date. If the per pupil method of assessment is chosen then the calculation shall be the same as the amount over net minimum spending stated in Part 1 of this section.

B. Debt Service, incurred by the District for an elementary school building of a member town, less applicable Chapter 70B MSBA aid, shall be assessed to the member town in which the elementary school is located.

C. The payment of the assessed share of operating costs and debt service by each member town, as computed by the Regional District School Committee according to the methods specified in Sections VI, and VII, shall be made by each member town's Treasurer by check payable to the Regional School District in twelve equal installments by the fifteenth of each month.

Section VIII. RESPONSIBILITY FOR ADDITIONS, MAJOR REPLACEMENTS AND MAINTENANCE OF SECONDARY AND ELEMENTARY SCHOOLS

A. The District shall develop a 5 year capital plan for each building that will be provided to each member town by January 15th. This plan shall include; item descriptions, estimated costs, and the projected depreciable life. Capital projects shall be defined as costing not less than $10,000 and having a depreciable life of not less than 5 years. Capital projects shall be scheduled and approved by the member Town. Emergency repair procedures shall be defined by the member Town lease agreement.

In addition, the District shall provide the member towns with a maintenance plan for each of its buildings. The District shall include a line item in its budget to fully fund this plan. A year end maintenance report shall be provided to the member towns identifying the cost of all maintenance performed.

B. Each member town shall be responsible for payment of costs associated with the construction of new buildings, renovations, or making extraordinary repairs to the elementary school building/s located in that member town so long as they meet the requirements of a capital project as described in VIII A.

C. The costs of on-going maintenance for those items not included in paragraph VIII B. for the elementary schools and all costs for the secondary schools shall be borne by the Regional School District.

Section IX. ADMISSION OF ADDITIONAL TOWNS

By an amendment of this agreement adopted by each member town in accordance with Section XIV and complying with the provision therein contained,

any other town or towns may be admitted to the Regional School District upon adoption as herein provided
of such amendment and upon acceptance of the agreement as so amended, and also upon compliance with the provision of law as may be applicable and such terms as may be set forth in such amendment.

A new member may be admitted to the Regional School District as of July 1 of any fiscal year, provided that all requisite approvals for such admission, including the Commissioner's approval, shall be obtained no later than the preceding December 31. The authorizing votes may provide for the deferral of said admission until July 1 of a subsequent fiscal year.

Section X. WITHDRAWAL OF MEMBER TOWNS FROM THE REGIONAL SCHOOL DISTRICT

A. Any town withdrawing from the District must first pay all its share of total debt and current operating expenses. All withdrawals are subject to the approval of the Commissioner of Elementary and Secondary Education and must be approved by two thirds of the member Towns.

Any member town may withdraw from the regional school district in total or at the elementary level if accepted by a majority vote of the voters present and voting on the question at its Annual Town meeting called for the purpose, such withdrawal to become effective on June 30th of the year named in the question, provided: (1) that in pursuance of such vote, the withdrawing town gives the regional school district at least one years written notice of its intention to withdraw, (2) that the said town has paid over to the District any costs which have been certified by the District Treasurer to the Treasurer of the withdrawing town.

Section XI. ANNUAL REPORT

A. The Regional District School Committee shall submit to each member town an annual report containing a detailed financial statement and a statement showing methods by which the annual charges assessed against each town were computed, together with such additional information relating to the operation and maintenance of the secondary schools and each elementary school as may be deemed necessary by the Regional District Committee or by the Selectmen and/or the Finance Committee of any member town. This report shall contain a detailed listing of salaries by individual employee.

Section XII. BUDGET

The Regional Advisory Committee will meet, from time to time, with the Regional District School Committee Chair, the Superintendent and/or Business Manager to discuss matters that may impact the District and/or the towns, including budget calendars and timelines, content and detail of budgets, revenue estimates and other revenue matters, capital budget items and use of Excess and Deficiency funds. The Committee shall prepare reports to be read into the School Committee minutes.

A. The Regional District School Committee shall prepare a budget on a fiscal year basis for the District in the following manner:

1. The budget process shall be initiated annually in December and shall provide an opportunity for the Selectmen and Finance Committee of each member town to have input into its preparation. The Regional District School Committee shall complete its proposed budget for the ensuing year, and said proposed budget shall be posted in the Town Hall of each member town, shall be provided to each member town's public library, and shall be submitted to the Selectmen, Finance Directors and Finance Committee members of each member town.

2. The proposed budget shall contain a notice stating when and where a public hearing will be held. The public hearing shall be held in any District school building. The notice of the public hearing shall be posted in all three towns. Said hearing shall be held at least ten (10) days prior to final adoption of the proposed budget. Upon request of the Finance Committee and/or the Board of Selectmen of any member town, the Regional District School Committee shall arrange to meet with such Finance Committee and/or Board of Selectmen for the purpose of discussing the proposed budget. Said proposed budget shall be submitted in the template approved by the School Committee, itemized at least as follows: central administration; expenses of instruction; transportation; operation of school plant; maintenance of school plant; outlay, debt and interest charges; the last named to specify all items costing $1,000.00 or more. All non-recurring expenditures shall be itemized. Enrollment, staffing, total expenditures and assessments for the past five years shall be included. The Chair of any member Board of Selectmen or Finance Committee may request further information.

3. 45 days prior to the date of the earliest member Annual Town Meeting the Regional District School Committee shall adopt by a two-thirds vote of all its members a budget with such changes as may have resulted from conferences and an open hearing. This budget shall be presented in two parts as outlined in the attached template (Exhibit A). No later than 30 days from the date of the approval vote, but within 10 days if possible, the

Treasurer of the District shall certify to the Treasurer of each member town its assessed share of such budget.

4. The budget and assessment shall be so constructed as to show debt service, capital and operating costs. It shall also list all general fund revenue used to reduce member assessments as described in VII. A. This budget should also identify the costs of any programs not uniformly offered at all District elementary schools.

5. Budget approval will be in accordance with M.G.L. Chapter 71, Section 16B.

6. If, in the opinion of the Board of Selectmen and/or Finance Committee of any of the towns, the Regional School District budget will not fit the budgetary capabilities of their town, they can request of the Regional District School Committee a special meeting to discuss the budget.

   This meeting shall be called within seven (7) days of the presentation of the budget to the member towns.

   The meeting shall be attended by six members of the Regional District School Committee (two members from each member town), as well as two representatives of the Board of Selectmen and two representatives of the Finance Committee from each member town.

   The purpose of this meeting will be to discuss the ability of the town or towns to meet the financial obligation brought forth by their assessment of the submitted Regional School District budget.

   The charge of this group will be to recommend to the Regional District School Committee a reduced budget that least affects the educational integrity of the District and meets the financial capabilities of the town(s).

7. If a member town fails to hold a meeting within forty-five (45) days from the date on which an amended assessment was adopted by the Regional District School Committee, the member town shall be deemed to have voted affirmatively regardless of whether the town had previously approved an amount equal to or greater than the revised assessment. No action by the town constitutes approval.

Section XIII. INCURRING OF DEBT

A. The Regional District School Committee shall have authority to develop plans for District schools. According to Chapter 71, S.16d. the Regional District School Committee shall not incur any debt for the school until the expiration of sixty (60) days from the date said debt is authorized by the Regional District School Committee. Prior to the expiration of said period each member town will be notified of the intent to incur debt. Each member town which would bear a financial responsibility for the debt through the assessment of all or a portion of the principal and interest on such debt shall hold a Town Meeting for the purpose of expressing approval or disapproval of the amount of debt authorized by the Regional District School Committee by a majority of voters present and voting on the question. If the debt is disapproved by any member town, the debt shall not be incurred, and the Regional District School Committee shall then prepare an alternative proposal and a new or revised authorization to incur debt. The only exception to the restrictions in this paragraph shall be the incurring of debt in anticipation of revenues.

B. In the event that a member town should determine, prior to the issuance by the District of long term indebtedness to finance a Capital Cost, to make an upfront cash contribution to pay all of its allocable share of such Capital Cost, then the total borrowing authorized to pay costs of such Capital Cost shall be reduced by the amount of such upfront cash contribution. A member town's share of Capital Costs for purposes of this section shall be determined in the same manner as used in determining the allocation of Capital Costs for the fiscal year in which the District's borrowing for a particular Capital Cost is authorized.

When a member town has paid its entire share of such Capital Cost, then such member town shall not be assessed for any portion of Debt Service incurred by the District to finance the balance of such Capital Cost. Then, notwithstanding the provisions of Section VII(A) to the contrary, Debt Service on the amount to be borrowed shall be assessed upon the member town or towns that did not determine to make an upfront cash contribution on account of such Capital Cost, as if the District's total enrollment consisted solely of the students from the noncontributing town or towns.

Any upfront cash contribution on account of a Capital Cost shall be paid to the District prior to the issuance of long term bonds by the District to finance such capital cost.

Section XIV. AMENDMENTS

A. Amendments to the agreement must receive a majority vote of approval by each member town at a Town Meeting. Amendments may be initiated by the Regional District School Committee or by the Board of Selectmen of any one of the member towns.

B. No such amendment shall be made which shall substantially impair the rights of the holders of any of the District's bonds or notes of the District then outstanding or the rights of the District to procure the means for payment thereof.

C. This agreement shall be reviewed every three years by a group comprised of the Chief Financial Officer of each town (or person holding such position by whichever title it may be known), the PRSD Business Manager, and the PRSD Superintendent, who will jointly make recommendations for changes to the member Town's Board of Selectmen. Each town's Chief Financial Officer shall participate on behalf of their respective Board of Selectmen, and shall be responsible to keep their Board apprised of communications and related meetings, and to provide their respective Board regular opportunities to initiate any potential amendments to this agreement or respond to any amendments as may be initiated by others. At any time the Towns may also appoint a task force to review the Regional Agreement. This task force will be made up of a member from each Town's Board of Selectmen, the member town's Finance Directors, the Chairman of the School Committee, the Superintendent and a citizen from each member town.

D. All amendments are subject to the approval of the Commissioner of Elementary and Secondary Education.

Section XV. SEVERABILITY OF SECTIONS

According to Chapter 71.S.16I., in the event that any provision of this Regional School District Agreement shall be held invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances.

Approval Signatures

Chair, Groveland Board of Selectmen Duly authorized	5/28/19 **Date**
Chair, Merrimac Board of Selectmen Duly authorized	6/6/19 **Date**
Chair, West Newbury Board of Selectmen Duly authorized	6/20/19 **Date**

West Newbury boards look to alter Pentucket regional district agreement

By Jennifer Solis | Correspondent

Nov 26, 2022

WEST NEWBURY — The Select Board and Finance Committee are reviewing the agreement that binds West Newbury into a regional school district with Groveland and Merrimac with an eye toward expanding communication districtwide –particularly during the budgeting process.

The Pentucket Regional Agreement provides for a review every three years, initiated by the School Committee or Select Board. This round of possible updates was initiated in late August, prompting town leaders to meet. As part of the review process, Town Manager Angus Jennings sought recommendations on possible amendments from the Finance Committee, which were forwarded to the Select Board.

A variety of proposed changes to the agreement were raised at the August session, such as possibly holding preliminary budget sessions in November; requiring a ‘State of the Schools’ type meeting in late fall to report how the prior year’s budget closed out along with any challenges anticipated for the upcoming cycle; the duration and thoroughness of the district’s capital planning; and elementary school maintenance planning.

Once leaders from the district towns conduct their reviews separately, they’ll meet again to discuss and hone language for possible modifications that voters would take up at 2023 town meetings. The changes would need to receive approval from voters in all three towns and from the Massachusetts Department of Elementary and Secondary Education. The regional agreement was last modified in spring 2019.

At a meeting on Monday, the Select Board spoke favorably about tweaking language to establish a regional committee composed of representatives from the three towns' select boards, finance committees, chief financial officers, and Pentucket officials. This would strengthen avenues of communication and allow Pentucket administrators to conduct annual budget talks with all three towns simultaneously, addressing any questions or concerns as a group.

The board also agreed to discuss with leaders from the other two communities a Finance Committee suggestion regarding the value of inserting some flexibility into the language of the agreement that would allow for the possibility of regionalizing schools at the elementary level at some point in the future.

"Fin Com isn't suggesting a regional elementary school; they're suggesting to modify the language in the agreement so as not to preclude discussion of this in the future," Jennings emphasized on Tuesday.

Some type of regionalization down the road could help to make for more efficient class sizes, better staffing configurations, and efficiencies in administrative costs, the Finance Committee suggested.

The agreement currently states "There shall be not less than one elementary school in each member town."

The amended language reads: "There may be one elementary school in each member town, however the towns may decide to share or consolidate elementary schools in the future."

In its recommendation to the Select Board, the Finance Committee acknowledged " that the idea of potentially regionalizing two or more of the current four elementary schools is a big topic for consideration by the communities –and the District.” But it insisted the language change would prevent the agreement from being “a stumbling block for any such consideration to occur in the future.”

A town facing the need to build a new elementary school –typically at over a cost of $50 million–could invite the other towns to join the project, the committee pointed out.

Select Board Chair David Archibald said he was wary of recommending this as a possible amendment; worrying that even just the concept of regionalizing the elementary schools at some point down the road could trigger a major discussion on the Town Meeting floor.

“I think that will immediately blow up any other changes that are recommended,” he said.

But colleague Rick Parker urged keeping as many options viable as possible.

“It seems to me that the door should be open for the conversation,” he said.

Select Board member Wendy Reed reminded Archibald and Parker they will have a chance to explore the proposed amendment further with their counterparts in Groveland and Merrimac.

The Select Board plans to formalize its positions once members have a draft mark up of the regional agreement to review at its Dec. 5 meeting. West Newbury’s recommendations are then sent to Merrimac and Groveland Select Boards and to district administration for further discussion.

https://www.newburyportnews.com/news/west-newbury-boards-look-to-alter-pentucket-regional-district-agreement/article_73e31224-6b40-11ed-8564-5f2d628693f8.html

From: Town Manager
To: Town Clerk
Subject: Fwd: Quick question re PRSD Regional Agreement
Date: Friday, December 2, 2022 9:40:01 AM

Please add to packet re PRSD agreement if not yet finalized thanks

Begin forwarded message:

From: Greg Labrecque <glabrecque@prsd.org>
Date: December 2, 2022 at 8:55:17 AM EST
To: Town Manager <townmanager@wnewbury.org>, Justin Bartholomew <jbartholomew@prsd.org>
Subject: RE: Quick question re PRSD Regional Agreement

Hi,
Because it says "the last named to specify all items costing $1,000.00 or more" and the last named item in the breakdown list is debt interest and charges I believe that this provision does not apply to the other items in the list. However, if everyone thinks it applies to the whole list I would just eliminate everything after debt and interest charges as an itemized review of the entire budget would be impossible as the list would be overwhelming.
Thanks,
Greg

From: Town Manager <townmanager@wnewbury.org>
Sent: Thursday, December 1, 2022 10:07 PM
To: Bartholomew, Justin <jbartholomew@prsd.org>; Greg Labrecque <glabrecque@prsd.org>
Subject: Quick question re PRSD Regional Agreement

My Board is looking at one potential change to the RA which would be intended to reduce bureaucracy/unnecessary work.

Sec. XII (Budget) includes (at present) the following language (emphasis added):

> 2. The proposed budget shall contain a notice stating when and where a public hearing will be held. The public hearing shall be held in any District school building. The notice of the public hearing shall be posted in all three towns. Said hearing shall be held at least ten (10) days prior to final adoption of the proposed budget. Upon request of the Finance Committee and/or the Board of Selectmen of any member town, the Regional District School Committee shall arrange to meet with such Finance Committee and/or Board of Selectmen for the purpose of discussing the proposed budget. Said proposed budget shall be submitted in the template approved by the School Committee, itemized at least as follows: central administration; expenses of

> instruction; transportation; operation of school plant; maintenance of school plant; outlay, debt and interest charges; the last named to specify all items costing $1,000.00 or more. All nonrecurring expenditures shall be itemized. Enrollment, staffing, total expenditures and assessments for the past five years shall be included. The Chair of any member Board of Selectmen or Finance Committee may request further information.

Archie (SB Chair) noted that the $1,000 threshold seems very low… meaning PRSD needs to specifically itemize in its budget maintenance items that really can't be realistically forecast for an entire budget year. At their 11/21 discussion, Archie asked me to ask you what would be a more realistic (higher) dollar threshold to use here. $2,000? $5,000?

Thanks!
Angus

Town of West Newbury

381 Main Street
West Newbury, Massachusetts 01985

Angus Jennings, Town Manager
978·363·1100, Ext. 111 Fax 978·363·1826
townmanager@wnewbury.org

C

TO: Town Staff
FROM: Angus Jennings, Town Manager
DATE: November 28, 2022
RE: Wage & Classification Study

As you may know, in early 2022 the Town engaged the services of The Edward J. Collins Center for Public Management to conduct a classification and compensation study for non-union town jobs. My office's and the Select Board's primary objective for this work is to arrive at a staff compensation structure that is competitive within our labor market, and that is consistent and fair across the organization. This work is funded in part by a Community Compact Municipal Best Practices grant awarded to the town by the Mass. Department of Revenue, Local Services Division.

As part of their work, The Collins Center has recommended new or revised comprehensive job position descriptions. The purpose of the revised job descriptions is to get them into a consistent format across the organization. The revisions are not intended to change employees' responsibilities.

The Collins Center prepared draft job descriptions, which were based on input they received by the employee questionnaires and interviews conducted with current employees in February and March.

The Collins Center is also recommending the classification of each job into an updated position grade scale. As this work has proceeded, they have been preparing a market wage/salary survey to measure how West Newbury's compensation plan compares with other communities in our labor market. After the completion of the wage/salary survey, using data from the survey and the classification of jobs, a recommended compensation schedule will be developed. This will include a recommended implementation plan with any recommended changes.

Due to the importance of this effort, my office with representation from the Select Board will host a special informational meeting **this Thursday, December 1st at 9am** in the first-floor hearing room. The meeting is open to all Town employees whose positions are included in the wage study. While it is understood that not all employees will be available to attend, due to work schedules and the need to maintain office coverage, it is hoped that each department can be represented at this week's meeting.

Draft job descriptions for each department will be provided at the meeting, in hard copy and in electronic (Word) format. All employees will be asked to review and provide comments regarding the draft job descriptions on or before Friday, December 16th.

The Select Board will review a draft grade scale at its meeting on December 5th, and will consider changes to the current (FY23) wage schedule at its meeting on December 19th. No position's wages will be reduced; some position's wages may be increased in the current fiscal year, if such adjustments are found to be warranted based on the market survey.

The process to formally update job descriptions will extend into early 2023, with the goal to finalize all job descriptions by the end of January. In some cases, this will involve review by other Boards or Commissions with a role in hiring or personnel oversight.

While the Select Board expects to have sufficient information to approve an updated position grade scale in December, it will continue its review of current wage structure into the FY24 budgeting process.

If you have any questions prior to the meeting this Thursday, please let me know. We are appreciative of staff engagement in this important initiative.

West Newbury Wage & Classification Study: Updates & Next Steps

Staff Meeting

Thursday, December 1, 2022

Overview of Today's Meeting

- Why conduct a Wage and Classification Study?
- West Newbury framework and roles for personnel administration
- Scope and objectives of Wage and Classification Study
- Next steps/timeline

Why is Wage and Classification Study a Priority?

- Updating the Town's Personnel Policies and practices is a top priority of the Select Board and Town Manager
- Primary goals for active personnel administration include fairness, consistency, and ensuring compliance with applicable laws
- A Wage and Classification Study that details job descriptions, employee grades, and salary ranges, provides a basis for pay decisions that are consistent throughout all areas of town government
- The Town received a Community Compact Best Practices grant to fund completion of this study

Framework for Personnel Administration in West Newbury

- Legal framework:
  - Town Manager Act (Ch. 97 of the Acts of 2017)
  - Personnel Policy
  - Town Bylaws
  - Select Board Policies
  - Town Manager/Finance Department procedures
- Staff with roles in personnel administration:
  - Town Manager
  - Town Accountant
  - Treasurer/Collector
  - Finance Department Assistant
- On personnel policy, close interplay between Town Manager's office and Select Board

Town Manager Act Delineates Personnel Administration

Personnel Administration Topic	Town Manager Responsibility	Select Board Responsibility
Personnel Policies	Implementation	Enactment
Collective bargaining agreements and contracts	Negotiates	Approves, ratifies and executes
Departmental and organizational structure (org chart)	Proposes	Approves
Salaries and pay rates for non-union employees	Recommends	Modifies and/or Approves
Department heads and other employees not covered by Town Manager Act or by law	Appoints and removes subject to 15 day written notice to Select Board	Policy is to waive 15-day period

Scope and Objectives of Wage and Classification Study

1. Standardize job descriptions across the organization
2. Establish a position-based pay grade structure
3. Review comparable wages/salaries in other towns; and use as basis for min/max ranges for each grade
4. Where current pay rates found to be under market, provide recommendations for pay increases

1) Standardize job descriptions across the organization

- Consistent format and content
- Consistency between departments for similar positions
- Identify supervision, confidentiality, responsibilities and education/certification requirements
- Provides a basis for assignments to pay grades

2) Establish a position-based pay grade structure

Prior Structure: 12 Grades with a Min/Max range for each grade

1. No consistent definitions of position responsibilities or education/experience
2. Sometimes created disparity in pay rates between existing and new employees
3. No ability to offer merit or tenure increases
4. Made it difficult to treat employees fairly and consistently

Proposed New Structure: Fewer Grades with 5 pay steps within each grade

1. Based on level of autonomy, impact of decisions, exempt status, public interaction, supervisory responsibility, capital/operating budget, number of town residents served, education requirements
2. Lays the groundwork for potential merit increases going forward
3. Will be reviewed and updated annually as needed

3) Review comparable wages/salaries in other towns

- Approach
  - Other communities within our labor market surveyed: Boxford; Essex; Georgetown; Groveland; Ipswich; Merrimac; Middleton; Nahant; Newbury; Newburyport; Salisbury
- Data received/limitations
- Used to establish pay rate range (min/max) for each grade
- Confirms that pay rate of positions assigned to grades reflects current labor market

4) Provide recommendations for salary/wage increases

- Select Board and Town Manager will review proposed grade structure/positions and approve increases when:
  1. Positions with current pay rate are below or at the low end of the range
  2. Employee pay does not reflect long tenure
  3. Salary comps suggest market rate is higher than current WN rate
- Pay increases will be retroactive to July 1, 2022
- Note: some positions' current pay may be above the range. Will consider how to address these (if at all); but no one's pay will be cut

Next Steps / Timeline

- Select Board and Town Manager review proposed Grade Structure Dec 5
- Dept. Heads and Staff complete review of their own (and, for DHs, their department's) draft job descriptions by Friday, Dec. 16th
- Select Board and Town Manager identify pay rate increases and notify B/C/C and impacted employees no later than week of December 19
- Any retro pay would go through payroll by end of December
- Goal is to finalize job descriptions by end of January

Questions / Discussion

Classification and Compensation Study

EDWARD J. COLLINS, JR. CENTER FOR PUBLIC MANAGEMENT
JOHN W. McCORMACK GRADUATE SCHOOL OF POLICY AND GLOBAL STUDIES
UNIVERSITY OF MASSACHUSETTS BOSTON

UMASS BOSTON

What is a classification and compensation study?

- A review of current position descriptions
- A review of current compensation schedules and policies
- A review of the current “classification” grades or groupings
- A review of the internal equity of positions
- A market survey to evaluate the Town’s wages
- The development of accurate and legally compliant position descriptions
- A recommendation for an equitable compensation system

Benefits of a Classification and Compensation Study

- Accurate position descriptions for recruitment
- Accurate positions descriptions for employee evaluation
- Pay determinations are objectively made
- Addresses equity in classification and compensation
- Objective review ensures fairness
- Compliance with laws and regulations, including the Americans with Disabilities Act, Pay Equity and various employment laws.

A classification and compensation study is NOT:

- A **RE**-classification or an “upgrade” study
- A performance evaluation
- About the individual holding the position
- A staffing level study
- An evaluation of how many hours a position should be assigned

METHODOLOGY
Position Descriptions

- Orientations
- Position Questionnaires
- Interviews
- Draft Position Descriptions
- Edits and comments by employees and supervisors
- Final position descriptions

METHODOLOGY
Position Evaluation and Classification

- Position Rating System based on point factors
- Evaluates key characteristics including:
  - Supervision Received & Exercised
  - Education & Experience
  - Judgement & Complexity
  - Nature of Personal Contacts & Confidentiality
  - Work Environment & Physical Skills
- Groups positions into a classification or “grade”

METHODOLOGY
Creation of Compensation Schedule

- Analyze salary data
  - Use hourly wages so comparisons are accurate
  - Evaluate Average and Median rates to compare to current rates

- Determining minimum and maximum recommended rates of a range
  - Evaluate the survey data for those positions classified into the same grade

- Creation of Recommended Salary Schedule
  - Coalesce all the data, the current rates, the survey and the groupings to create a schedule with equalized steps

Walk Through the Questionnaire

LOGISTICS

- Complete Questionnaire either through online pdf or print and complete
- Return Questionnaire by March 3rd
- Interviews will be conducted in March
- Draft descriptions distributed in April and final descriptions anticipated in May
- Market survey conducted in April and May
- Final report anticipated in May or June

FREQUENTLY ASKED QUESTIONS

- The Town will not cut your pay
- Employees in the same title in the same department may be interviewed together (typically happens in DPW, Library, Police, Fire)
- The Collins Center only recommends. Implementation and any necessary collective bargaining are the responsibility of the Town
- The Towns for the survey are the market area and not necessarily “comparable” municipalities

ANY QUESTIONS FOR US?

Town of West Newbury

381 Main Street
West Newbury, Massachusetts 01985

Angus Jennings, Town Manager
978·363·1100, Ext. 111 Fax 978·363·1826
townmanager@wnewbury.org

D

TO: Select Board

FROM: Angus Jennings, Town Manager

DATE: December 1, 2022

RE: FY24 Budget Policy Direction

The current FY23 budget policy direction, approved last December, is enclosed for reference.

Without limitation, other items that have been talked over at some level among Board members and/or Finance personnel include (in no particular order):

- Tapering multi-year drawdown from school stabilization
- Cont'd implementation of wage/classification study
- Conservation staffing, FY24/participation in IMA with Merrimac
- Format for presentation of budget in FinCom booklet; correlation between budget format and the perennial need for Line Item Transfers requiring FinCom and Select Board approval
- Strategy for $300,900 reduction in debt service budget due to paydown of long-term debt
- Sufficiency of $500k annual budgeted transfer to Stabilization to fund Capital Program
- Strategy to appropriate ARPA funds
- Review of fee structures, and sufficiency to cover or offset underlying operating costs
- Potential availability of other (non-Stabilization) funding sources to supplement or offset the FY24 operating budget
- Expense budget turnbacks

I'll be prepared to discuss these items in more detail at Monday's meeting.

Formulating policy direction for the FY24 budget is expected to be a primary focus of the Board's December 5th meeting.

Town of West Newbury

Select Board FY '23 Budget Policy Direction

Approved December 20, 2021

To insure the growing and continued financial health of the Town of West Newbury, provide the public with confidence that Town officials respect their responsibility for fiscal stewardship and demonstrate to taxpayers and bond rating agencies that the Town has thoughtfully prepared for its future, the Select Board present to our employees, Boards, Commissions and Committees the following guidance in preparing the FY23 budget.

1. We propose a FY23 operating budget that will limit the overall increase in the expense budget to no more than 2.5%, not including any school budget increases including related to the Pentucket Middle/High School override. If, in order to meet this budgetary goal, the proposed budget includes any changes in organizational structure, employee head count, hours of operation and/or budgeted level of service, these changes should be specified.

2. We propose that the operating budget specify financial impacts, if any, of COVID-19 on proposed FY23 operating budgets, taking into account that some expenses that have become necessary or customary as a result of COVID-19 (such as remote meeting platforms, enhanced cleaning protocols, etc.) are no longer funded by the Federal CARES Act.

3. We will carry out a clear, transparent public process for finance committee and public review of the proposed FY23 budget, taking into account information from taxpayers, town officials, department heads, Boards/ Commissions/ Committees, and residents.

4. We propose to recommend that Town Meeting continue to appropriate retired debt service into the School Stabilization Fund; and that the Town continue to draw-down the balance in that fund in FY23 based on a multi-year plan to mitigate the taxpayer impact of the Middle/High School project.

5. We propose that updates and revisions to the Capital Improvement Program be presented by the Town Manager in accordance with the timeline requirements in the Capital Improvements Committee Bylaw. We propose that the Capital Improvements Committee and the Town Manager evaluate whether an appropriation of $500,000 from the operating budget into the Capital Stabilization Fund is an appropriate amount when taking into account FY23 and future years' anticipated capital funding needs.

6. We propose that the FY23 budget process include consideration of whether documented Town and/or Water capital project costs or other eligible expenses may be paid in full or in part through the Town's allocation of Federal American Rescue Plan Act (ARPA) funds.

7. We propose that the Town Manager and Department Heads both continue to consider and expand consideration of potential opportunities to regionalize some town services, if this can be achieved at cost savings while maintaining or enhancing current levels of service, including exploring potential opportunities that may not be ready for implementation in time for FY23.

8. In anticipation that the Wage and Classification Study now underway may not be complete prior to Town Meeting adoption of the FY23 operating budget, we propose that an appropriate amount of funding be proposed, either within the FY23 operating budget or in a separate Warrant Article, that would allow for adjustment of wages (prior to and/or during FY23) if/as found to be appropriate based on the recommendations of the study.

9. We propose that the FY23 operating budget support a staffing structure for administration and finance operations that is designed to provide adequate staffing to ensure that, whatever other special projects or “crises” may arise, these will not compromise the Town’s ability to complete all “baseline” responsibilities as required by various statutes, bylaws and policies.

10. We propose that the FY23 budget should take into account the estimated impacts, if any, of any newly effective requirements imposed by statute, bylaw, regulation or policy, and should specify the estimated impact of any such newly effective requirements. These estimates should take into account the anticipated impacts of any new statute, bylaw, regulation or policy that is known or proposed to take effect during FY23.

11. We propose that, for each section of the proposed budget, specify the individual(s) or the Board/Commission/Committee that will have authority to expend the budgeted funds.

Approved by 3-0 vote of the Select Board

December 20, 2021

F

Stormwater Management Program (SWMP)

West Newbury, MA

381 Main Street MA 01985

EPA NPDES Permit Number MAR 041231

Certification

Authorized Representative (Optional): All reports, including SWPPPs, inspection reports, annual reports, monitoring reports, reports on training and other information required by this permit must be signed by a person described in Appendix B, Subsection 11.A or by a duly authorized representative of that person in accordance with Appendix B, Subsection 11.B. If there is an authorized representative to sign MS4 reports, there must be a signed and dated written authorization.
The authorization letter is:

☐ Attached to this document (document name listed below)

☐ Publicly available at the website below

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

Printed Name

Signature ______________________ Date

Click Here for Revisions

Background

Stormwater Regulation

The Stormwater Phase II Final Rule was promulgated in 1999 and was the next step after the 1987 Phase I Rule in EPA's effort to preserve, protect, and improve the Nation's water resources from polluted stormwater runoff. The Phase II program expands the Phase I program by requiring additional operators of MS4s in urbanized areas and operators of small construction sites, through the use of NPDES permits, to implement programs and practices to control polluted stormwater runoff. Phase II is intended to further reduce adverse impacts to water quality and aquatic habitat by instituting the use of controls on the unregulated sources of stormwater discharges that have the greatest likelihood of causing continued environmental degradation. Under the Phase II rule all MS4s with stormwater discharges from Census designated Urbanized Area are required to seek NPDES permit coverage for those stormwater discharges.

Permit Program Background

On May 1, 2003, EPA Region 1 issued its Final General Permit for Stormwater Discharges from Small Municipal Separate Storm Sewer Systems (2003 small MS4 permit) consistent with the Phase II rule. The 2003 small MS4 permit covered "traditional" (i.e., cities and towns) and "non-traditional" (i.e., Federal and state agencies) MS4 Operators located in the states of Massachusetts and New Hampshire. This permit expired on May 1, 2008 but remained in effect until operators were authorized under the 2016 MS4 general permit, which became effective on July 1, 2018.

Stormwater Management Program (SWMP)

The SWMP describes and details the activities and measures that will be implemented to meet the terms and conditions of the permit. The SWMP accurately describes the permittees plans and activities. The document should be updated and/or modified during the permit term as the permittee's activities are modified, changed or updated to meet permit conditions during the permit term. The main elements of the stormwater management program are (1) a public education program in order to affect public behavior causing stormwater pollution, (2) an opportunity for the public to participate and provide comments on the stormwater program (3) a program to effectively find and eliminate illicit discharges within the MS4 (4) a program to effectively control construction site stormwater discharges to the MS4 (5) a program to ensure that stormwater from development projects entering the MS4 is adequately controlled by the construction of stormwater controls, and (6) a good housekeeping program to ensure that stormwater pollution sources on municipal properties and from municipal operations are minimized.

Town Specific MS4 Background (optional)

Small MS4 Authorization

The NOI was submitted on Feb 1, 2019

The NOI can be found at the following (document name or web address):
https://www3.epa.gov/region1/npdes/stormwater/ma/tms4noi/west-newbury.pdf

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Authorization to Discharge was granted on Mar 5, 2019

The Authorization Letter can be found (document name or web address):
https://www3.epa.gov/region1/npdes/stormwater/ma/tms4noi/west-newbury-auth.pdf

Stormwater Management Program Team

SWMP Team Coordinator

Name	Wayne S. Amaral	Title	Director
Department	Department of Public Works		
Phone Number	978-363-1100 ext 120	Email	dpwdirector@wnewbury.org
Responsibilities	Implement requirements under the MS4 Program		

SWMP Team

Name	Angus Jennings	Title	Town Manager
Department	Town Manager		
Phone Number	978-363-1100 x113	Email	
Responsibilities	Support implementation of the MS4 Program		

Name	Susan Brown	Title	Town Planner
Department	Planning Department		
Phone Number	978-363-1100 x125	Email	
Responsibilities	Support implementation of the MS4 Program		

Name	Paul Sevigny	Title	Health Agent
Department	Health Department		
Phone Number	978-363-1100 x119	Email	
Responsibilities	Support implementation of the MS4 Program		

Name	Michelle Greene
Title	Conservation Agent
Department	Conservation
Phone Number	978-363-1100 x126
Email	
Responsibilities	Support implementation of the MS4 Program

Name	Sam Joslin
Title	Building Inspector
Department	Inspectional Services Department
Phone Number	978-363-1100 ext 122
Email	building.inspector@wnewbury.org
Responsibilities	Support implementation of the MS4 Program

Add SWMP Member

Receiving Waters

The following table lists all receiving waters, impairments and number of outfalls discharging to each waterbody segment.

OR
The information can be found in the following document or at the following web address:

Waterbody segment that receives flow from the MS4	Number of outfalls into receiving water segment	Chloride	Chlorophyll-a	Dissolved Oxygen/ DO Saturation	Nitrogen	Oil & Grease/ PAH	Phosphorus	Solids/ TSS/ Turbidity	E. coli	Enterococcus	Other pollutant(s) causing impairments
Merrimack River	40	☐	☐	☐	☐	☐	☐	☐	☐	☒	PCB in fish tissue, fecal coliform
Indian River	2	☐	☐	☐	☐	☐	☐	☐	☐	☐	
Mill Pond	2	☐	☐	☐	☐	☐	☐	☐	☐	☐	
Beaver Brook	3	☐	☐	☐	☐	☐	☐	☐	☐	☐	
Wetland creek behind Farm Lane/Pentucket Regional H.S.	3	☐	☐	☐	☐	☐	☐	☐	☐	☐	
		☐	☐	☐	☐	☐	☐	☐	☐	☐	
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Click here to lengthen table

Eligibility: Endangered Species and Historic Properties

*Reminder: The proper consultations and updates to the SWMP must be conducted for construction projects related to your permit compliance where Construction General Permit (CGP) coverage, which requires its own endangered species and history preservation determination, is NOT being obtained.

Attachments:

- [x] The results of Appendix C U.S. Fish and Wildlife Service endangered species screening determination
- [x] The results of the Appendix D historic property screening investigations
- [ ] If applicable, any documents from the State Historic Preservation Officer (SHPO), Tribal Historic Preservation Officer (THPO), or other Tribal representative to mitigate effects

These attachments are required within one year of the permit effective date and are:

- [ ] Attached to this document (document names listed below)

Historic Property Determination.pdf; Endangered Species Determination.pdf

- [x] Publicly available at the website listed below

https://www.wnewbury.org/department-public-works

Under what criterion did permittee determine eligibility for ESA?

☐ Criterion A ☐ Criterion B ☒ Criterion C

Under what criterion did permittee determine eligibility for Historic Properties?

☒ Criterion A ☐ Criterion B ☐ Criterion C

Below add any additional measures for structural controls that you're required to do through consultation with U.S. Fish and Wildlife Service (if applicable):

Below add any additional measures taken to avoid or minimize adverse impacts on places listed, or eligible for listing, on the NRHP, including any conditions imposed by the SHPO or THPO (if applicable):

MCM 1

Public Education and Outreach

Permit Part 2.3.2

Objective: The permittee shall implement an education program that includes educational goals based on stormwater issues of significance within the MS4 area. The ultimate objective of a public education program is to increase knowledge and change behavior of the public so that the pollutants in stormwater are reduced.

Examples and Templates:
EPA's Stormwater Education Toolbox
MassDEP's Stormwater Outreach Materials

Other templates relevant to MCM 1 can be found here: https://www.epa.gov/npdes-permits/stormwater-tools-new-england#peo

BMP:Displays/Posters/Kiosks

BMP Number (Optional) **101**

Document Name and/or Web Address:

Description:

Stormwater management system info displays at various public spaces/events on pollution prevention.

Targeted Audience: Residents

Responsible Department/Parties: DPW/ MVPC/ GreenScapes

Measurable Goal(s):

Number of brochures/flyers distributed

Message Date(s):

BMP:[BMP name here]

BMP Number (Optional) **102**

Document Name and/or Web Address:

Description:

Stormwater management system info displays at various public spaces/events on pollution prevention.

Targeted Audience: Businesses, institutions and commercial facilities

Responsible Department/Parties: DPW/ MVPC/ GreenScapes

Measurable Goal(s):

Number of brochures/flyers distributed

Message Date(s):

BMP:[BMP name here]

BMP Number (Optional) **103**

Document Name and/or Web Address:

Description:
Stormwater management system info displays at various public spaces/events on pollution prevention.

Targeted Audience: Developers (construction)

Responsible Department/Parties: DPW/ MVPC/ GreenScapes

Measurable Goal(s):
Number of brochures/flyers distributed

Message Date(s):

BMP:[BMP name here]

BMP Number (Optional) **104**

Document Name and/or Web Address:

Description:
Stormwater management system info displays at various public spaces/events on pollution prevention.

Targeted Audience: Industrial facilities

Responsible Department/Parties: DPW/ MVPC/ GreenScapes

Measurable Goal(s):
Number of brochures/flyers distributed

Message Date(s):

BMP:[BMP name here]

BMP Number (Optional)

Document Name and/or Web Address:

Description:

Targeted Audience:

Responsible Department/Parties:

Measurable Goal(s):

Message Date(s):

BMP:[BMP name here]

BMP Number (Optional) ______

Document Name and/or Web Address:

Description:

Targeted Audience:

Responsible Department/Parties:

Measurable Goal(s):

Message Date(s):

BMP:[BMP name here]

BMP Number (Optional) ______

Document Name and/or Web Address:

Description:

Targeted Audience:

Responsible Department/Parties:

Measurable Goal(s):

Measu:

Message Date(s):

BMP:[BMP name here]

BMP Number (Optional) ________

Document Name and/or Web Address:

Description:

Targeted Audience:

Responsible Department/Parties:

Measurable Goal(s):

Message Date(s):

Add BMP

MCM 2

Public Involvement and Participation

Permit Part 2.3.3

Objective: The permittee shall provide opportunities to engage the public to participate in the review and implementation of the permittee's SWMP.

BMP: Public Review of Stormwater Management Program

BMP Number (Optional) **201**

Location of Plan and/or Web Address: https://www.wnewbury.org/department-public-works

Responsible Department/Parties: DPW Operations

Measurable Goal(s):

Stormwater Management Program is publicly available.

BMP: Public Participation in Stormwater Management Program Development

BMP Number (Optional) **202**

Description:

Websites and advisory committee

Responsible Department/Parties:

Measurable Goal(s):

Annual public input provided.

BMP: Public Participation: Catch Basin Stenciling

BMP Number (Optional) **203**

Document Name and/or Web Address:

Description:

Stencil catch basin markers as needed

Responsible Department/Parties: DPW Operations

Measurable Goal(s):

Number of catch basins stenciled

BMP: Public Participation: Household Hazardous Waste Collection

BMP Number (Optional) **204**

Document Name and/or Web Address: https://www.wnewbury.org/sites/westnewburyma/files/uploads/recycle_calendar_2019.pdf

Description:
Collection event each year in collaboration with the City of Newburyport

Responsible Department/Parties: Health Department

Measurable Goal(s):

BMP: Public Participation: Watershed Clean Up Day

BMP Number (Optional) **205**

Document Name and/or Web Address:

Description:
Annual event with outreach opportunity to citizen volunteers in community day clean-up

Responsible Department/Parties: DPW Operations

Measurable Goal(s):
Amount of trash picked up and number of volunteers

BMP: Public Review: Bylaw Review and Update

BMP Number (Optional) **206**

Document Name and/or Web Address:

Description:
Allow public and departments opportunity to provide feedback on effectiveness of existing bylaw and potentia update for compliance with new MS4 permit

Responsible Department/Parties: Conservation Commission, Planning Board, DPW

Measurable Goal(s):

Add BMP

MCM 3

Illicit Discharge Detection and Elimination (IDDE) Program

Permit Part 2.3.4

Objective: The permittee shall implement an IDDE program to systematically find and eliminate illicit sources of non-stormwater discharges to its municipal separate storm sewer system and implement procedures to prevent such discharges.

Examples and Templates: IDDE Program Template and SOPs Other templates relevant to IDDE can be found here: https://www.epa.gov/npdes-permits/stormwater-tools-new-england#idde

BMP: IDDE Legal Authority

BMP Number (Optional) **301** **Completed** (by May 1, 2008) ☒

Ordinances Link or Reference: https://www.wnewbury.org/sites/westnewburyma/files/uploads/prohibiting_illicit_connections_and_discharge.pdf

Department Responsible for Enforcement: DPW/Board of Health

BMP: Sanitary Sewer Overflow (SSO) Inventory

BMP Number (Optional) **302** **Completed** (by year 1) ☒

Document Name and/or Web Address:

Description:

Inventory of the SSOs that have occurred in the last five years. The Town has not had any SSOs in the past five years.

Responsible Department/Parties:

Measurable Goal(s):

Annually track and report the following SSO information: the location; a clear statement of whether the discharge entered a surface water directly or entered the MS4; date(s) and time(s) of each known SSO occurrence; estimated volume(s) of the occurrence; description of the occurrence indicating known or suspected cause(s); mitigation and corrective measures completed with dates implemented; and mitigation and corrective measures planned with implementation schedules. Update inventory as needed.

SSO Reporting:

In the event of an overflow or bypass, a notification must be reported within 24 hours by phone to MassDEP, EPA, and other relevant parties. Follow up the verbal notification with a written report following MassDEP's Sanitary Sewer Overflow (SSO)/Bypass notification form within 5 calendar days of the time you become aware of the overflow, bypass, or backup.

The MassDEP contacts are: Northeast Region (978) 694-3215 205B Lowell Street Wilmington, MA 01887 24-hour Emergency Line 1-888-304-1133	The EPA contacts are: EPA New England (617) 918-1510 5 Post Office Square Boston, MA 02109

BMP: Map of Storm Sewer System

BMP Number (Optional) **303** **Phase I Completed** (by year 2) ☒ **Phase II Completed** (by year 10) ☐

Document Location and/or Web Address: https://www.wnewbury.org/sites/westnewburyma/files/uploads/outfallspipes_westnewbury_drainageinfrastructure_26x36.pdf

Description:

Map of the Town outfalls and catch basins within the regulated area developed and updated by Merrimack Valley Planning Commission (MVPC)

Responsible Department/Parties: DPW/MVPC

Measurable Goal(s):

Map 100% of outfalls and receving waters, open channel conveyances, interconnections with other MS4s and other storm sewer systems, municipally-owned stormwater treatment structures, waterbodies identified by name and indication of all use impairments, and initial catchment delineations within 2 years of the permit's effective date. Map 100% of outfall spatial locations, pipes, manholes, catch basins, refined catchment delineations, municipal sanitary sewer system (if available), and municipal combined sewer system (if applicable) within 10 years of the permit's effective date.

BMP: IDDE Program

BMP Number (Optional) **304**

Written Document Completed (by year 1) ☒

Document Name and/or Web Address: https://www.wnewbury.org/department-public-works

Description:

Document which describes the procedures for detecting and eliminating illicit discharges.

Responsible Department/Parties: DPW

Measurable Goal(s):

Conduct 100% of outfall screening on High and Low Priority Outfalls within 3 years of the permit's effective date. Complete catchment investigations for 100% of the Problem Outfalls within 7 years of the permit's effective date. Complete 100% of all catchment investigations within 10 years of the permit's effective date.

The outfall/interconnection inventory and initial ranking and the dry weather outfall and interconnection screening and sampling results can be found:

As Table 5-1 of the IDDE plan.

BMP: Employee Training

BMP Number (Optional) **305**

Description:

Train employees annually on IDDE program implementation.

Responsible Department/Parties: DPW/MVPC/Public Safety/Board of Health/Conservation Commission

Measurable Goal(s):

Training occurs in June annually. Most recent training was completed at town hall on June 26, 2019.

BMP:Conduct Dry Weather Screening

BMP Number (Optional) **306** **Completed** ☒

Document Name and/or Web Address:

Description:

Conduct dry weather screening of all outfalls in accordance with the procedures outlined in the IDDE Program.

Responsible Department/Parties: DPW/Board of Health

Measurable Goal(s):

Complete 3 years after effective date of permit

BMP:Conduct Wet Weather Screening

BMP Number (Optional) **307** **Completed** ☒

Document Name and/or Web Address:

Description:

Conduct wet weather outfall screening of all outfalls in accordance with the procedures outlined in the IDDE Program.

Responsible Department/Parties:

Measurable Goal(s):

Complete 10 years after effective date of permit

BMP:Catchment Investigation

BMP Number (Optional) **308** **Completed** ☒

Document Name and/or Web Address:

Description:

Implement catchment investigations of all outfalls in accordance with the procedures outlined in the IDDE Program.

Responsible Department/Parties:

Measurable Goal(s):

Complete 10 years after effective date of permit

Add BMP

MCM 4

Construction Site Stormwater Runoff Control

Permit Part 2.3.5

Objective: The objective of an effective construction stormwater runoff control program is to minimize or eliminate erosion and maintain sediment on site so that it is not transported in stormwater and allowed to discharge to a water of the U.S. through the permittee's MS4.

Examples and Templates: Examples and templates relevant to MCM 4, including model ordinances and site inspection templates, can be found here: https://www.epa.gov/npdes-permits/stormwater-tools-new-england#csrc

BMP: Sediment and Erosion Control Ordinance

BMP Number (Optional) **401** **Completed** (by May 1, 2008) ☒

Ordinances Link or Reference: https://www.wnewbury.org/planning-board/pages/erosion-control-stormwater-management

Department Responsible for Enforcement: Planning/Conservation Commission

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BMP: Site Plan Review Procedures

BMP Number (Optional) **402** **Written procedures completed** (by year 1) ☒

Document Name and/or Web Address: https://www.wnewbury.org/sites/westnewburyma/files/uploads/planning_board_regulations_october_3_2017clerkstamp_0.pdf

Description:

Responsible Department/Parties:

Measurable Goal(s):

Conduct site plan review of 100% of projects according to the procedures outlined above.

BMP: Site Inspections and Enforcement of Sediment and Erosion Control Measures Procedures

BMP Number (Optional) **403** **Completed** (by year 1) ☒

Document Name and/or Web Address: https://www.wnewbury.org/planning-board/pages/erosion-control-stormwater-management

Description:

Complete procedures of site inspections and enforcement procedures

Responsible Department/Parties: Planning/Conservation Commission/Inspectional Services/3rd Party Insp

Measurable Goal(s):

Inspect 100% of construction sites as outlined in the above document and take enforcement actions as needed.

BMP:Waste Control

BMP Number (Optional) **404** **Completed** ☒

Document Name and/or Web Address: https://www.wnewbury.org/sites/westnewburyma/files/uploads/prohibiting_illicit_connections_and_discharge.pdf

Description:

Adoption of requirements to control waste, including but not limited to, discarded building materials, concrete truck wash out, chemicals, litter and sanitary waste

Responsible Department/Parties: Planning/DPW/Board of Health

Measurable Goal(s):

Have waste control measures at all construction sites

Add BMP

MCM 5

Post Construction Stormwater Management in New Development and Redevelopment

Permit Part 2.3.6

Objective: The objective of an effective post construction stormwater management program is to reduce the discharge of pollutants found in stormwater to the MS4 through the retention or treatment of stormwater after construction on new or redeveloped sites and to ensure proper maintenance of installed stormwater controls.

Examples and Templates:
Examples and templates relevant to MCM 5, including model ordinances and bylaw review templates and guidance can be found here: https://www.epa.gov/npdes-permits/stormwater-tools-new-england#pcsm

BMP: Post-Construction Ordinance

BMP Number (Optional) **501** **Completed** (by year 2) ☒

Town Ordinances Link or Reference:

Department Responsible for Enforcement: Inspectional Services Department

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BMP: Street Design and Parking Lot Guidelines Report

BMP Number (Optional) **502** **Completed** (by year 4) ☒

Document Name and/or Web Address:

Description:
Develop a report assessing requirements that affect the creation of impervious cover. The assessment will help determine if changes to design standards for streets and parking lots can be modified to support low impact design options.

Responsible Department/Parties: Stormwater Working Group

Measurable Goal(s):
Recommendations are implemented according to report with progress reported annually thereafter.

BMP: Green Infrastructure Report

BMP Number (Optional) **503** **Completed** (by year 4) ☒

Document Name and/or Web Address:

Description:
Develop a report assessing existing local regulations to determine the feasibility of making green infrastructure practices allowable when appropriate site conditions exist.

Responsible Department/Parties: Stormwater Working Gorup

Measurable Goal(s):
Recommendations are implemented according to report with progress reported annually thereafter.

BMP: List of Municipal Retrofit Opportunities

BMP Number (Optional) **504**

Completed (by year 4) ☒

Document Name and/or Web Address:

Description:

Identify permittee-owned properties that could be modified or retrofitted with BMPs to reduce impervious areas.

Responsible Department/Parties: DPW/Stormwater Working Group

Measurable Goal(s):

The list is completed by end of permit year 4 and updated as needed annually.

BMP:As-built Plans

BMP Number (Optional) **505**

Completed ☒

Document Name and/or Web Address:

Description:

Develop procedures that require submission of as-built drawings and ensure long term operation and maintenance

Responsible Department/Parties: Planning Board/Building Department/DPW

Measurable Goal(s):

Require submission of as-built plans for completed projects.

Add BMP

MCM 6

Good Housekeeping and Pollution Prevention for Permittee Owned Operations

Permit Part 2.3.7

Objective: The permittee shall implement an operations and maintenance program for permittee-owned operations that has a goal of preventing or reducing pollutant runoff and protecting water quality from all permittee-owned operations.

Examples and Templates:
Examples and templates relevant to MCM 6, including SOP templates for catch basin cleaning, street sweeping, vehicle maintenance, parks and open space management, winter deicing, and Stormwater Pollutoin Prevention Plans can be found here: https://www.epa.gov/npdes-permits/stormwater-tools-new-england#gh

PERMITTEE OWNED FACILITIES

BMP: Parks and Open Spaces Operations and Maintenance Procedures

BMP Number (Optional) **601** **Written Document Completed** (by year 2) ☐

Document Name and/or Web Address:

Description:

Create written operation and maintenance procedures for parks and open spaces within the MS4 regulated area

Responsible Department/Parties: DPW

Measurable Goal(s):

Implement the SOP listed above on 100% of the parks and open spaces.

Properties List (Optional):

BMP: Buildings and Facilities Operations and Maintenance Procedures

BMP Number (Optional) **602** **Written Document Completed** (by year 2) ☐

Document Name and/or Web Address:

Description:

Create written operation and maintenance procedures for buildings and facilities within the MS4 regulated area

Responsible Department/Parties: DPW

Measurable Goal(s):

Implement the SOP listed above on 100% of buildings and facilities.

Properties List (Optional):

BMP: Vehicles and Equipment Operations and Maintenance Procedures

BMP Number (Optional) **603** **Written Document Completed** (by year 2) ☐

Document Name and/or Web Address:

Description:
Create written operation and maintenance procedures for vehicles and equipment within the MS4 regulated area

Responsible Department/Parties: DPW

Measurable Goal(s):
Implement the SOP listed above for 100% of vehicles and equipment according to the above document.

Properties List (Optional):

INFRASTRUCTURE

BMP: Infrastructure Operations and Maintenance Procedures

BMP Number (Optional) **604**

Written Procedure Completed (by year 2) ☐

Document Name and/or Web Address:

Description:
Establish a program and procedures for repair and rehabilitation of MS4 infrastructure

Responsible Department/Parties: DPW

Measurable Goal(s):
100% of infrastructure is maintained to ensure proper function in accordance with the procedures above.

BMP: Catch Basin Cleaning Program

BMP Number (Optional) **605**

Written Procedure Completed (by year 1) ☒

Document Name and/or Web Address: https://www.wnewbury.org/department-public-works

Description:
Establish schedule for catch basin cleaning such that each catch basin is no more than 50% full

Responsible Department/Parties: DPW

Measurable Goal(s):

All catch basins are cleaned in accordance to the document above such that no catch basin is more than 50% full at any given time.

BMP: Street Sweeping Program

BMP Number (Optional) **606** **Written Procedure Completed** (by year 1) ☒

Document Name and/or Web Address: https://www.wnewbury.org/department-public-works

Description:

Establish program and procedures for sweeping all streets and permittee-owned parking lots

Responsible Department/Parties: DPW

Measurable Goal(s):

Annually sweep 100% of all streets and 50% of all municipal parking lots in accordance with the schedule listed above.

BMP: Winter Road Maintenance Program

BMP Number (Optional) **607** **Written Procedure Completed** (by year 1) ☒

Document Name and/or Web Address: https://www.wnewbury.org/department-public-works

Description:

Establish and implement a program to minimize the use of road salt

Responsible Department/Parties: DPW

Measurable Goal(s):

Evaluate at least one salt/chloride alternative for use in the municipality.

BMP: Stormwater Treatment Structures Inspection and Maintenance Procedures

BMP Number (Optional) **608** **Completed** (by year 1) ☒

Document Name and/or Web Address: https://www.wnewbury.org/department-public-works

Description:

Establish and implement inspection and maintenance procedures and frequency for stormwater treatment practices. (See SOP 7 and SOP 8 for written procedures)

Responsible Department/Parties: DPW/Conservation

Measurable Goal(s):

Inspect and maintain 100% of treatment structures to ensure proper function.

BMP: SWPPP

BMP Number (Optional) **609**

Completed (by year 2) ☒

Document Name and/or Web Address: https://www.wnewbury.org/department-public-works

Description:

Create SWPPPs for maintenance garages, transfer stations, and other waste handling facilities located within the MS4 regulated area

Responsible Department/Parties: DPW/Police/Fire

Measurable Goal(s):

Develop and implement SWPPPs for 100% of facilities.

BMP:

BMP Number (Optional)

Completed ☐

Document Name and/or Web Address:

Description:

Responsible Department/Parties:

Measurable Goal(s):

Add BMP

Annual Evaluation

Year 1 Annual Report

Document Name and/or Web Address:

Year 2 Annual Report

Document Name and/or Web Address:

Year 3 Annual Report

Document Name and/or Web Address:

Year 4 Annual Report

Document Name and/or Web Address:

Year 5 Annual Report

Document Name and/or Web Address:

Year X Annual Report

Document Name and/or Web Address:

Add a Year

TMDLs and Water Quality Limited Waters

Select the applicable Impairment(s) and/or TMDL(s).

Impairment(s)

☒ Bacteria/Pathogens ☐ Chloride ☐ Nitrogen ☐ Phosphorus

☐ Solids/oil/grease (hydrocarbons)/metals

TMDL(s)

In State:

☐ Assabet River Phosphorus ☐ Bacteria and Pathogen ☐ Cape Cod Nitrogen

☐ Charles River Watershed Phosphorus ☐ Lake and Pond Phosphorus

Out of State:

☐ Bacteria and Pathogen ☐ Metals ☐ Nitrogen ☐ Phosphorus

Clear Impairments and TMDLs

Bacteria/Pathogens

Combination of Impaired Waters Requirements and TMDL Requirements as Applicable

Applicable Receiving Waterbody(ies)	TMDL Name (if applicable)	Add/Delete Row
Merrimack River		+ -

Annual Requirements Beginning Year 1

Rank outfalls to these receiving waters as high priority for IDDE implementation in the initial outfall ranking

The relevant BMP number(s) listed above in the Stormwater Management Program OR the description of implementation actions and document location(s) are:

In the IDDE Plan
https://www.wnewbury.org/department-public-works

Public Education and Outreach

(Public education messages can be combined with other public education requirements as applicable (see Appendix H and F for more information))

Annual message encouraging the proper management of pet waste, including noting any existing ordinances where appropriate

The relevant BMP number(s) listed above in the Stormwater Management Program OR the description of implementation actions and document location(s) are:

GreenScapes Brochure

Permittee or its agents disseminate educational material to dog owners at the time of issuance or renewal of dog license, or other appropriate time

The relevant BMP number(s) listed above in the Stormwater Management Program OR the description of implementation actions and document location(s) are:

GreenScapes Brochure

Provide information to owners of septic systems about proper maintenance in any catchment that discharges to a water body impaired for bacteria

The relevant BMP number(s) listed above in the Stormwater Management Program OR the description of implementation actions and document location(s) are:

GreenScapes Brochure

Town Manager

From: DPW Director
Sent: Wednesday, November 23, 2022 7:40 AM
To: Town Manager
Cc: DPW Admin
Subject: Selectboard Furniture
Attachments: 20221123072040003.pdf

G

Angus,
I will find you on Monday, but wanted to get these to you for our discussion. Katelyn has been in contact with the rep at Masscor who can make custom furniture. I have attached or proposal.

Page 1, Is a 2-Person Desk for the TM and Town Clark. Jim suggested we make this a 3-person just in case of a board meeting with more than five members. It would also give you more space for your equipment. Thoughts?
Page 2, Is a 3-Person Select Desk for the Selectboard.
Page 3, The stain color for both oak desk.
Page 4, The style of both desk and podium. (No curve on Select Desk)

Once we decide on style and size. I can outline the furniture locations in blue tape on the floor so we can gain a better understanding of scale.

In regards to the large table. It does come apart and DPW did move it into the building once. We estimate the top to weight at least 500-600 pounds. So Brian is contacting a mover to ask for a quote to have this moved upstairs. The stairs will kill us and I estimated our average DPW employee age at [redacted] years old. No spring chickens here. If cost are too high we will do in-house.

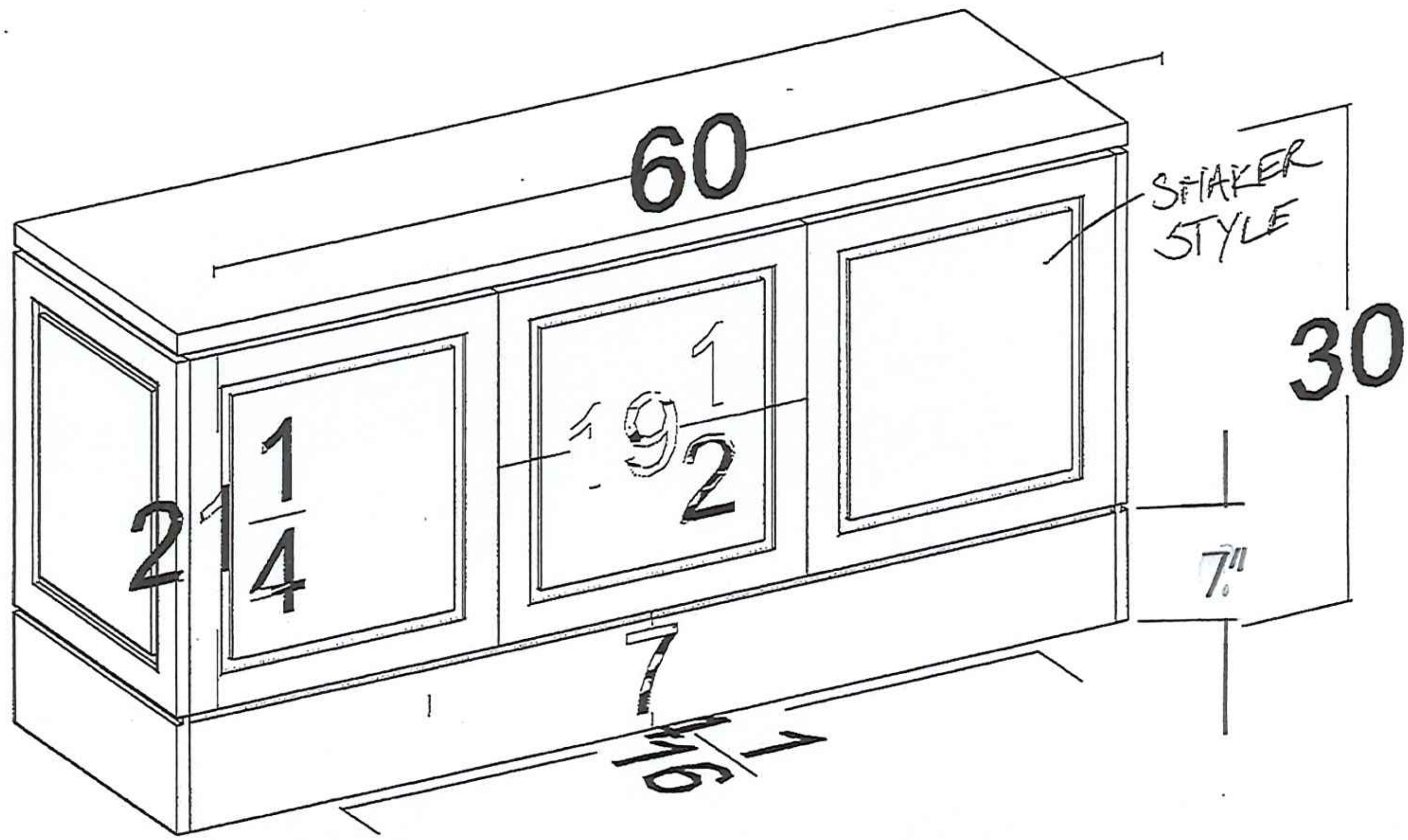
Wayne

Wayne S. Amaral
Director of Public Works / CPO

Town of West Newbury
381 Main Street
West Newbury, MA 01985
(978) 363-1100 x120
dpwdirector@wnewbury.org

TWO PERSON DESK (ANGUS & JIM)

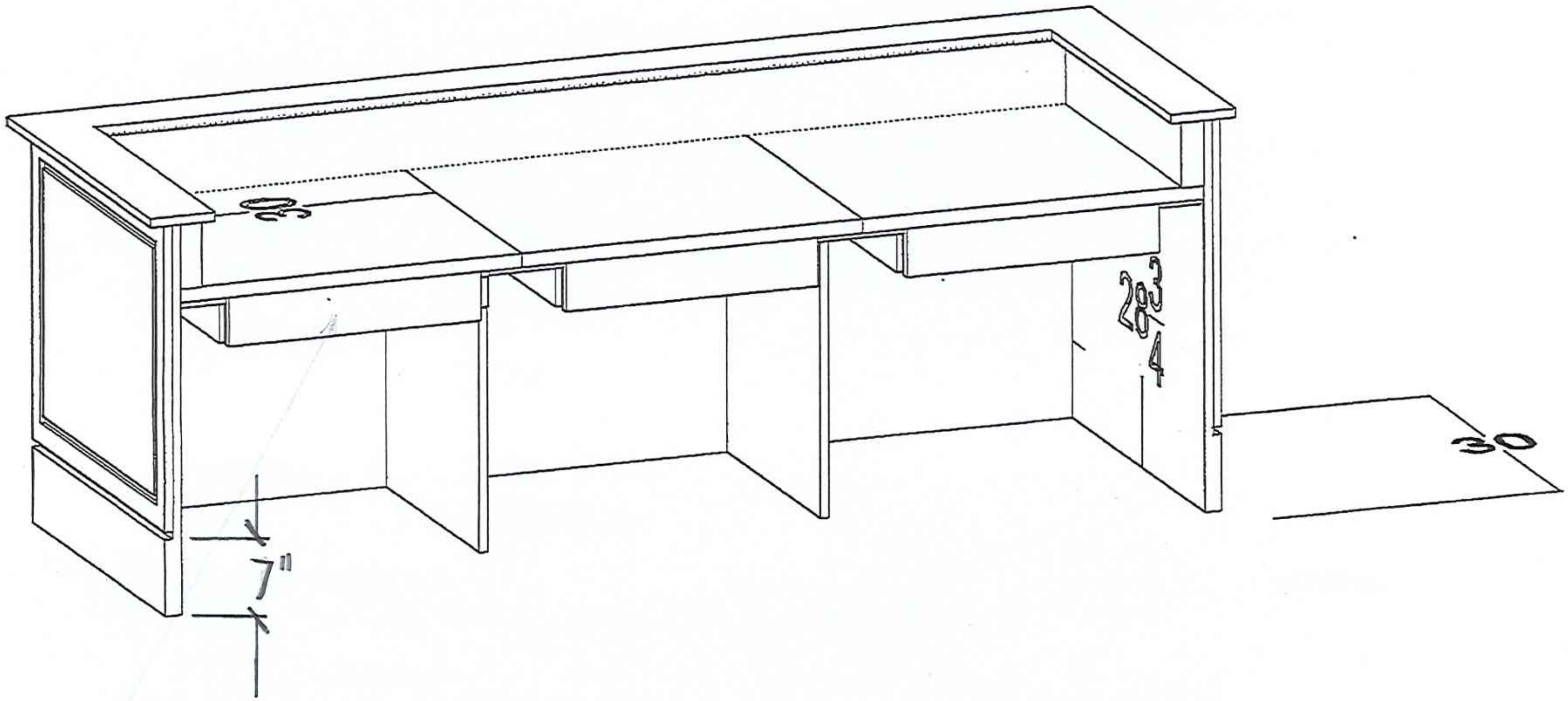
60"x24"x30"
2 WIRE GROMMET HOLES



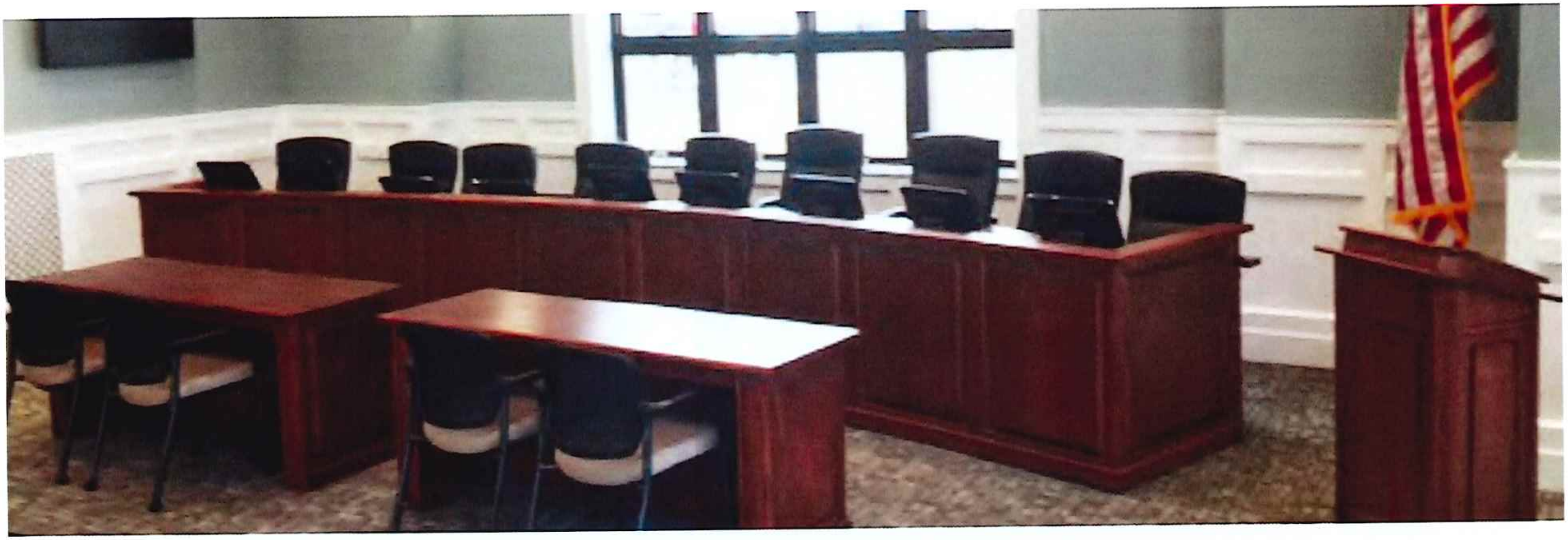
32

3 PERSON SELECT DESK

99'-0" × 2'-6"
(96" × 30")



Stain Color for both Select Desk and Two Person Desk.



3 Person Select Desk in background with Two Person Desk in front.

Plainville Town Hall Style.

9’6” x 2’6”

Sales Quote: Q21230

Please refer to Quote No. When Ordering

MassCor

50 Maple Street, Milford, MA, 01757
Phone: 1-800-222-2211
Fax: 508-422-1954
www.masscor.us

Customer ID: 13357

Customer Name: West Newbury DPW

Quote Name: FY23 Katelyn Bradstreet

Customer Service Rep: Steve Cristol

Customer Service Rep Contact No: 774-235-5099

Customer Service Rep Email: [redacted]

Quote Date: 11/22/2022

Quote Status: Created

Quote Valid To: 12/22/2022

Quote Valid From: 11/22/2022

Quote Items:

No.	Product ID	Description/Comments	Quantity	UOM	Unit Price	Item Total
1	12249	Rectangular 3 Person Select Desk 96 x 30 x30 Made from oak - Shaker Style front and Stain same as Groton Made From Oak. Three Grommets with Three Drawers.	1	Each	$3,085.75	$3,085.75
2	12250	Two person oak desk 60x24x30 - Shaker Style front and Stain same as Groton Made From Oak. Design same as Plainville Town Hall	1	Each	$1,402.66	$1,402.66
3	L47	Lectern, Angle Top-Paper/Book Stop-Adjustable Floor Guides, Wire Grommet Hole-47x28x20 - Shaker Style front and Stain same as Groton Made From Oak.	1	Each	$501.72	$501.72
4	DeskDrawerLocks	Drawer Locks for Presidential and Executive Desk - Three Locks for Select Person Desk	3	Each	$35.00	$105.00

MassCor is pleased to provide the above quotation.
Please call our Customer Service Department should you have any questions.

Subtotal	$5,095.13
Quote Adjustments	$0.00
Sales Tax	$0.00
Grand Total	$5,095.13

Quote Note:

DELIVERY IS DOCK TO DOCK.

Town of West Newbury

381 Main Street
West Newbury, Massachusetts 01985

James RW Blatchford,
Town Clerk

TO: Select Board

FROM: Town Clerk

DATE: 12/02/2022

RE: Files in Select Board Office

With the upgrade to the 1st floor hearing room the final piece in question would be in regards to the files currently in the Select Board Office. Long term storage of files that need to be retained but not accessed frequently would be moved into the basement archives. Files which staff or the Select Board would need more immediate access to would be moved into Town Manager's or Town Clerk's Offices. If there are specific files or subjects the Select Board or an individual member feels they would like more access to, I would be happy to work with the CoA Director to bring in senior tax workers to help digitize those files, over a period of time, so they would be made available on the Select Board drive. If there are specific files/subjects the board feels it would need 24-hour access to hard copies of, we can look into installing a secured file cabinet/system in the hearing room allowing any member of the Select Board access to those documents. Files will always be available to any member during normal business hours or when staff are present in the office where the files will be housed.

Town of West Newbury
Select Board
Monday, October 17, 2022 @ 7:00pm
381 Main Street, Town Office Building
www.wnewbury.org

H

Open Session Meeting Minutes- DRAFT

Open Session: Open session was called to order at 7:05pm by Chairperson Archibald

Participation at the Meeting:
David Archibald, Richard Parker, and Wendy Reed; *Select Board Members*
Angus Jennings, *Town Manager*
James Blatchford, *Town Clerk*
Lori Boudrow, *Garden Club*
Chris Wile, Walter Burmeister, Rob Phillips, Dan Innes, Ross Capolupo; *Finance Committee*
KC Swallow, *Town Moderator*
Tim Zessen, *Town Council*
Eli Ballen and John Mortermer
Kc Swallow, *Town Moderator*
Tim Zessin, *Town Counsel*
Bob Janes, *Board of Water Commissioners Chairperson*
Ann O'Sullivan
Wayne Amaral, *DPW Director*

Announcements:

- This meeting is being broadcast on local cable TV and recorded for rebroadcast on the local cable channels and on the internet. Meeting also accessible by remote participation; see agenda for details.
- Board of Registrars Public Notice: 2022 General Election Early Voting Schedule (see page 2 for details)
- Special Town Meeting: Monday, October 24, 2022 at 7pm in the Annex
- Halloween Trick-of-Treating: Monday, October 31st from 5-7pm (see page 3 for details)
- Call for volunteers! Open positions on Boards/Commissions/Committees. See www.wnewbury.org/volunteer
- Reminder to subscribe for emailed Town agendas/news/announcements at www.wnewbury.org/subscribe

Regular Business

A. Request for permission to install temporary sign, Elwell Square (Maple & Main), Oct. 20-Nov. 17, 2022 – West Newbury Garden Club

Lori Boudrow appeared before the Select Board remotely (see exhibit A page 7 for details). Boudrow explained that all the plants had been removed from the Elweed Square Island in order to start from a fresh slate. The request for a temporary sign was to inform the community that the Garden Club would continue to maintain the Elwell Square Island and that new plants would be planted in the spring. **Parker made a motion to approve the placement of the temporary sign for a total of 4 weeks. Reed seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

B. Request for Special Event Permit: Annual Plant and Bake Sale, May 20, 2023 (rain date May 21) – West Newbury Garden Club

Parker made a motion to approve the special event and use of the Training Field. Reed seconded. Reed and Boudrow discussed working with the Health Department to address any requirements needed to conduct the bake sale (see exhibit B page 8-11 for details). **Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

*****Chairperson Archibald suggested to address a Special Event Permit Application for that Sunday that was not listed on the agenda before continuing to item C. **Parker made a motion to add the item to the agenda. Reed seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain). Parker made a motion to take the special permit out of order at this time. Reed seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

Eli Ballen and John Mortermer appeared before the Select Board in person for the Special Event Permit Application for Millennial Running Half Marathon. Ballen stated the organizer of the event had not realized the marathon route went through West Newbury and had not acquired authorization. Ballen, Mortermer, and the Select Board discussed the availability of Police details as another road race was taking place in West Newbury the same day. Archibald discussed the importance of keeping the window for the drop off and pick up of the portable toilets as short as possible. Reed discussed residents' concerns regarding ample warning prior to events in their neighborhoods or that would impact travel. Ballen and Mortermer stated that next year the approval would be sought well in advance and would be planned for a weekend when no other races were being held. Jennings informed the applicants of the $100 late filing fee. Ballen and Mortermer made the late filing payment at that time. **Reed made a motion to approve the Special Event Permit for the half marathon on October 23, 2022. Parker seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

C. **Joint meeting with Town Moderator, Finance Committee, Town Clerk, Town Counsel, Town Manager to review Fall Special Town Meeting and draft Motions**

Jennings stated the presence of five of the six Finance Committee members (in person), the Town Moderator (in person), and the Town Counsel (remotely) for the joint meeting (see exhibit C page 12-33 for details). The draft motions and the language used within the motions was discussed. Town Moderator, KC Swallow, requested to be notified of any reports that were wished to be read. Swallow stated the opinion that the Select Board should not read all of the motions as it would not foster to Town participation. Discussion continued regarding the efficiency of the Select Board reading the motions to shorten the meeting and to limit potential COVID exposure. It was decided to the requesting committee/board would read their respective articles put forth at the Town Meeting.

The group discussed whether or not the Finance Committee recommendation rational should be read for each article. Chris Wile, Finance Committee Chairperson, discussed voter responsibility to read through the Finance Committee Booklet as it had been made available well before the meeting. Rob Phillips suggested or if the department requesting the funding could give a rational for the requested article. Ross Capolupo stated the Finance Committee rational was more important than the requestor rational as the committee had the time to review the proposal in detail. Swallow stated a voter could ask for the rational, and which member voted for/against the recommendation, but reminded the group the member did not have to publicly defend their vote.

Wile requested the Finance Committee rational be read for Article 15. Wile stated the committee had not recommended the article due to the potential financial implications for the town. Swallow, Phillips, and Ann O'Sullivan discussed the possibility of an amendment being made on the floor to Article 15 to narrow the zoning amendment to the Soldiers & Sailors land parcel. Tim Zessin, Town Counsel, stated an amendment could not be made as it would not be within the scope of the present article. Further, Zessin stated an amendment on the floor would be out of order as a public hearing had not taken place and the Attorney General's Office would reject the change on that reason alone. **No motion was made at this time.**

D. **Sign warrant for 2022 State Election to be held on November 8, 2022**

See exhibit D page 34-37 for details. **Parker made a motion to sign the State Election warrant for November 8, 2022. Reed seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

E. **Cont'd review of signage proposed by MassDOT regarding height limits on Rocks Village Bridge**

Jennings stated MassDOT correspondence was received that day concerning the placement of the overhead crash bar signage on Bridge Street (see exhibit E page 38-44 for details). Jennings discussed a location that had been identified alongside DPW Director Wayne Amaral. The new location would maintain visibility of the signage without interference from the grade of the hill, but the sign would not address truck traffic from River Road. Jennings stated the MassDOT correspondence received had not agreed with the proposed location from the Select Board for the signage to be placed between the bridge and River Road, but the newly identified location before both River Road and the bridge would be acceptable. The Select Board reviewed the location and asked for the opinion of Town Counsel. Zessin stated MassDOT appeared to have the ultimate discretion of the placement of the signage. The Select Board discussed the potential location of the sign between parcels R12-15A and R12-15B and potential resident concerns about the signage location on their properties. Amaral appeared before the Select Board and discussed the potential location for the signage in greater detail and the potential timeline for installation. Jennings informed the Select Board property owners for parcels R12-15A and R12-15B had not been given notice of the potential installment of the signage. The Select Board members decided to complete a site visit to see the proposed location in person, to review renderings created by MassDOT, and to seek town input on the crash bar signage independently from the bridge signage as a whole. **No motion was made at this time.**

F. **Request for interim appointment of Jennifer Walsh to serve as Acting Town Accountant effective Oct. 24, 2022**

Jennings stated the Town Accountant's last day was October 21, 2022 and the position was under the appointment of the Select Board under the Town Manager's Act (see exhibit F page 45-51 for details). **Parker made a motion to appoint Jennifer Walsh to serve as acting Town Accountant effective October 24, 2022. Reed seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

G. **Request to establish job description and wage rate for Interim Water Superintendent position**

Jennings stated the Board of Water Commissioners had voted to retain Mike Gootee on a part-time basis (see exhibit G page 52-58 for details) and presented a draft of the proposed job description of Interim Water Superintendent that included waiving the 15-day waiting period for appointment. Jennings stated the department would benefit from Gootee's continued involvement for continuity and training for the successor. Jennings clarified the job description was based off of the current job description and not information provided through the Collin Center.

Water Commissioner Bob Janes appeared before the Select Board in person. Janes stated Gootee had requested $60 per hour and would work a few days a week and every 3rd weekend for a few hours. Janes stated the successor would need to be trained on the completion of reports, the computer system, satisfying DEP regulations, and how to complete the budgeting process.

The Select Board questioned why the hourly rate had increase from the previous employee rate. Janes stated the hourly rate of contracts elsewhere was $100 per hour. Reed stated the new contract should have been a collaborative effort between the Board of Water Commissioners, Select Board, and Town Manager as it involved the hiring of a town employee at a different pay rate. The Select Board stated Gootee was still being treated as an employee in the sense that contractor insurance was no being required and the town would continue to pay for continuing education classes. Janes stated the Board of Water Commissioners would have to find someone else and pay a higher hourly rate if the contract with Gootee was not approved.

The Select Board and Janes discussed the need of the town for the transition to occur smoothly. Janes stated the contract was written for six months in order to get the town through the budget process.

Parker made a motion to approve the job description for the interim water superintendent and the requested wage rate of $60 per hour through April 2023 for up to 16hrs a week. Archibald seconded. Motion passed (2 Yes, 1 No, 0 Abstain).

H. Discussion of West Newbury hiring/appointment authorities

The Select Board and Jennings discussed the ambiguities in the current hiring/appointment process and which entity, the Town Manager or the Committee, has the authority to make those decisions (see exhibit H page 59-63 for details). Jennings and the Select Board discussed the appointment of the Conservation Agent and the Health Department Personnel were two examples of where ambiguity could be found. The Select Board and Jennings discussed the need to update bylaws and town regulations to line up with the Town Manager's Act. Discussed continued surrounding the need to educate residents and employees on the role of the town manager as the onsite active manager and the Select board as the policy makers. The Select Board discussed choosing three bylaws to update and put forward for a vote at the Spring Town Meeting. **No motion was made at this time.**

I. Process/timeline for Soldiers & Sailors procurement process

Jennings stated that Lynne Spencer did not have any additional information to include in the memo (see exhibit I page 64-69 for details). The Select Board and Jennings briefly discussed inviting all stakeholders to review the procurement process. **No motion was made at this time.**

J. Overview of current/pending/potential project/initiative list; discussion of Board priorities (cont'd)

The Select Board and Jennings discussed projects within the town and how the Select Board, as the policy holders, could give some direction as to which areas should be concentrated over others (see exhibit J page 70-73 for details). Jennings discussed how some work could be focused on by various committees as some initiatives were brought forward by a committee and now have joint ownership with the town offices. Jennings discussed projects that had not been included on the list. **No motion was made at this time.**

K. Meeting minutes: October 18, 2021; September 26, 2022

See exhibit K page 74-79 for details. **Reed made a motion to accept the minutes from October 18, 2021. Parker seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

Reed and Jennings noted clerical errors on the September 26, 2022 minutes. **Reed made a motion to accept the minutes from September 26, 2022 as corrected. Parker seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

<u>Town Manager Updates</u>

L. Update regarding Wage/Classification Study

Jennings thanked the Select Board for the help received reviewing the draft job descriptions. Jennings stated the hope of getting the descriptions to the department heads for review as soon as possible. **No motion was made at this time.**

M. KP Law update re recent Supreme Judicial Court case re Solar Energy Systems (<u>Tracer Lane II Realty</u> v. <u>City of Waltham</u>)

Jennings briefly reviewed the decision concerning the enforceability of the ground mounted solar bylaw (see exhibit M page 80-82 for details). Jennings stated information would be forwarded to the Planning Board Chairperson and a review of the bylaw was needed to ensure that it was in compliance. The Select Board briefly reviewed the exemption the state had made to allow for solar in any zoning district. **No motion was made at this time.**

N. Follow up meeting assignment; placing items for future agendas

Jennings stated the meeting before the Town Meeting would be posted by Thursday.

Archibald made a motion to adjourn. Parker seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain). Open Session adjourned at 10:20pm.

Town of West Newbury
Select Board
Monday, October 24, 2022 @ 6:00pm

First Floor Hearing Room, 381 Main Street, Town Office Building

www.wnewbury.org

Open Session Meeting Minutes

Open Session: Open session was called to order at 6:00pm by Chairperson Archibald

Participation at the Meeting:
David Archibald, Richard Parker, and Wendy Reed; *Select Board Members*
Angus Jennings, *Town Manager*
James Blatchford, *Town Clerk*
Wayne Amaral, *DPW Director*

Regular Business

A. Review and make recommendations, if any, based on any new information received regarding proposed Town Meeting warrant articles

Jennings stated the new tax rate had not been determined as the new valuations had not yet been certified by the state (see exhibit A page 2-6 for details). Jennings stated a rough figure could be given for increases in valuation but it would not be concrete or reflect no change in valuation. **No motion was made at this time.**

B. Designate Board member to read Select Board Motions at Town Meeting

Archibald agreed to read the Select Board Motions as the other members were scheduled to read motions for the Boards/Committees they represented. **No motion was made at this time.**

C. Cont'd review of signage proposed by MassDOT regarding height limits on Rocks Village Bridge

The Select Board discussed the feedback received from various residents (see exhibit C page 7-25 for details). Parker discussed various overhead signage with sensors used across the country and stated that if a ban of trucks would not be possible the town should look into other options used in other places. The Select Board discussed the potential new placement for the crash bar signage and how it did not appear that it would be a nuisance for the property owners.

Wayne Amaral, DPW Director, appeared before the Select Board in person and stated the overhead signage on the bridge had chains that a motorist would hear if struck. The crash bar signage before the bridge would be made of a PVC type material that would move once struck. Amaral stated the addition of the signage would reduce the number of instances more than having no signage at all. Amaral and the Select Board discussed the two potential locations for the crash bar signage before River Street. **Parker made a motion to authorize MassDOT and Town Staff to consider the area Amaral described and determine the best location for the sign. Reed seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).** The Select Board and Amaral briefly discussed the removal of the large electronic signs used to inform motorists of the bridge closure. Amaral to follow up on the removal with MassDOT.

D. Request for authorization of volunteer work day to remove invasive plants from Town-owned land at the corner of Cherry Hill Street and Moulton Street (1 Cherry Hill Street) on Sunday, Nov. 6th from 1-3pm

See exhibit D page 26 for details. **Parker made a motion to authorize the removal of invasive plants on November 6, 2022 from 1-3pm on the town owned land at the intersection of Cherry Hill Street and Moulton Street. Archibald seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).** Parker informed the Select Board members there would be a separate event in the spring to burn the brush removed.

E. Review employee requests for carry-over of unused FY22 vacation time until December 31, 2022

Jennings stated a number of employees had not used all of their earned vacation time that had built over the year (see exhibit E page 27-28 for details). The Select Board discussed if allowing the carry-over would compound the problem the following year. The Select Board asked Jennings to review the previous year vacation carryover and the current proposed carryover to see if it contained the same employees. **Parker made a motion to extend the vacation carry over to the end of the current calendar year. Reed seconded.** The Select Board discussed separating out the people that had large balances from the employees that would carry over small amounts of hours. **Archibald made a motion amend the original motion and to revisit the carry-over of unused vacation at the following Select Board meeting in 2 weeks. Parker accepted the amendment to the original motion. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

F. Decide whether to authorize closure of Town Offices, Library and DPW on Friday after Thanksgiving

Jennings stated the Library had historically been open the Friday after Thanksgiving, but had closed the previous year and treated the day as a "snow day" (see exhibit F page 29-32 for details). Jennings explained if an employee was ready and willing to come to work and the employer closed the building, such as in a "snow day", the employee would still be paid for hours normally scheduled. Jennings stated the closure would not affect the majority of the Town Offices employees as the only employees that work on Fridays were full-time. Jennings stated the Library employees have different schedules so it would be more relevant to them. Jennings saw no problem to move forward with the closure of the public buildings on the Friday after Thanksgiving. **Archibald made a motion to make the day after Thanksgiving a "snow day" this year. Reed seconded. Motion unanimously passed (3 Yes, 0 No, 0 Abstain).**

Special Town Meeting: 7pm in the Annex

G. Select Board attendance at Special Town Meeting

(See Special Town Meeting Minutes for details)

Town of West Newbury

381 Main Street
West Newbury, Massachusetts 01985

Angus Jennings, Town Manager
978·363·1100, Ext. 111 Fax 978·363·1826
townmanager@wnewbury.org

I

TO: Select Board
FROM: Angus Jennings, Town Manager
DATE: December 1, 2022
RE: Meeting with Pentucket Administration and Groveland, Merrimac Finance Directors

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Earlier this week I attended our monthly meeting and, over the course of nearly 2 hours, we reviewed a number of items of common interest, including re the FY24 budget process. While I'll be prepared to discuss this in further detail at Monday's Board meeting, one key takeaway was that there will be a very tight timeline for each community's PRSD budget review/recommendation.

While the Administration has solid information regarding projected FY24 costs (under various scenarios: level-services; or needs-based), they will not receive critical information regarding FY24 revenues until later in the budget cycle than is typical. This is because, following the election of a new Governor, the new Commonwealth Administration has a greater amount of time to propose the Commonwealth budget than would be typical in a normal budget year. These revenue inputs (incl. associated requirements, such as net minimum spending levels) have a direct, and substantial, impact on the bottom line as it affects municipal budgets.

The incoming Governor's budget is due by March 2nd. While it is hoped that the budget will be available earlier than that, this cannot be relied upon. If the State numbers aren't known until as late as March 2nd, this creates an exceedingly narrow window of time for local reviews of the PRSD budget. If a Prop 2 ½ override is needed to fund the operating budget in any of the 3 towns (which is likely), the override ballot language must be provided to the Town Clerks' offices no later than 45 days prior to the election – which is the week of March 13th for a May 1st election.

The School Committee will hold its regularly scheduled meeting on March 7th, and that is the target date for the School Committee's approval of a FY24 budget.

In the interest of sharing as much information as possible with local Select Boards, Finance Committees and residents prior to this "crunch time" in early/mid March, it was agreed that the Administration will host joint meetings of each towns' Select Boards, Finance Committees, and Town Manager/Administrators (a/k/a Finance Directors) on **Tuesday, January 24th at 6pm**; and **Wednesday, March 8th at 6pm** (both meetings at M/H School).

The first meeting will include detailed information regarding projected/proposed expenses, although the "bottom line" impact to each town's budget won't be known (or knowable) at that time due to the absence of State budget information. The second meeting will include this proposed "bottom line" cost impact (to town budgets), based on the State budget and ed formulas; and the PRSD expense budget as will have been voted by the School Committee (projected date) the prior evening.

While these will be posted public meetings, the Administration's goal will be to primarily limit public comments to those town officials present, who will serve as proxies for other residents present. The meeting forum/layout will be more conducive to active dialogue/Q&A than was the Nov. 1 meeting.

J

Town Manager

From: Jiang, Ling [redacted]
Sent: Tuesday, November 8, 2022 11:06 AM
To: Town Manager
Subject: Scheduling a call with Moody's: West Newbury (Town of) MA

Good morning,

My name is Ling Jiang and I am a lead analyst on the Local Government ratings team at Moody's Investors Service. Moody's recently placed **Town of West Newbury MA**'s rating under review for potential upgrade. The ratings under review process means that we will be doing a more in depth analysis of your ratings over the incoming weeks to consider a possible rating change. This action was prompted by the publication of our new *US Cities and Counties Methodology* and the related changes to the metrics we now evaluate for US cities and counties.

I will like to schedule a 30 - 60 minutes conference call with the town to address some questions regarding the town's forward looking financial position, capital project plans and debt issuance plans. Below are some dates and times work for me to have a call. Please let me know what works best for you, and I will circulate a calendar invitation with a conference call dial in. Feel free to invite your financial advisor, auditor, or anyone else you would like. In advance of our call I will send you a list of questions that will be important to our analysis and the outcome of our review. I want to make sure that you have the chance to prepare and supply us with relevant information before we conclude the review.

Dates and time:

- 11/18 (Friday): 10am – 5pm
- 11/21 (Monday): 10am – 11am & 1pm - 5pm
- 11/22 (Tuesday): 10am – 5pm

If you have any questions for me about the process or actions we're expected to take, please feel free to reach out.
I look forward to speaking with you further.

Thank you,
Ling

Ling Jiang
Associate Lead Analyst
Public Finance Group
[redacted]

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007 USA
www.moodys.com

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Town Manager

From: Town Manager
Sent: Tuesday, November 29, 2022 11:36 AM
To: Jiang, Ling
Cc: Town Accountant; Town Treasurer; Christian Kuhn; Peter Frazier [redacted]); Abby Jeffers [redacted]
Subject: RE: Moody's discussion questions - West Newbury Town MA
Attachments: West Newbury 2022 GASB 74-75 Report Final 8-29-2022.pdf

Ling,

Thanks again for your time on the zoom today.

Please see below and attached, as supplements to the materials we provided earlier:

CARES/FEMA reimbursements as follows:

FY20	CARES Round 1 Funds	$	8,583.00
FY21	CARES Round 2 Funds	$	113,209.00
FY22	CARES Round 3 Funds	$	23,612.71
FY21	FEMA Submission 1	$	24,471.85
FY22	FEMA Submission 2	$	38,198.81
	FEMA Submission 3	$	-
FY22	FEMA Submission 4	$	7,587.14
		$	215,662.51

I have copied all of those who participated on today's zoom. If you have any further questions or require further information, please don't hesitate to contact us!

Thanks,
Angus

From: Jiang, Ling [redacted]
Sent: Monday, November 28, 2022 2:12 PM
To: Town Manager <townmanager@wnewbury.org>
Subject: RE: Moody's discussion questions - West Newbury Town MA

Thank you so much. Please use the zoom link attached in the meeting invitation. I will talk to you tomorrow at 10am.
Best Regards,
Ling

From: Town Manager <townmanager@wnewbury.org>
Sent: Monday, November 28, 2022 8:35 AM
To: Jiang, Ling [redacted]
Subject: RE: Moody's discussion questions - West Newbury Town MA

This email originated from outside of Moody's

Ling,

In preparation for our zoom meeting tomorrow at 10am, please find attached our responses to the questions you sent, along with supporting materials referenced in our responses. We can elaborate on these responses further when we speak.

Please confirm that we should use the same zoom link that you had sent earlier, or please send an updated link.

The following individuals will participate on the Town's behalf:

- Angus Jennings, Town Manager
- Jennifer Walsh, Town Accountant
- Kaitlin Gilbert, Treasurer/Collector
- Christian Kuhn, Chief Assessor
- Peter Frazier and Abby Jeffers, Hilltop Securities (Financial Advisors)

Thanks,
Angus

Angus Jennings, Town Manager
Town of West Newbury
Town Office Building
381 Main Street
West Newbury, MA 01985
(978) 363-1100 x111
townmanager@wnewbury.org

MOODY'S
INVESTORS SERVICE

West Newbury (Town of) MA

Angus Jennings
Town Manager
(978)-363-1100 x111
townmanager@wnewbury.org

Moody's Investors Service:

Ling Jiang
Associate Lead Analyst
[redacted]

DEBT AND CAPITAL PROJECTS

- Future borrowing plans for short-term and long-term debt over the next 3 to 5 years?
  - We anticipate issuing 1-year BANs when the current 1-year BANs ($1.1M) mature in July. This will be converted to long-term borrowing once the Town proceeds with additional debt authorization.
  - There are not specific plans to bring forward a request for new debt authorization at the spring Town Meeting; however, we have not ruled this out. There are a couple of known or potential major expenditures which would rely on borrowing:
    - Church/Prospect Water Main replacements. Est. cost $2.7M. Currently in design phase; and has been submitted to MassDEP for potential SRF financing. If this project is added to State Intended Use Plan (for SRF financing), we would seek borrowing authorization next spring. If it isn't, the Town may delay the project; or may seek borrowing authorization to finance this with locally-issued debt. However, this is expected to proceed within the next 2-3 years.
    - Potential land acquisition. The Town is considering moving forward with a land acquisition for purposes of establishing a new local water source. The timing is not known, but is expected to be proposed within the next 3-5 years.
    - The Town is undertaking a study of the Page elementary school. The study will be complete in 2023, and will provide recommendations and cost estimates for necessary upgrades/capital investments in the school. Depending on the cost, this may be financed by borrowing. Associated borrowing is likely to be proposed within 3-5 years.
- Update on the town's capital planning. Please provide copy of the most recent capital improvement plans if available. Has inflation required any modification of capital plans?
  - Latest capital improvements program attached. This is under review with the town's Capital Improvements Committee, and is expected to be refined over the next 3-4 months, concurrent with the FY24 budgeting process. No specific modifications have been made due to inflation, but estimated costs for FY24 proposals will be updated as we get closer to Town Meeting in order to reflect the latest available cost estimates.
- Any material changes to the pension plan assumptions? Discount rate of 7.3%?
  - The Essex Regional Retirement System Actual Valuation (as of January 1, 2022) lowered the assumed net investment return from 7.30% to 7.00%.
  - When do you expect the town's pension plans to be fully funded?

        - The Essex Regional Retirement System Actual Valuation (as of January 1, 2022) includes a projection that the system will be fully funded by June 30, 2035; taking into account appropriation increases of 6.5% per year through FY29, and 4.0% per year thereafter.
    - What are the planned annual % increases in contributions over next 3 years?
        - The Town's policy provides for annual contributions into the Pension Stabilization fund equal to 10% of that year's pension assessment from ERRS (Essex Regional Retirement System). The Town intends to continue to make these contributions.
- Will the town continue to make annual contributions towards the OPEB?
    - Yes.
- The discount rate is 6.0%, any change in the upcoming years?
    - None anticipated, but we are presently reviewing with our OPEB Actuary, and can discuss this further with you on Tuesday.

ECONOMY

- Please discuss any recent residential or commercial developments that would help the growth of local economy.
    - Development trends have been steady. No significant increases in the rate of development are anticipated at this time.
- Any changes or updates regarding the town's top taxpayers and employers?
    - No.
    - Any recent news of layoffs, hiring, relocations, expansions, etc.?
        - No.
- What are the primary factors contributing to 2022 assessed value growth? Expectations over the next few years?
    - Assessed values have increased dramatically since the beginning of the COVID-19 Pandemic. Market forces have pushed sale prices to unexpected levels. In 2022 the assessed values of properties in West Newbury increased 21% over 2021. There has been some tempering of the hot real estate market in West Newbury as homes listed will stay on the market for a longer period of time, fewer offers are coming in per sale, there are not as many seller favorable sales concessions, and the sales price is close to the asking price. It is the assessing department's outlook that the assessed values will remain in step with regional and national trends in the coming years.
- Update on building permit activity in FY22? How does it compare to prior years? Any new growth in FY 2023?
    - Our records show steady permitting activity. The following is a summary of permits for new homes (single-family and duplex) over the past 2 decades or so:
        - 5-year avg (2018-22 thru Oct 2022) 15.2
        - 10-year avg (2013-22) 15.3
        - 15-year avg (2012-21) 14.9

        - Avg (2000-21)   14.2

- <u>The town's largest expenditure is education, what's the projection for the student enrollment trend in the following five years?</u>
    - Pentucket Regional School District reports that we currently have 540 total students and that, as a percentage of the District, our enrollment is going down, as our growth rate is lower than the other two Towns in the district (Groveland and Merrimac). As a total population, Pentucket projects that the 540 number would be expected to grow by no more than another 25 students over the next five years.
- <u>Are there any pending litigation or tax appeals that could materially impact the town's finances?</u>
    - No.

FINANCES:

2021 finances:

- <u>What factors could be attributed to the outperformance compared to budget in 2021?</u>
    - Various budget turnbacks attributable (generally) to lower salary/wage costs (due to short-term vacancies in several departments due to staffing turnover); lower-than-budgeted costs for veterans' benefits (due to a budgeted veteran moving out of town early in the fiscal year); underspent FY22 reserve funds; and conservative budgeting.

2022 budget:

- <u>If available, please provide a draft audit or unaudited balance sheet and income statement.</u>
- <u>How did year-end revenues and expenses trend compared to budget?</u>
    - Various budget turnbacks attributable (generally) to lower salary/wage costs (due to short-term vacancies in several departments due to staffing turnover); lower-than-budgeted solid waste and recycling costs; unspent FY22 reserve funds; and conservative budgeting
- <u>Are you anticipating ending with a decrease or increase in fund balance?</u>
    - <u>General fund</u>
        - The draft FY22 Audit reflects a decrease in the General Fund balance of about $0.5M primarily due to the timing of spending down Town Meeting articles in the Public Works department.
    - <u>Water fund</u>
        - The draft FY22 Audit reflects an increase in the water fund's net position of about $0.1M, to about $4.2M.
    - <u>Community Preservation</u>
        - The draft FY22 Audit reflects an increase in the Community Preservation fund balance of about $0.1M, due to the amounts of State matching revenues exceeding the amount of funding allocated to projects in FY22.
    - <u>Library Trust fund</u>
        - The draft FY22 Audit reflects no material change in the Library Trust Fund balance in FY22, due to minimal account activity during the year.

- Nonmajor-governmental funds
    - The draft FY22 Audit reflects an increase in the non-major fund balance of about $0.2M, due to the timing of revenues and expenditures, as these funds are intended to net over time.
- Please provide details on ARPA funding including the amount, timing of receipts, and use of funds.
    - Per advice from Town Counsel, ARPA funds are under the oversight of the Select Board. The Board is evaluating projects for ARPA funding, and expects to expend all ARPA funds on one-time capital projects (both town and water projects). All ARPA funds are expected to be allocated by the end of FY23, for expenditure within the required timeframe.
- What items are you seeing the largest cost growth in the current inflationary environment?
    - Inflation is driving expectations for greater-than-typical COLA increases (for Union and non-Union employees). Also driving costs for fuel, heating oil and electricity.
- Business enterprises:
    - Any changes to enterprise fund (Water fund) operations compared to prior year? Any rate changes?
        - Water Superintendent retired in October 2022, after over 20 years on the job. A new Water Superintendent has been hired, and the retired Superintendent will remain on the payroll (on a part-time basis) through March 2023 to assist with the transition. There have been no changes to water rates since 2019, but a new rate study is now underway.
    - Are there any legal or practical restrictions for moving money between its enterprise fund and its general governmental funds?
        - Enterprise funds are not eligible for use for General Fund purposes. The Town could choose to allocate General Funds toward water department (enterprise fund) needs, through the annual budgeting process, but has not done so historically. Discussions are ongoing regarding whether the Town would be willing to fund some of the water capital needs, and if so subject to what terms.
- Are any of the restricted fund balances that can legally be used for general operating purposes?
    - Restricted fund balances would not be used to offset the operating budget, but could be available (in some instances) to support capital projects that would otherwise be borne by the General Fund. Examples include the recent construction of a new playground (cost ~$450k) funded from Community Preservation Act funds.

2023 budget:

- Any significant change in general fund balance or other governmental funds?
    - No
- 2022 budget (general fund): $16,709,999 vs. 2023: 17,364,056?
- What were the key budget drivers?

  - School budget was the biggest increase (in dollars and %), driven in part by debt service associated with new Middle/High School; and in part by increases in education costs (driven by transportation costs, special ed costs, and wages).
  - Other budget drivers included ERRS assessment; employee health insurance; and DPW staffing (due to addition of new full-time Projects/Programs Manager position).
- How is the budget balanced?
  - % change in the tax levy? Unused levy capacity as of FY23?
    - FY23 tax classification hearing held on 11/21/22. FY23 tax rate not yet approved by MassDOR. On our call on Tuesday we can discuss what we're estimating for % change in tax levy, and unused levy capacity.
  - Any use of free cash or stabilization funds for operations or one-time use?
    - The Town appropriated $250,000 from Free Cash, and $397,325 from School Stabilization, to offset the costs of the FY23 operating budget. The approved draw-down of the School Stabilization fund is part of a multi-year plan, dating back almost a decade, to offset the cost impacts of the new Middle/High School.
  - Other revenue sources?
    - Our projections of FY23 non-tax revenues are in line with prior years, and in the aggregate are lower than actual receipts of FY22 non-tax revenues ($1.39M FY23 projected v. $1.5M FY22 actual). These are conservative estimates, in accordance with MassDOR guidance for non-tax revenue projections; and also exclude actual FY22 revenues (such as insurance reimbursements, and CARES Act reimbursements) which are not expected in FY23.
  - Any use of federal stimulus funds for operations?
    - No.
- Any changes to enterprise fund operations compared to prior year?
  - Water Superintendent retired in October 2022, after over 20 years on the job. A new Water Superintendent has been hired, and the retired Superintendent will remain on the payroll (on a part-time basis) through March 2023 to assist with the transition.
- Any rate changes?
  - There have been no changes to water rates since 2019, but a new rate study is now underway.
- What is the total budget for the enterprise fund?
  - $1.05M, which includes a budgeted transfer of $100,000 into the Water Stabilization Fund.
- How has inflation impacted the operating and/or capital budget for FY23?
  - No specific modifications have been made due to inflation, but FY24 COLA for non-Union employees will be evaluated within the FY24 budget process; and estimated capital costs for FY24 proposals will be updated as we get closer to Town Meeting in order to reflect the latest available cost estimates.

- Any large unbudgeted revenues or expenses YTD?
    - No

MANAGEMENT:

- Update on staffing levels/vacancy rates across departments and how its trending compared to historical levels?
    - Staffing levels are generally level; although we have added 2 new positions to the organization within the past year: a new DPW Programs/Projects Manager; and a new Executive Assistant position in the Town Manager's office. We have experienced routine turnover on several departments due to retirements, attrition, etc.; and have experienced short-term vacancies on some departments during the hiring process. However, nothing out of the ordinary. We have seen fewer applicants for open positions than we would have expected in prior years, but in every instance where a vacancy has been posted we've been successful in filling the position with a qualified employee.
- Any service impacts as a result of staffing levels?
    - No.
- What are the terms of current labor contracts and when do they expire?
    - Police contract runs through FY24.
    - Dispatch contract runs through FY24.
    - Highway (DPW) contract runs through FY25.
    - General terms of current contracts
        - COLAs as follows (for FY24, 25):
            - Police: FY24 3.0%
            - Dispatch: FY24 2.5%
            - Highway: FY24 2.5%; FY25 2.5%
- Has the town experienced a ransomware or other cyber attack in the last year that resulted in financial or data loss or impacted town services? If so, what was the impact?
    - No.
- How does the town/county prepare for its most pressing environmental risks? (sea level rise, hurricane or flood?)
    - Several concurrent efforts underway toward climate change preparedness/resiliency. We have been designated by Commonwealth as Municipal Vulnerability Preparedness (MVP) community, expanding eligibility for grants. Secured funding commitment at Fall Town Meeting for required local match for grant we'll pursue in the upcoming (early 2023) grant round to undertake study (cost ~$200k) of vulnerability of River Road to erosion due impacts of sea level rise on Merrimack River, and based on overland stormwater flows. We're working closely with neighboring Newburyport regarding ongoing planning and capital improvements to ensure the resiliency of the local water supply (incl. proposed increase in dam elevation, proposed installation of new sub-

surface water pipeline, etc.). We're undertaking a feasibility study of potential to add ground-mounted solar to up to 5 additional town-owned sites (in addition to current solar installations at Page School and at DPW garage). Have added Electric Vehicle charging stations at Town Offices and Page School. Have undertaken a Microgrid Feasibility Study regarding the Town Offices/Public Safety Complex. We updated our Flood Plain Bylaw in 2022 to reference the latest FEMA Flood Insurance Rate Maps and review standards. Also, we're at the early stages of updating our town-wide Hazard Mitigation Plan (expected completion FY24).

Please feel free to add any additional information you think relevant to the discussion of the town's economic or financial situation.

TOWN OF WEST NEWBURY

Proposed Capital Program FY24-FY30+

WORKING DRAFT, Oct. 28, 2022

Code	# of Projects	Department	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30+	Code Total Cost
DPW	39	Public Works	$ 230,000	$ 990,000	$ 264,400	$ 180,000	$ 750,600	$ 628,000	$ 485,000	$ 495,000	$ 95,000	$ 128,000	$ 4,246,000
FD	14	Fire	$ 500,000	$ 35,000	$ 39,000	$ 75,000	$ 125,000	$ 500,000	$ 250,000	$ 500,000	$ -	$ 1,515,000	$ 3,539,000
PGE	20	Page School	$ 344,000	$ 33,000	$ 85,000	$ 165,000	$ 1,144,250	$ 1,320,000	$ 140,000	$ 240,000	$ 400,000	$ 85,000	$ 3,956,250
PRK	2	Parks & Rec	$ 465,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 300,000	$ -	$ 765,000
PD	2	Police	$ -	$ -	$ -	$ -	$ 30,000	$ -	$ -	$ -	$ -	$ 50,000	$ 80,000
COA	1	Council on Aging	$ -	$ -	$ -	$ 45,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 45,000
		Town Departments	$ 1,539,000	$ 1,058,000	$ 388,400	$ 465,000	$ 2,049,850	$ 2,448,000	$ 875,000	$ 1,235,000	$ 795,000	$ 1,778,000	$ 12,631,250
WTR	33	Water	$ -	$ 317,000	$ 73,700	$ 2,643,950	$ 129,250	$ 1,042,800	$ -	$ 792,250	$ 680,300	$ 22,224,711	$ 27,903,961
		Water Department	$ -	$ 317,000	$ 73,700	$ 2,643,950	$ 129,250	$ 1,042,800	$ -	$ 792,250	$ 680,300	$ 22,224,711	$ 27,903,961
						Note: Water Dept. total includes development of new water source. Total Capital Projects excluding that initiative total:							$ 13,703,961
		Total Capital Program Cost:	$ 1,539,000	$ 1,375,000	$ 462,100	$ 3,108,950	$ 2,179,100	$ 3,490,800	$ 875,000	$ 2,027,250	$ 1,475,300	$ 24,002,711	$ 40,535,211
						Note: Water Dept. total includes development of new water source. Total Capital Projects excluding that initiative total:							$ 26,335,211

Note: Funding of costs shown in FY23 was appropriated on 5/14/22. All other costs and dates are estimated and should be considered interim working drafts of this Capital Program.

78	Town Projects
33	Water Projects
111	**Total Projects**

Project Code	Project Title	Dept	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30+
DPW-001	Purchase Replacement Dump Truck (#6)	DPW	$ 230,000	$	$	$	$	$	$	$	$	$
DPW-002	Purchase Replacement 1-Ton Dump Truck	DPW	$	$	$ 80,000	$	$	$	$	$	$	$
DPW-003	Purchase Replacement Backhoe	DPW	$	$ 150,000	$	$	$	$	$	$	$	$
DPW-004	Purchase Replacement Zero Turn Mower	DPW	$	$	$	$	$ 24,000	$	$	$	$	$
DPW-005	Purchase Replacement Small Pick-up Truck	DPW	$	$	$ 56,000	$	$	$	$	$	$	$
DPW-006	Purchase Replacement Compact Tractor	DPW	$	$	$	$	$	$ 65,000	$	$	$	$
DPW-007	Purchase Replacement Utility Tractor	DPW	$	$	$	$	$ 85,000	$	$	$	$	$
DPW-008	Purchase Replacement Utility Trailer	DPW	$	$	$	$	$	$ 38,000	$	$	$	$
DPW-009	Purchase Replacement Light Weight Trailer	DPW	$	$	$	$	$	$	$	$	$	$ 23,000
DPW-010	Purchase Replacement Dump Truck (#2)	DPW	$	$	$	$	$ 225,000	$	$	$	$	$
DPW-011	Purchase Replacement Sidewalk plow/blower	DPW	$	$	$	$ 180,000	$	$	$	$	$	$
DPW-012	Purchase Replacement Dump Truck (#1)	DPW	$	$	$	$	$	$	$	$ 225,000	$	$
DPW-013	Purchase Replacement Zero Turn Mower	DPW	$	$	$	$	$	$	$ 20,000	$	$	$
DPW-014	Purchase Replacement 1-Ton Dump Truck	DPW	$	$	$	$	$	$ 92,000	$	$	$	$
DPW-015	Purchase Replacement Pick-up Truck	DPW	$	$	$	$	$	$ 48,000	$	$	$	$
DPW-016	Purchase Replacement Woodchipper	DPW	$	$	$	$	$	$	$ 85,000	$	$	$
DPW-017	Purchase Replacement Loader	DPW	$	$	$	$	$	$	$	$ 185,000	$	$
DPW-018	Purchase Replacement Roadside Mower	DPW	$	$	$	$	$	$	$	$ 85,000	$	$
DPW-019	Purchase Replacement Ballfield Mower	DPW	$	$	$	$	$	$	$	$	$ 95,000	$
DPW-020	Purchase Replacement Utility Body Truck	DPW	$	$	$	$	$	$	$	$	$	$ 55,000
DPW-021	Town Offices & WNHA Septic System Replacement	DPW	$	$	$	$	$	$ 150,000	$	$	$	$
DPW-022	Town Offices - Interior Painting	DPW	$	$	$	$	$	$	$ 30,000	$	$	$
DPW-023	Roof Recoating	DPW	$	$ 95,000	$	$	$	$	$	$	$	$
DPW-024	Public Safety Complex - Painting	DPW	$	$	$	$	$ 75,000	$	$	$	$	$
DPW-025	Children's Castle Window Replacement Project	DPW	$	$	$	$	$	$ 50,000	$	$	$	$
DPW-026	Children's Castle Interior Painting Project	DPW	$	$	$	$	$	$ 35,000	$	$	$	$
DPW-027	Parks and Recreation Building Demolition	DPW	$	$	$	$	$ 110,000	$	$	$	$	$
DPW-028	DPW Annex / Water Dept Building - Repairs	DPW	$	$	$ 63,400	$	$ 71,600	$	$	$	$	$
DPW-029	Town Hall Exterior Painting & Repairs	DPW	$	$	$	$	$	$	$	$	$	$
DPW-030	Town Hall Parking Lot Paving and Drainage	DPW	$	$	$	$	$ 40,000	$	$	$	$	$
DPW-031	Town Hall Septic System Replacement	DPW	$	$	$	$	$	$	$	$	$	$ 50,000
DPW-032	Town Offices HVAC System Replacement	DPW	$	$	$	$	$	$ 25,000	$ 275,000	$	$	$
DPW-033	Library - Adult Room Rug Replacement	DPW	$	$ 45,000	$	$	$	$	$	$	$	$
DPW-034	Middle Street Bridge Replacement	DPW	$	$ 700,000	$	$	$	$	$	$	$	$
DPW-035	Town Office and Town Hall Electronic Keying System	DPW	$	$	$	$	$ 30,000	$	$	$	$	$
DPW-036	DPW Salt Shed - Roof Repairs / coating	DPW	$	$	$	$	$	$	$ 75,000	$	$	$

Project Code	Project Title	Dept	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30+
DPW-037	Town Buildings - Phone System Replacement	DPW	$	$	$ 65,000	$	$	$	$	$	$	$
DPW-038	Town Offices - Generator	DPW	$	$	$	$	$ 90,000	$	$	$	$	$
DPW-039	Farm Lane Guard Rail Installation Project	DPW	$	$	$	$	$	$ 125,000	$	$	$	$
		Annual Total	$ 230,000	$ 990,000	$ 264,400	$ 180,000	$ 750,600	$ 628,000	$ 485,000	$ 495,000	$ 95,000	$ 128,000
		Dept CIP total	$ 4,246,000									
FD-001	Emergency Communication Upgrade	FD	$	$	$ 39,000	$	$	$	$	$	$	$
FD-002	Tower / Ladder Truck Replacement (engine 28)	FD	$	$	$	$	$	$	$	$	$	$ 1,000,000
FD-003	3,000 Gallon Water Tanker Truck Replacement (E25)	FD	$ 500,000	$	$	$	$	$	$	$	$	$
FD-004	KME Pumper Truck (engine #23) Replacement	FD	$	$	$	$	$	$ 500,000	$	$	$	$
FD-005	KME Pumper Truck (engine #24) Replacement	FD	$	$	$	$	$	$	$	$ 500,000	$	$
FD-006	Replace 2001 Pickup Truck (Engine #27)	FD	$	$	$	$ 75,000	$	$	$	$	$	$
FD-007	Replace 2004 Pickup Truck (Engine #26)	FD	$	$	$	$ -	$ 50,000	$	$	$	$	$
FD-008	Replace Rescue Boat and Trailer	FD	$	$	$	$	$ 75,000	$	$	$	$	$
FD-009	Replace Rescue Equipment – Jaws of Life	FD	$	$ 35,000	$	$	$	$	$	$	$	$
FD-010	Replace Rescue Equipment – Fire Fighter Gear	FD	$	$	$	$	$	$	$	$	$	$ 115,000
FD-011	Replace Rescue Equipment – SCBA Equipment	FD	$	$	$	$	$	$	$	$	$	$ 50,000
FD-012	Replace Rescue Equipment – Air Packs	FD	$	$	$	$	$	$	$ 250,000	$	$	$
FD-013	Replacement communications repeater	FD	$	$	$	$	$	$	$	$	$	$ 50,000
FD-014	Rescue Truck Replacement (Truck #1)	FD	$	$	$	$	$	$	$	$	$	$ 300,000
		Annual Total	$ 500,000	$ 35,000	$ 39,000	$ 75,000	$ 125,000	$ 500,000	$ 250,000	$ 500,000	$ -	$ 1,515,000
		Dept CIP total	$ 3,539,000									
PGE-001	Page School Fire Alarm System Upgrade	School	$ 304,000	$ 33,000	$	$	$	$	$	$	$	$
PGE-002	Page School Floor Repairs	School	$ 40,000	$	$	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$	$	$
PGE-003	Page School Exterior Lintels Repairs	School	$	$	$	$	$ 316,250	$	$	$	$	$
PGE-004	Page School Potable Water Plumbing Replacement	School	$	$	$	$	$ 290,000	$	$	$	$	$
PGE-005	Page School Interior Improvements	School	$	$	$	$	$ 75,000	$ 75,000	$	$	$	$ -
PGE-006	Page School Parking Lot and Lighting Improvements	School	$	$	$	$	$ 100,000	$	$ 100,000	$ 75,000	$	$
PGE-007	Page School PA/Clock/Security System	School	$	$	$	$ 30,000	$	$ 200,000	$	$	$	$
PGE-008	Page School Water Pumps and Control Replacement	School	$	$	$	$	$	$	$	$ 165,000	$	$
PGE-009	Page School Elevator Replacement Design	School	$	$	$	$	$ 65,000	$ 600,000	$	$	$	$
PGE-010	Page School Exterior Fire Lane Access Roadway	School	$	$	$	$	$	$	$	$	$	$ 85,000
PGE-011	Page School Gym Entrance Roof Leak Repair	School	$	$	$	$	$ 38,000	$	$	$	$	$
PGE-012	Page School Standpipe Installation	School	$	$	$	$	$ 30,000	$ 120,000	$	$	$	$
PGE-013	Main Street Sidewalk	School	$	$	$	$	$	$ 60,000	$	$	$ 400,000	$
PGE-014	Facility Feasibility Study	School	$	$	$ 85,000	$	$	$	$	$	$	$

Project Code	Project Title	Dept	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30+
PGE-015	Mortar/Brick Work	School	$	$	$	$	$ 150,000	$	$	$	$	$
PGE-016	Replace Samsung HVAC Unit serving Office & Entry areas	School	$	$	$	$ 20,000	$	$	$	$	$	$
PGE-017	E-911 Emergency Communication System Upgrade	School	$	$	$	$ 75,000	$	$	$	$	$	$
PGE-018	Rear Door Entry Cover Enclosures	School	$	$	$	$	$	$ 25,000	$	$	$	$
PGE-019	Survey & Repair Interior Plaster, Ceilings, Doorways, Millwork	School	$	$	$	$	$	$ 200,000	$	$	$	$
PGE-020	Internal Bus/Car/Ped Site Circulation Improvements	School	$	$	$	$	$ 40,000	$	$	$	$	$
		Annual Total	$ 344,000	$ 33,000	$ 85,000	$ 165,000	$ 1,144,250	$ 1,320,000	$ 140,000	$ 240,000	$ 400,000	$ 85,000
		Dept CIP total	$ 3,956,250									
PRK-001	Action Cove Playground Replacement	P & R	$	$	$	$	$	$	$	$	$ 300,000	$
PRK-002	Page School Playground Replacement (approved for CPC funding, not subject to Capital Committee Bylaw).	P & R	$ 465,000	$	$	$	$	$	$	$	$	$
PRK-003		P & R	$	$	$	$	$	$	$	$	$	$
		Annual Total	$ 465,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 300,000	$ -
		Dept CIP total	$ 765,000									
PD-001	Emergency Radio Upgrades	PD	$	$	$	$	$	$	$	$	$	$ 50,000
PD-002	Interior Painting of Public Safety Complex	PD	$	$	$	$	$ 30,000	$	$	$	$	$
PD-003		PD	$	$	$	$	$	$	$	$	$	$ -
		Annual Total	$ -	$ -	$ -	$ -	$ 30,000	$ -	$ -	$ -	$ -	$ 50,000
		Dept CIP total	$ 80,000									
COA-001	Purchase replacement COA van	COA	$	$	$	$ 45,000	$	$	$	$	$	$
COA-002		COA	$	$	$	$	$	$	$	$	$	$
		Annual Total	$ -	$ -	$ -	$ 45,000	$ -	$ -	$ -	$ -	$ -	$ -
		Dept CIP total	$ 45,000									

Project Code	Project Title	Dept	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30+
WTR-001	Church Street Water Main Improvement	Water	$	$	$	$ 1,663,200	$	$	$	$	$	$
WTR-002	Prospect Street Water Main Improvement	Water	$	$	$	$ 960,750	$	$	$	$	$	$
WTR-003	Steed Avenue Water Main Improvement	Water	$	$	$	$	$	$	$	$	$	$ 217,536
WTR-004	Chase Street Water Main Replacement	Water	$	$	$	$	$ 129,250	$	$	$	$	$
WTR-005	Maple Street Water Main Improvement	Water	$	$	$	$	$	$ 858,000	$	$	$	$
WTR-006	Main Street (phase I) Water Main Improvement	Water	$	$	$	$	$	$	$	$ 398,500	$	$
WTR-007	Main Street (phase II) Water Main Replacement	Water	$	$	$	$	$	$	$	$ 393,750	$	$
WTR-008	Whetstone Street Water Main Improvement	Water	$	$	$	$	$	$	$	$	$ 272,200	$
WTR-009	Sullivan Court Water Main Improvement	Water	$	$	$	$	$	$	$	$	$ 70,500	$
WTR-010	Harrison Avenue Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 230,300
WTR-011	Bailey's Lane (phase I) Water Main Improvement	Water	$	$	$	$	$	$	$	$	$ 337,600	$
WTR-012	Bailey's Lane (phase 2) Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 309,375
WTR-013	Training Field Road Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 169,200
WTR-014	Mechanics Street Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 156,000
WTR-015	Merrill Street (phase I) Water Main Improvement	Water	$	$	$	$	$	$	$	$	$	$ 116,000
WTR-016	Merrill Street (phase II) Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 72,000
WTR-017	Crane Neck Street (Phase I) Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 351,750
WTR-018	Crane Neck Street (Phase II) Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 1,378,300
WTR-019	Chestnut Hill Water Main Replacement	Water	$	$	$	$	$	$ 184,800	$	$	$	$
WTR-020	Water System Hydraulic Model and Water Distribution System Study	Water	$	$	$ 73,700	$	$	$	$	$	$	$
WTR-022	Main Street (phase III) Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 1,068,000
WTR-023	Garden Street Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 535,500
WTR-024	Main Street (phase IV) Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 2,494,750
WTR-025	Main Street (phase V) Water Main Replacement	Water	$	$	$	$	$	$	$	$	$	$ 796,000
WTR-026	Replacement Utility Body Truck (2017)	Water	$	$	$	$	$	$	$	$	$	$ 70,000
WTR-027	Replacement Pick-up Truck (2022)	Water	$	$ 47,000	$	$	$	$	$	$	$	$ 60,000
WTR-028a	Dole Place New Water Source; Wellfield and Chemical Feed Facility	Water	$	$	$	$	$	$	$	$	$	$ 4,500,000
WTR-028b	Dole Place New Water Source; Water Filtration Plant (if needed)	Water	$	$	$	$	$	$	$	$	$	$ 9,700,000
WTR-029	Pipestave Water Tank Interior & Exterior Maintenance	Water	$	$ 270,000	$	$	$	$	$	$	$	$
WTR-031	Wellfield #1 Building Exterior Upgrades	Water	$	$	$	$ 20,000	$	$	$	$	$	$
WTR-032	Air Compressor replacement	Water	$	$	$	$	$	$	$	$	$	$
		Annual Total	$ -	$ 317,000	$ 73,700	$ 2,643,950	$ 129,250	$ 1,042,800	$ -	$ 792,250	$ 680,300	$ 22,224,711
		Dept CIP total	$ 27,903,961									
		Dept CIP total (not incl. Dole Place)	$ 13,703,961									

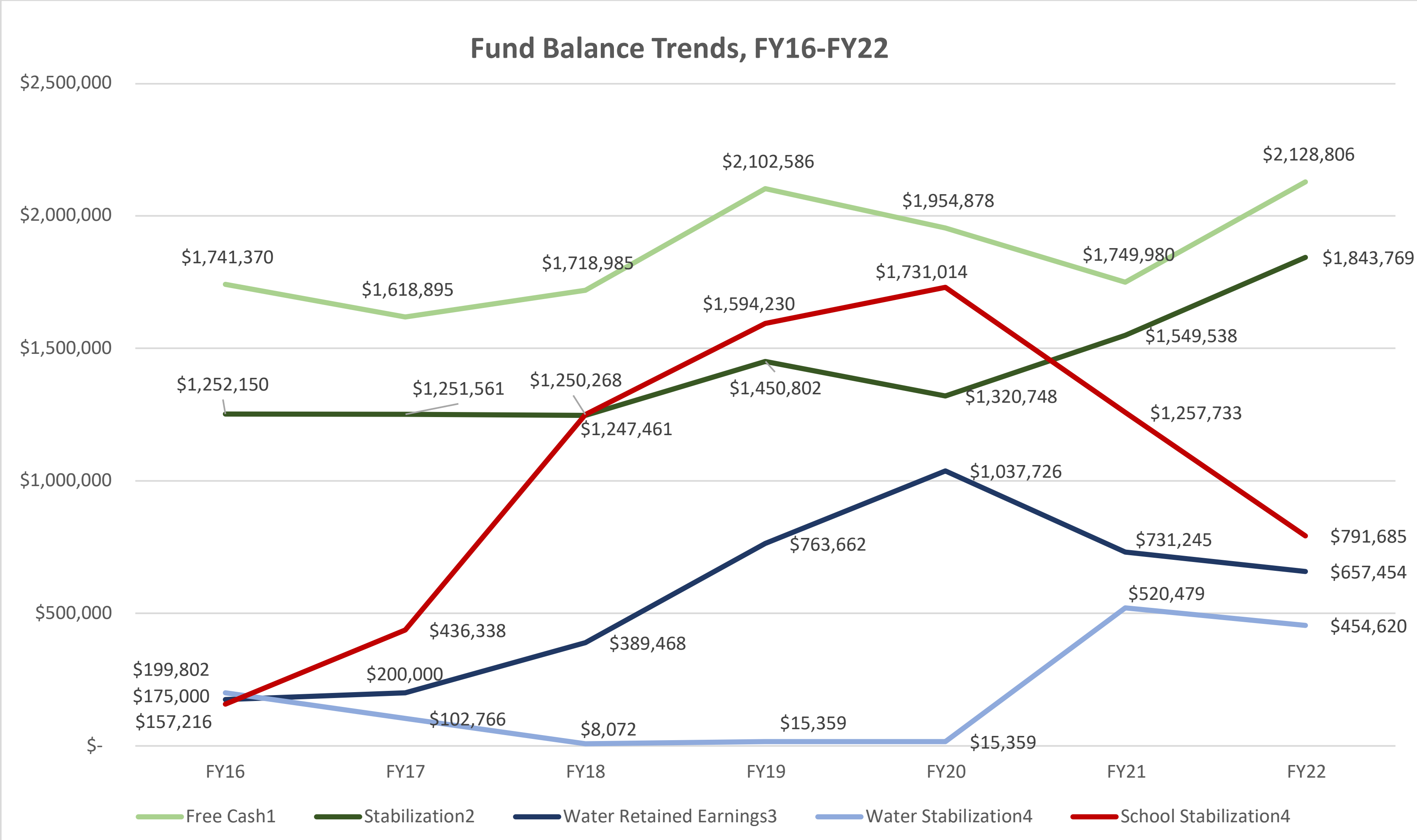
Fund Balance Trends, FY16-FY22					
Fiscal Year	**Free Cash[1]**	**Stabilization[2]**	**Water Retained Earnings[3]**	**Water Stabilization[4]**	**School Stabilization[4]**
FY16	$ 1,741,370	$1,252,150	$ 175,000	$ 199,802	$ 157,216
FY17	$ 1,618,895	$1,251,561	$ 200,000	$ 102,766	$ 436,338
FY18	$ 1,718,985	$1,247,461	$ 389,468	$ 8,072	$ 1,250,268
FY19	$ 2,102,586	$1,450,802	$ 763,662	$ 15,359	$ 1,594,230
FY20	$ 1,954,878	$1,320,748	$ 1,037,726	$ 15,359	$ 1,731,014
FY21	$ 1,749,980	$1,549,538	$ 731,245	$ 520,479	$ 1,257,733
FY22	$ 2,128,806	$1,843,769	$ 657,454	$ 454,620	$ 791,685
Avg (FY16-FY22)	$1,859,357	$1,416,576	$564,936	$188,065	$1,031,212

[1] *Source: MA DOR Form B-1, FY16-FY22.*

[2] *Source: Year-End Fund Balance Reports/Town Accountant.*

[3] *Source: MA DOR Retained Earnings Calculations, FY18-FY22; Finance Committee Town Meeting booklets, FY16-18.*

[4] *Source: Finance Committee Town Meeting booklets, FY16-22.*



Source: Angus Jennings, Town Manager - WORKING DRAFT

MOODY'S INVESTORS SERVICE

RATING METHODOLOGY

US Cities and Counties Methodology

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Introduction

In this rating methodology, we explain our general approach to assessing credit risk of US cities and counties, including the qualitative and quantitative factors that are likely to affect rating outcomes in this sector.

We discuss the scorecard used for this sector. The scorecard[1] is a relatively simple reference tool that can be used in most cases to approximate credit profiles in this sector and to explain, in summary form, many of the factors that are generally most important in assigning issuer-level ratings to issuers in this sector. The scorecard factors may be evaluated using historical or forward-looking data or both.

We also discuss other considerations, which are factors that are assessed outside the scorecard, usually because the factor's credit importance varies widely among the issuers in the sector or because the factor may be important only under certain circumstances or for a subset of issuers. In addition, some of the methodological considerations described in one or more cross-sector rating methodologies may be relevant to ratings in this sector.[2] Furthermore, since ratings are forward-looking, we often incorporate directional views of risks and mitigants in a qualitative way.

As a result, the scorecard-indicated outcome is not expected to match the actual rating for each issuer.

Our presentation of this rating methodology proceeds with (i) the scope of this methodology; (ii) a sector overview; (iii) the scorecard framework; (iv) a discussion of the scorecard factors; (v) other considerations not reflected in the scorecard; (vi) the assignment of issuer-level and instrument-level ratings; (vii) methodology assumptions; and (viii) limitations. In Appendix A, we describe how we use the scorecard to arrive at a scorecard-indicated outcome. Appendix B shows the full view of the scorecard factors, sub-factors, weights and thresholds. Appendix C describes our approach for assigning instrument ratings for US cities and counties.

1 In our methodologies and research, the terms "scorecard" and "grid" are used interchangeably.

2 A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

Scope

This methodology is used to assign issuer ratings to US cities, counties and other general government entities below the level of a state or territory (including towns, townships, villages, boroughs and parishes). In the sections that follow, we refer to all of these entities as cities and counties. This methodology also applies to US Native American tribal nations.

This methodology is also used to assign debt instrument ratings to cities' and counties' general obligation unlimited tax, general obligation limited tax, general promises to pay, and lease and contingent obligations.[3] This methodology also applies to the debt instruments of city or county enterprises and component units that benefit from a city's or county's general obligation pledge or general promise to pay, or from a lease, appropriation or moral obligation of the city or county.

US cities and counties rated using this methodology are self-governing municipal entities that provide general public services to residents within defined geographic boundaries. These cities and counties have the legal ability to issue debt[4] and may impose taxes, fees, fines or service charges. They may also have other legal means of financing public services and paying debt service.

US cities and counties that provide K-12 education directly or that issue debt on behalf of a school district are rated using this methodology. In most US states, K-12 public education is provided by K-12 public school districts that are separate from the city or county, and these school districts are rated using a separate methodology.[5]

Cities' and counties' special tax and special assessment obligations are also rated using separate methodologies, as are city and county obligations supported solely by the enterprise revenues of a city or county (e.g., a water or sewer enterprise). In addition, this methodology is not used to rate debt supported solely by independent special purpose entities (e.g., a standalone park district or a tax increment district) or the debt of component units of a city or county supported exclusively by a pledge of the tax or other revenue of the special purpose entity or component unit (e.g., a municipal utility).[6]

3 Lease and contingent obligations also include moral obligations, non-lease annual appropriation obligations, abatement lease-backed obligations and comparable debt.

4 Cities and counties rated using this methodology have the power to issue debt on their own behalf or are the obligor to debt issued through an authority or dedicated financing vehicle.

5 See our methodology that describes our approach for rating K-12 school districts. A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

6 Examples of special purpose local governments that are typically out of scope are standalone toll roads, sewage systems, municipal airports, public hospitals, public colleges and universities, ports, housing authorities, library districts, fire protection districts and tax increment districts, regardless of the security pledge of their debt.

Sector Overview

Cities and counties provide basic services, which often include police and fire protection, courts and jails, public record-keeping, social services, park services and public works, including streets and roads.

Some cities and counties provide a narrow range of services, while others provide more comprehensive services as part of their primary government activities, including water, sewer, power or other utility services, healthcare services, economic development or transportation services (e.g., airport, port and transit services).

Cities and counties fund the services they provide with an array of revenues, including property taxes, sales taxes, income taxes, state and federal aid, departmental income (such as fines and fees) or direct charges for services.

Cities and counties issue a wide array of debt instruments that may be structured with quite different revenue pledges; e.g., a broad pledge such as a general obligation pledge, a narrower pledge, or a pledge limited to the enterprise revenues of a city or county, such as water and sewer revenue bonds. As described in the "Scope" section, we use separate methodologies to rate debt supported solely by enterprise revenues of a city or county.

Nonetheless, we consider the enterprise activities of cities and counties to be among the core services they provide. As described in the sections that follow, we assess cities and counties in their totality and include their governmental and business-type financial results, assets and liabilities in our analysis of the fundamental credit strength of the city or county.

A city's or county's institutional framework is established and defined by its respective state constitution, laws or court decisions. In some states, cities are subordinate to a county as a unit of local government, and in other states, cities operate independently of county governments.

Typically, cities and counties are governed by a chief executive and an elected body.

Scorecard Framework

The scorecard in this rating methodology is composed of four factors, most of which comprise sub-factors. The scorecard also includes five notching factors, which may result in upward or downward adjustments in half-notch or whole-notch increments to the preliminary outcome.

EXHIBIT 1
US Cities and Counties Scorecard Overview

Factor	Factor Weighting*	Sub-factor	Sub-factor Weighting
Economy	30%	Resident Income (MHI Adjusted for RPP / US MHI)†	10%
		Full Value per Capita (Full Valuation of Tax Base / Population)	10%
		Economic Growth (Difference Between Five-Year Compound Annual Growth in Real GDP and Five-Year CAGR in Real US GDP) ‡	10%
Financial Performance	30%	Available Fund Balance Ratio (Available Fund Balance + Net Current Assets / Revenue)	20%
		Liquidity Ratio (Unrestricted Cash / Revenue)	10%
Institutional Framework	10%	-- **	10%
Leverage	30%	Long-term Liabilities Ratio ((Debt + ANPL + Adjusted Net OPEB + Other Long-Term Liabilities) / Revenue)††	20%
		Fixed-Costs Ratio (Adjusted Fixed Costs / Revenue)	10%
Total	**100%**		**100%**

Preliminary Outcome

Notching Factor	Notching Range
Additional Strength in Local Resources	0 to +2
Limited Scale of Operations	–1 to 0
Financial Disclosures	–2 to 0
Potential Cost Shift to or from the State	–1 to +1
Potential for Significant Change in Leverage	–2 to +1.5

Scorecard-Indicated Outcome

* Factor weights shown in this table reflect standard weights. As described in Appendix A, we apply overweighting when scores are low.
† MHI stands for median household income. RPP stands for regional price parity.
‡ CAGR stands for compound annual growth rate.
** This factor has no sub-factors.
†† ANPL stands for adjusted net pension liabilities. OPEB stands for other post-employment benefit liabilities.
Source: Moody's Investors Service

Please see Appendix A for general information about how we use the scorecard and for a discussion of scorecard mechanics. The scorecard does not include or address every rating factor that a rating committee may consider in assigning ratings in this sector. Please see the "Other Considerations" and "Limitations" sections.

Discussion of the Scorecard Factors

In this section, we explain our general approach for scoring each scorecard factor or sub-factor, and we describe why they are meaningful as credit indicators.

Factor: Economy (30% Weight)

Why It Matters

A city's or county's economy provides important indications of its capacity to generate revenue at the local level.

This factor comprises three quantitative sub-factors:

Resident Income: Median Household Income (MHI) Adjusted for Regional Price Parity (RPP) / US MHI

The ratio of adjusted MHI of a city or county to the MHI of the US provides an indication of the relative strength of a local government's capacity to generate revenue at the local level. A city or county with relatively high MHI typically has greater capacity to raise revenue from local sources in order to pay debt service and to fund services and infrastructure that attract residents and businesses to the community. A city or county with relatively low MHI may have more limited capacity to support revenue growth. Low MHI may also signal a greater demand for city or county spending on social services.

We use MHI to compare resident income across cities and counties because this statistic includes the income of all residents of a housing unit regardless of their relationships, including families, single persons living alone and unrelated roommates. Adjusting MHI for RPP is important because it allows for comparability across the US by adjusting for regional differences in the cost of living. RPP reflects the average prices paid by consumers in a region of the US, compared to the national average.

Full Value per Capita: Full Valuation of the Tax Base / Population

The ratio of the full valuation of the property tax base to the population of a city or county provides another indication of the relative strength of a local government's capacity to generate revenue, but from a different perspective. This ratio is an important indicator of a city's or county's economic strength and capacity to generate revenue, even beyond levying taxes on real estate values.

Economic Growth: Difference Between Five-Year Compound Annual Growth Rate (CAGR) in Real Gross Domestic Product (GDP) and Five-Year CAGR in US Real GDP

Economic growth is an important indicator of a city's or county's ability to continue generating the revenue necessary for the programs and services it provides. Cities and counties within growing regional economies are more likely to retain residents and businesses and attract additional residents and businesses who will pay taxes, utility fees and other sources of government revenue. In general, a city or county with a more productive regional economy over a multiyear period is better able to generate adequate revenue on an ongoing basis. Cities and counties in regions with robust, sustained GDP growth are typically better positioned to grow revenue and build reserves against economic shocks. Comparing the GDP growth of a city's or county's region to US GDP growth provides an important indication into city or county economic strength above or below national economic fluctuations.

How We Assess It for the Scorecard

Scoring for this factor is based on three quantitative sub-factors: Resident Income, Full Value per Capita and Economic Growth.

RESIDENT INCOME — MHI ADJUSTED FOR RPP / US MHI:

The numerator is the MHI of a city or county, which we adjust for regional price differences. We make this adjustment by dividing the issuer's MHI by the RPP for the metropolitan statistical area (MSA).[7] For cities and counties that are outside of an MSA, we adjust based on the respective state's statewide non-metropolitan portion RPP. The denominator is US MHI. We use the American Community Survey (ACS) from the US Census Bureau, where available, or a successor report as our source of MHI data.[8] The US Bureau of Economic Analysis or a successor agency is our source for RPP data.

FULL VALUE PER CAPITA — FULL VALUATION OF THE TAX BASE / POPULATION:

The numerator is the full market valuation of taxable property in the city or county, and the denominator is the population of the city or county.

For the numerator, we use the full market valuation of each city or county. Cities and counties often calculate full market value as a multiple of assessed value or of the book value of taxable properties in a city or county, but calculation methods vary by state, and we use assessed value where full market value is not available. Where either full market valuation or population data are not available, we use the full value per capita of a proxy, for example, a nearby local government entity whose tax base characteristics or demographic data reflect those of the entity being evaluated.

ECONOMIC GROWTH – DIFFERENCE BETWEEN FIVE-YEAR CAGR IN REAL GDP AND FIVE-YEAR CAGR IN US REAL GDP:

For cities and counties, we use the difference between the five-year CAGR in real GDP of the city's or county's MSA and the five-year CAGR of US real GDP. For cities and counties outside of an MSA, we use the relevant county real GDP. The US Bureau of Economic Analysis is typically our source for GDP data.

FACTOR

Economy (30%)

Sub-factor	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Resident Income (MHI Adjusted for RPP / US MHI)*1	10%	≥ 120%	100 - 120%	80 - 100%	65 - 80%	50 - 65%	35 - 50%	20 - 35%	< 20%
Full Value per Capita (Full Valuation of the Tax Base / Population)*2	10%	≥ $180,000	$100,000 - $180,000	$60,000 - $100,000	$40,000 - $60,000	$25,000 - $40,000	$15,000 - $25,000	$9,000 - $15,000	< $9,000
Economic Growth (Difference Between Five-Year Compound Annual Growth in Real GDP and Five-Year CAGR in Real US GDP)*3	10%	≥ 0	(1)% - 0	(2.5) - (1)%	(4.5) – (2.5)%	(7) – (4.5)%	(10) – (7)%	(15) – (10)%	< (15)%

*1 For the linear scoring scale described in Appendix A, the Aaa endpoint value is 200%. A value of 200% or better equates to a numeric score of 0.5. The Ca endpoint value is 0%. A value of 0% or worse equates to a numeric score of 20.5.

*2 For the linear scoring scale, the Aaa endpoint value is $400,000. A value of $400,000 or better equates to a numeric score of 0.5. The Ca endpoint value is $7,500. A value of $7,500 or worse equates to a numeric score of 20.5.

*3 For the linear scoring scale, the Aaa endpoint is 2%. A value of 2% equates to a numeric score of 0.5. The Ca endpoint value is (20)%. A value of (20)% or worse equates to a numeric score of 20.5.

Source: Moody's Investors Service

7 Because RPP is expressed relative to a benchmark of 100 for the US, we first divide RPP by 100.

8 Where MHI is not available for a city or county, we typically use the MHI of an overlying or other local government located near the city or county (e.g., a neighboring town or most-proximate school district). In cases where we use a proxy entity, we also use that proxy's per capita income and population data in our scorecard metrics.

Factor: Financial Performance (30% Weight)

Why It Matters

Operational and financial strength is a significant driver of credit quality. The financial performance of a city or county, inclusive of its governmental funds and business-type activities, greatly influences its ability to meet existing financial obligations and its flexibility to adjust to new obligations or unexpected contingencies, such as unanticipated revenue shortfalls or cost increases.

This factor comprises two quantitative sub-factors:

Available Fund Balance Ratio: (Available Fund Balance + Net Current Assets) / Revenue

The ratio of available fund balance and net current assets[9] to revenue provides a useful indication of whether a city's or county's resources would be sufficient to bridge temporary budget imbalances.

The sum of a city's or county's available fund balance and net current assets represents the resources available to fund services and unforeseen contingencies, including, for example, a budget shortfall. The available fund balance includes cash as well as receivables, payables and other current assets and liabilities across total governmental funds that are likely to become cash inflows or outflows in the short term. Net current assets includes cash as well as receivables, payables and other unrestricted current assets and liabilities across business-type activities that are likely to become cash inflows or outflows in the short term. Comparing the sum of available fund balance and net current assets to revenue provides insights into the strength of a city's or county's near-term resources relative to the scale of the city's or county's primary governmental activities.[10]

Liquidity Ratio: Unrestricted Cash / Revenue

The ratio of unrestricted cash to revenue provides another important perspective into financial flexibility. Unrestricted cash is a city's or county's most readily available liquid resource. Accruals can cause available fund balance to diverge from unrestricted cash, because the available fund balance reflects receivables, payables, and other current assets and liabilities that are not incorporated into unrestricted cash. For example, a large receivable for taxes or state aid could lead to a high available fund balance position, but a city or county could have a weak unrestricted cash position; in such cases, the city's or county's unrestricted cash position may provide a better indicator of its immediate financial flexibility. Alternatively, a city or county could have a high unrestricted cash position because it has deferred certain expenditures into the next fiscal year. In this case, its lower available fund balance would reflect the payable that will eventually reduce the unrestricted cash position.

How We Assess It for the Scorecard

Scoring for this factor is based on two quantitative sub-factors: Available Fund Balance Ratio and Liquidity Ratio. In our assessment of the scorecard sub-factors, we incorporate total governmental funds and business-type activities to capture a broad view of a city's or county's activities, assets and liabilities.

AVAILABLE FUND BALANCE RATIO — (AVAILABLE FUND BALANCE + NET CURRENT ASSETS) / REVENUE:

The numerator is a city's or county's available fund balance plus its net current assets.

Available fund balance is the sum of a city's or county's available fund balance across all governmental funds. The available fund balance equals the sum of all fund balances that are classified as unassigned,

9 The Available Fund Balance Ratio uses the available fund balance of total governmental funds and the net current assets of business-type activities and internal services funds.

10 We use the term *primary government* to refer to a city's or county's governmental and business-type activities. The primary government presentation typically includes blended component units but not discretely presented component units.

assigned or committed in the total governmental funds section of a city's or county's audited financial statements. We exclude any non-spendable fund balance that is in the total governmental funds section, and typically exclude restricted fund balance in that section.

We define net current assets as unrestricted current assets minus current liabilities from a city's or county's business-type activities and internal services funds. Long-term liabilities, including the current portion that we incorporate into the Long-term Liabilities Ratio, where disclosed, are not incorporated into the calculation of net current assets. This approach results in comparability between net current assets and available fund balance, even though each measure is derived from a different accounting presentation.

The denominator is revenue, which is the sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions. The netting out of transfer activity minimizes double-counting, i.e., we do not count a transfer as revenue because it is likely already counted as revenue elsewhere in the financial statements. In excluding transfer revenue, we also minimize revenue volatility stemming from activity outside normal governmental activities.

For cities and counties that do not report governmental activities on a modified accrual basis, we frequently cannot calculate or estimate available fund balance. In these cases, scoring for this sub-factor is based on net cash as a proxy for available fund balance. We also apply downward notching if certain financial information is not disclosed, as described in the "Notching Factors" section. For cities and counties that do not report business-type activities on an accrual basis, we frequently cannot calculate or estimate net current assets. In both these cases, scoring for this sub-factor is also based on net cash.

EXHIBIT 2

Illustrative Example of Available Fund Balance Calculation

Fund or activity	Total Governmental	Internal Service	Business-Type	Fund Balance Ratio
Typical accounting standard	**Modified Accrual**	**Accrual**	**Accrual**	
Non-spendable fund balance	*Typically excluded*	n/a	n/a	
Restricted fund balance	*Typically excluded*	n/a	n/a	
Committed fund balance	$3.5	n/a	n/a	
Assigned fund balance	$36.1	n/a	n/a	
Unassigned fund balance	$26.9	n/a	n/a	
Sub-total: governmental fund balance	**$66.5**	**$0.0**	**$0.0**	**$66.5**
Total unrestricted current assets	n/a	$21.0	$132.2	
Total current liabilities	n/a	($8.4)	($55.1)	
Add back: current portion of long-term debt	n/a	$0.0	$16.0	
Add back: current portion of other long-term liabilities	n/a	$0.0	$4.7	
Sub-total: net current assets	**$0.0**	**$12.7**	**$97.9**	**$110.5**
Fund Balance Ratio Numerator	**$66.5**	**$12.7**	**$97.9**	**$177.1**
Total revenues	$164.7	n/a	n/a	
Total operating revenues	n/a	*Typically excluded*	$255.0	
Non-operating revenues	n/a	$0	$7	
Revenue denominator	**$164.7**	**$0.5**	**$261.7**	**$426.9**
Fund Balance Ratio				**41.5%**

Source: Moody's Investors Service

LIQUIDITY RATIO — UNRESTRICTED CASH / REVENUE:

The numerator is the sum of unrestricted cash in total governmental activities, total business type activities and the internal services fund, net of short-term debt. For this calculation, we consider short-term debt to be debt issued for operations maturing within one year, such as cash flow notes or tax anticipation notes. The denominator is revenue.

FACTOR

Financial Performance (30%)

Sub-factor	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Available Fund Balance Ratio (Available Fund Balance + Net Current Assets / Revenue)[*4]	20%	≥ 35%	25 - 35%	15 - 25%	5 - 15%	0 - 5%	(5) - 0%	(10) – (5)%	< (10)%
Liquidity Ratio (Unrestricted Cash / Revenue)[*5]	10%	≥ 40%	30 - 40%	20 - 30%	12.5 - 20%	5 – 12.5%	0 - 5%	(5) – 0%	< (5)%

*4 For the linear scoring scale, the Aaa endpoint value is 50%. A value of 50% or better equates to a numeric score of 0.5. The Ca endpoint value is (15)%. A value of (15)% or worse equates to a numeric score of 20.5.

*5 For the linear scoring scale, the Aaa endpoint value is 60%. A value of 60% or better equates to a numeric score of 0.5. The Ca endpoint value is (10)%. A value of (10)% or worse equates to a numeric score of 20.5.

Source: Moody's Investors Service

Factor: Institutional Framework (10% Weight)

Why It Matters

The institutional framework is important because it affects the ability of a city or county to match recurring revenue with expenditures. The statutory and legal framework under which a city or county operates defines the scope of services it is required to provide and establishes its revenue structure. These determine how much flexibility a city or county has to increase revenue or reduce spending.

Some cities and counties have broader latitude than others in determining the bulk of their revenue. For example, the ability to raise property tax revenue through a tax rate increase may be subject to the approval of the city or county governing body alone, or it may also need the approval of local voters or another level of government. Cities and counties that can increase revenue without the approval of voters or other governments are more easily able to accommodate changes in expenditures. In addition, the revenue-raising ability of a city or county may be subject to local tax rate caps or levy limits. Other forms of city or county revenue may include sales taxes, income taxes, utility rates and various fees. The state ultimately controls the extent to which a city or county may determine its revenue.[11]

In addition, cities and counties operate within different expenditure-cutting frameworks, e.g., cities and counties that are required to provide mandated services, such as public health or education, regardless of revenue, typically have lower flexibility to reduce costs than those that are not required to provide services, or that are only required to provide services if the state provides funding for those services.

How We Assess It for the Scorecard

In our assessment of this qualitative factor, we consider whether the institutional framework gives the city or county control over the majority of its revenue across governmental and business-type activities, and whether this revenue is subject to caps (such as on property taxes or utility rates), or other limitations. We consider whether revenue increases are subject only to the approval of the city's or county's own governing board, or additionally require the approval of local voters or another level of government. If approval is required by external parties, we consider the extent to which the city or county can increase revenue within the constraints. We also consider the extent to which a city or county can reduce expenditures outside externally imposed mandates and restrictions, e.g., outside any spending requirements, such as aid to local schools or support to public health systems. If our assessment of revenue characteristics is different from expenditure characteristics, we typically assign the factor score to the alpha category that reflects the more meaningful characteristic.

Most cities and counties in a given state receive the same score for this factor, except where the revenue-raising or expenditure-cutting framework of a category of cities or counties is materially different from others in the state under state law. We typically perform an assessment of city and county institutional frameworks on a statewide basis once a year.

[11] This is not the case for US Native American tribal nations, which are under the jurisdiction of the federal government. Tribal nations have the right to make and enforce laws, to levy taxes and authorize expenditures, and to license and regulate activities within their borders.

FACTOR

Institutional Framework (10%)

Institutional Framework	Factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Institutional Framework	10%	The majority of revenue is not subject to externally imposed caps and the governing body can increase revenue meaningfully without limitation or without approval of voters or other governments. And: The ability to meaningfully reduce expenditures is not constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps but the governing body can increase revenue meaningfully without the approval of voters or other governments. Or: The ability to meaningfully reduce expenditures is mildly constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps but the governing body can increase revenue moderately without the approval of voters or other governments. Or: The ability to meaningfully reduce expenditures is moderately constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps and the governing body can increase revenue only minimally without the approval of voters or other governments. Or: The ability to meaningfully reduce expenditures is heavily constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps and the governing body cannot increase revenue without the approval of voters or other governments. Or: The ability to meaningfully reduce expenditures is very heavily constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps and the governing body cannot increase revenue. Or: The ability to meaningfully reduce expenditures is extremely constrained by externally imposed mandates or restrictions.	Not applicable.	Not applicable.

Source: Moody's Investors Service

Factor: Leverage (30% Weight)

Why It Matters

Leverage measures provide important indications of a city's or county's capacity to invest in capital assets and pay annual fixed costs, including debt service, while meeting its core responsibility to provide municipal services.

The more leveraged a city or county is, the less flexibility it has to pay debt service and meet its other obligations. High and rising costs related to debt service, retirement benefits or other large long-term liabilities can crowd out other service priorities, reducing a local government's ability to deliver on its core service mission. As a city's or county's financial capacity to deliver on its core service mission declines, the risk rises that it will default and seek to restructure its debt. High leverage may also diminish a city's or county's access to credit markets either due to statutory debt limits or a lack of investor willingness to extend credit.

This factor comprises two quantitative sub-factors:

Long-term Liabilities Ratio: (Debt + Adjusted Net Pension Liabilities + Adjusted Net OPEB Liabilities + Other Long-Term Liabilities) / Revenue

Debt, unfunded pension liabilities and unfunded other post-employment benefit (OPEB)[12] liabilities typically represent the primary long-term financial obligations of a city or county; other types of material long-term liabilities may include compensated absences, claims and judgments, or liabilities related to environmental remediation. This factor provides a comprehensive view of a city's or county's leverage compared to the revenue that will support those obligations.

The ratio of the sum of debt, adjusted net pension liabilities (ANPL), adjusted net OPEB liabilities and other long-term liabilities from total governmental funds and business-type activities to revenue is an important indicator of total leverage.

Fixed-Costs Ratio: Adjusted Fixed Costs / Revenue

The ratio of adjusted fixed costs to revenue provides an important indication of the annual financial burden associated with a city's or county's debt, pensions, OPEB obligations and other miscellaneous long-term liabilities relative to its revenue. The ratio also provides by proxy the percentage of revenue that remains available for the entity to provide core services after fixed costs are paid. A city or county with high fixed costs faces a greater challenge adjusting its expenditures than one with low fixed costs.

How We Assess It for the Scorecard

Scoring for this factor is based on two quantitative sub-factors: the Long-term Liabilities Ratio; and the Fixed-Costs Ratio.

LONG-TERM LIABILITIES RATIO — (DEBT + ANPL + ADJUSTED NET OPEB LIABILITIES + OTHER LONG-TERM LIABILITIES) / REVENUE:

The numerator is the sum of a city's or county's debt outstanding, ANPL, adjusted net OPEB liabilities and other long-term liabilities. When incorporating these four elements into the numerator, we typically include all long-term liabilities of a city or county reported in the governmental and business-type activities entries of the audited financial statements (i.e., the primary government, as reported). The denominator is revenue.

A city's or county's debt includes its long-term bonds and other obligations. Debt includes all forms of debt on a city's or county's governmental activities and business-type activities balance sheets and may include other obligations that are not reported on the balance sheet. Examples of debt include general obligation bonds; general promises to pay; lease-backed, appropriation and moral obligations; bond anticipation notes; special tax debt; revenue bonds; loans from the state; and leases.

A city's or county's debt also typically includes guarantees that it has provided for another entity's debt. We also typically include public-private partnership (P3 or PPP) agreements that contractually obligate the city or county to make scheduled payments. We typically include guarantees and P3 obligations in our assessment, regardless of their treatment in a city's or county's financial statements.[13]

Debt excludes debt such as short-term cash flow notes that are considered liabilities in calculating the Available Fund Balance Ratio and Liquidity Ratio but includes short-term debt that is not deducted from these ratios. Typically, we include bond anticipation notes in debt and exclude it from the Financial Performance ratios.

[12] OPEBs most often are retiree healthcare benefits.

[13] See the "Other Considerations" section of this methodology for analytic considerations related to extraordinary or ongoing support that may affect the rating.

For a description of how we calculate or estimate ANPL and adjusted net OPEB liabilities, please see our cross-sector methodology that describes our adjustments to pension and OPEB data reported by Governmental Accounting Standards Board (GASB) issuers.[14]

Other long-term liabilities typically comprise the miscellaneous liabilities reported under the governmental and business-type activities entries in a city's or county's financial statements that are not included in debt, ANPL or adjusted net OPEB liabilities. These liabilities typically include compensated absences, claims and judgments, or liabilities related to environmental remediation.

FIXED-COSTS RATIO — ADJUSTED FIXED COSTS / REVENUE:

For any period, the numerator is the sum of a city's or county's implied debt service, its pension tread water indicator, its OPEB contributions and its implied carrying costs for other long-term liabilities. The denominator is revenue. The four components of the numerator are described below.

Implied Debt Service

A city's or county's implied debt service represents the annual cost to amortize its debt over 20 years with level payments. The metric amounts to an implied carrying cost for debt. We use a 20-year amortization period to reflect the typical composite useful life of capital assets financed by cities and counties, which range from assets with long expected useful lives, such as police stations, to assets with short useful lives, such as sanitation trucks and technology improvements. The 20-year amortization period also provides a general composite of the weighted average maturity of a city's or county's debt.

We use a city's or county's implied debt service rather than its actual debt service as an input to the fixed-costs ratio for two key reasons. First, implied debt service provides a comparable measure of annual debt carrying costs across cities and counties. Using actual debt service in the ratio could have the effect of rewarding the backloading of debt amortization — in these cases, the current year ratio would understate the city's or county's growing fixed cost burden. Using actual debt service could also penalize more rapid debt amortization, because the current fixed-costs ratio would appear relatively weak. Second, implied debt service avoids potentially misleading volatility in actual debt service payments that can be caused by refunding (i.e., debt refinancing) activity.

We calculate or estimate implied debt service in several steps (see the exhibit below):

» **Step 1**: We assign a common implied interest rate to all cities and counties, approximately annually. We base the implied interest rate each year upon a 10-year rolling average of a high-grade municipal bond index, such as the Bond Buyer 20-bond GO index or a comparable index, as of the end of the prior calendar year (see line A).

» **Step 2**: A level-dollar amortization divisor is calculated, using a 20-year period, with debt service payments made annually, and the implied interest rate calculated in Step 1 (see line B).

» **Step 3**: The city's or county's debt outstanding, as defined in the numerator of the Long-term Liabilities Ratio, at the beginning of the fiscal year (i.e., its outstanding debt at the end of the prior year) is divided by the amortization divisor calculated in Step 2. The result is the implied debt service (see lines C and D).

[14] A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

EXHIBIT 3

Example Calculation of Implied Debt Service

Line item	Example Issuer Information	Value	Typical Source
A	Implied interest rate (10-year rolling average as of end of prior calendar year)	3.70%	Bond Buyer 20-bond GO or comparable index
B	Amortization divisor	13.964	$= \{1 - [1 / (1+A)^{20}]\} / A$
C	Debt outstanding, end of prior fiscal year	$1,000,000	Audited financial statements
D	Implied debt service	$71,613	= C / B

Source: Moody's Investors Service

In addition, we apply the same approach described above for calculating or estimating implied carrying costs of debt to our calculation of the implied carrying costs of other miscellaneous long-term liabilities, excluding ANPL and adjusted net OPEBs, for governmental and business-type activities.

Pension Tread Water Indicator

The pension tread water indicator represents our estimate of the pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met.[15] The pension tread water indicator is the sum of two components: the employer portion of the service cost and the implied interest on the reported net pension liability at the beginning of the plan's fiscal year.

OPEB Contributions

The input to the fixed-costs ratio for OPEBs is a city's or county's actual contribution in a given period, typically the fiscal year. In the event a city or county issues pension or OPEB funding bonds, the deposit of the proceeds into a retirement system or trust is not considered a contribution in our analysis of fixed costs, nor in our analysis of pension contributions relative to the pension tread water indicator.

FACTOR

Leverage (30%)

Sub-factor	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Long-term Liabilities Ratio ((Debt + ANPL + Adjusted Net OPEB + Other Long-Term Liabilities) / Revenue)*6	20%	≤ 100%	100 - 200%	200 - 350%	350 - 500%	500 - 700%	700 - 900%	900 – 1,100%	> 1,100%
Fixed-Costs Ratio (Adjusted Fixed Costs / Revenue)*7	10%	≤ 10%	10 - 15%	15 - 20%	20 - 25%	25 - 35%	35 - 45%	45 - 55%	> 55%

*6 For the linear scoring scale, the Aaa endpoint value is 0%. A value of 0% or better equates to a numeric score of 0.5. The Ca endpoint value is 1,300%. A value of 1,300% or worse equates to a numeric score of 20.5.

*7 For the linear scoring scale, the Aaa endpoint value is 0%. A value of 0% or better equates to a numeric score of 0.5. The Ca endpoint value is 65%. A value of 65% or worse equates to a numeric score of 20.5.

Source: Moody's Investors Service

15 For more information about our adjustments, see our cross-sector methodology that describes our adjustments to pension and OPEB data reported by GASB issuers. A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

Notching Factors

The scorecard includes notching factors. Our assessment of these notching factors may result in upward or downward adjustments to the preliminary outcome that results from the four weighted scorecard factors. Adjustments may be made in half-notch or whole-notch increments based on the notching factors listed in the table below.

In aggregate, the notching factors can result in a total of up to four and one-half upward notches or up to six downward notches from the preliminary outcome (the scorecard notching range) to arrive at the scorecard-indicated outcome. In cases where we consider that the credit weakness or credit strength represented by a notching factor, or by these factors in aggregate, is greater than the scorecard notching range, we incorporate this view into the city's or county's rating, which may be different from the scorecard-indicated outcome.

EXHIBIT 4

Notching Factor Table

Notching Factor	Notching Range
Additional Strength in Local Resources	0 to +2
Limited Scale of Operations	–1 to 0
Financial Disclosures	–2 to 0
Potential Cost Shift to or from the State	–1 to +1
Potential for Significant Change in Leverage	–2 to +1.5

Source: Moody's Investors Service

Additional Strength in Local Resources

Why It Matters

For some cities or counties, very high aggregate property values or extremely high resident income levels may provide credit strength that is not fully reflected in the Resident Income or Full Value per Capita sub-factors. Cities or counties with very high property values or extremely high adjusted MHI have greater revenue-generating capacity than most other cities or counties. For example, where the values of second homes and commercial properties augment the tax base, this strength may not be fully reflected in the weighted sub-factors.

How We Assess It for the Scorecard

In assessing this notching factor, we consider the following two metrics. Notching for this factor is cumulative. Notching for this factor is only upward, in part because extraordinarily weak adjusted MHI and Full Value per Capita are overweighted in the scorecard.[16]

» **Extremely High Adjusted MHI**. We use the Resident Income sub-factor (the ratio of MHI (adjusted for RPP) to US MHI). We apply a one-half upward notch if the value is 200% to 250%. We apply one upward notch if the value is greater than 250%.

» **Very High Full Value per Capita.** We use the Full Value per Capita sub-factor. This notching factor results in an adjustment of up to one upward notch for cities or counties whose ratios are high relative to peers. We apply a one-half upward notch if the full value per capita is $400,000 to $800,000 and one upward notch if it is greater than $800,000.

[16] Overweighting is described in Appendix A, in the "Determining the Overall Scorecard-Indicated Outcome" section.

Limited Scale of Operations

Why It Matters

Small scale is important because cities or counties with very small budgets are at greater risk of a budgetary disruption than cities or counties with large budgets, which typically have greater economies of scale. Event risks, such as an unexpected capital need or an adverse litigation outcome, can disrupt the budget of a city or county whose scale of operations is limited.

How We Assess It for the Scorecard

Scale is assessed using total revenue. This notching factor results in a downward adjustment of one-half notch for cities or counties whose revenue is between $4 million and $8 million and one notch for cities or counties whose revenue is less than $4 million. This notching factor does not result in upward notching because large size on its own does not reduce credit risk for cities and counties.

Financial Disclosures

Why It Matters

Scorecard ratios may not accurately reflect all elements of a city's or county's financial position where certain financial disclosures are not provided in an issuer's financial statements, potentially understating credit risk.

How We Assess It for the Scorecard

Notching for this factor is applied cumulatively as explained below and is capped at two downward notches.

CASH BASIS REPORTING:

For cities or counties that do not report non-cash assets and liabilities including receivables and payables, typically because they report on a cash basis, we apply one downward notch to reflect the risk that net cash may not be an accurate representation of the city's or county's available fund balance ratio.

PENSION LIABILITIES AND PENSION COSTS:

There is up to one cumulative downward notch related to pension disclosures.

For cities or counties whose financial statements do not follow GASB rules for the reporting of pension liabilities, we may use estimates for certain pension characteristics. We typically estimate pension liabilities based on partial information where we have data on one pension plan but not on the issuer's other plans. In such cases, we apply a one-half downward notch to reflect that adjusted liability values may be an imprecise reflection of the issuer's actual liabilities.

For cities or counties whose financial statements do not comply with GASB rules for the reporting of pension costs, we may not have sufficient information to calculate or estimate a pension tread water indicator. In these cases, we use actual pension contributions to calculate the Fixed-Costs Ratio sub-factor, and we apply a one-half downward notch to reflect that actual pension contributions may be an imprecise or understated reflection of pension funding needs. Pension system financial reporting, which we often rely on to calculate the tread water indicator, can lag behind a city's or county's own financial reporting. In these cases, we may rely on a fixed-costs ratio that incorporates the tread water indicator from the prior year, but would not apply downward notching.

OPEB LIABILITIES AND OPEB CONTRIBUTIONS:

There is up to one cumulative downward notch related to OPEB disclosures.

We typically estimate OPEB liabilities based on partial information where we have data on one OPEB plan but not on the issuer's other plans, and in such cases, we apply a one-half downward notch. We typically use a value of zero for a missing OPEB liability input where a city or county does not report this information, and in such cases, we typically apply a one-half downward notch.

We typically use a value of zero for a missing OPEB contribution input where a city or county provides OPEB benefits but does not report this information, and then apply a one-half downward notch.

DEPRECIATION OF CAPITAL ASSETS:

For cities or counties that do not report gross capital asset values or depreciation, we do not have sufficient information to assess the Potential for Significant Change in Leverage notching factor (see below), and we apply a one-half downward notch.

Potential Cost Shift to or from the State

Why It Matters

In some cases, the state has recently taken or we expect that it may take future action to shift certain costs to a city or county or to absorb costs on its behalf, detracting from or adding to the city's or county's financial flexibility. A state may also take such action on a group of cities or counties or on all cities or counties in the state. These shifts can affect our view of a city's or county's credit strength, even where not yet reflected in historical metrics and where they cannot be quantified in our forward view of metrics.

A state is more likely to pass down costs during times of state budgetary stress and is more likely to provide additional funding when it is in a relatively strong financial position or has a political incentive to support certain local programs. For example, a state could shift pension costs to a city or county by requiring them to pay a higher proportion of annual pension contributions. As another example, a state could appropriate less money than in previous years for capital work or for certain forms of state aid. Conversely, states on occasion may take on a greater proportion of pension costs or capital funding or may provide additional aid or material new forms of aid.

How We Assess It for the Scorecard

In assessing the likelihood of a state government shifting material costs toward or away from cities or counties, we consider the state's budgetary position, spending priorities and political incentives to provide or reduce financial support for cities or counties. We also consider whether any shift in material costs is likely to be temporary or long-lasting, and whether it indicates a secular trend. We typically perform this assessment on a statewide basis, unless a potential state action affects only a subset of cities or counties, and we typically conduct the assessment once a year.

This notching factor may result in a downward or upward adjustment of up to one notch. Where notching is applied, it is typically applied to all of a state's cities or counties that we expect will be affected by the cost shift.

Potential for Significant Change in Leverage

Why It Matters

The potential for a significant increase in leverage or fixed costs due to pension asset risk, slow or negative pension amortization or unmet capital needs can weaken a city's or county's ability to meet its obligations. These forward-looking risks may not be fully incorporated into the preliminary scorecard outcome. Alternatively, some cities and counties have comparatively much lower exposure to a significant change in leverage because they have no pension asset risk or have minimally depreciated capital assets.

How We Assess It for the Scorecard

Our assessment, based on total primary government reporting, uses the following metrics, if data are available. If data for one or more of the following metrics are not available, we would apply no notching based on the relevant metric in this notching factor and score this notching factor without those inputs. In addition, we would apply the Financial Disclosures notching factor, discussed above. Notching for this factor is cumulative and is capped at two downward notches or one and one-half upward notches.

» **Pension Asset Shock Indicator (PASI)**. We use the pension asset shock indicator to assess a city's or county's exposure to potential pension system investment losses.[17] The PASI is expressed as a probability. It represents the likelihood that a city's or county's pension system(s) will experience investment losses in a given year that amount to 25% or more of the city or county district's revenue. If a city or county district has a PASI of 18%-23%, we notch downward by one-half notch. If a city or county has a PASI of 23% or higher, we apply one downward notch.[18]

» **Pension Tread Water Gap**. The pension tread water gap reflects the difference between a city's or county's pension tread water indicator (or contribution benchmark)[19] and its actual pension contributions. To arrive at the pension tread water gap, we use a ratio; the numerator is the pension tread water indicator minus the city's or county's actual pension contributions in the most recent year, and the denominator is revenue. If a city's or county's tread water gap is equal to 5%-10% of its revenue, we notch downward by one-half notch. We notch downward an additional one-half notch for each five-percentage-point increase in the gap (i.e., 10%-15%, 15%-20%, 20% or higher), up to a maximum of two downward notches.

» **Defined Contribution Plan**. If the city or county does not have a defined benefit plan and instead has a defined contribution or similar plan, we apply one upward notch to reflect the lack of exposure to pension risk.

» **Capital Asset Depreciation Ratio**. We use a ratio of accumulated depreciation to gross depreciable assets in a given year. If the ratio is lower than 25%, we notch upward by one-half notch to reflect the city's or county's very low level of capital asset depreciation. If the ratio is equal to 25%-65%, we do not apply notching. If the ratio is 65% or higher, we notch downward by one-half notch. A ratio above 65% indicates that reinvestment in capital assets (excluding non-depreciable assets such as land and construction-in-progress) is lagging behind depreciation. A ratio above 65% is also a signal of likely future debt issuance to improve or replace capital assets.

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17 Cities and counties often have their own pension systems, but some participate in statewide pension systems as well. For more information about the pension asset shock indicator, see our cross-sector methodology that describes our adjustments to pension and OPEB data reported by GASB issuers. A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

18 While dependent on the combination of inputs, a PASI of 18% (i.e., an 18% likelihood of an investment loss equal to 25% of revenue) roughly translates to a 10% likelihood of losses amounting to 50% of a sponsoring government's revenue. A PASI of 23% roughly translates to a 15% likelihood of losses amounting to 50% of a sponsoring government's revenue, and a 5% likelihood of losses amounting to 100% of revenue.

19 For more information about the tread water indicator, see our cross-sector methodology that describes our adjustments to pension and OPEB data reported by GASB issuers. A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

EXHIBIT 5

Notching Factor: Potential for Significant Change in Leverage

	Level of Notching						
	+1	+0.5	0	-0.5	-1.0	-1.5	-2.0
Notching Metric							
Pension Asset Shock Indicator (PASI)	n/a	n/a	< 18%	18% - 23%	≥ 23%	n/a	n/a
Pension Tread Water Gap	n/a	n/a	< 5%	5% - 10%	10% - 15%	15% - 20%	≥ 20%
Defined Contribution Plan	Yes	n/a	n/a	n/a	n/a	n/a	n/a
Capital Asset Depreciation Ratio	n/a	< 25%	25% - 65%	≥ 65%	n/a	n/a	n/a
						Sub-Total Before Cap	+1.5 to -3.5
						Total Factor Notching	+1.5 to -2

Source: Moody's Investors Service

Other Considerations

Ratings may reflect consideration of additional factors that are not in the scorecard, usually because the factor's credit importance varies widely among the issuers in the sector or because the factor may be important only under certain circumstances or for a subset of issuers. Such factors include financial controls and the quality of financial reporting; the quality and experience of management; assessments of governance as well as environmental and social considerations; and possible interference from other levels of government. Regulatory, litigation, liquidity and technology risk as well as changes in demographic and macroeconomic trends also affect ratings.

Following are some examples of additional considerations that may be reflected in our ratings and that may cause ratings to be different from scorecard-indicated outcomes.

Environmental, Social and Governance Considerations

Environmental, social and governance (ESG) considerations may affect the ratings of cities and counties. For information about our approach to assessing ESG issues, please see our methodology that describes our general principles for assessing these risks.[20] Environmental considerations, such as exposure to natural disaster risk, and social considerations, such as the risk of labor strikes, may influence credit strength.

Cities and counties may be directly exposed to extreme weather events due to climate change, such as floods, which may affect credit quality. Government facilities or investments in physical assets could be affected by physical risks and by other sources of environmental risk. Coastal cities and counties, in particular, are highly exposed to numerous environmental risks. Environmental hazards, such as hurricanes or wildfires, can result in an immediate adverse impact on economic activity and result in revenue disruption, while longer-term environmental trends, such as rising sea levels, can cause more prolonged pressure on budgeting and spending priorities.

Social considerations for cities and counties include positive and adverse trends in the statistical characteristics of populations (such as the percentage of the population at working age), labor market conditions, housing affordability and the poverty rate. For example, new home construction or

[20] A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

business growth can improve a city's or county's revenue-generating capacity. As another example, a regional economic center may generate revenue from daytime visitors such as employees or shoppers who are not part of the city's or county's reported population. In contrast, unusually high unemployment or increasing poverty levels can strain a city's or county's capacity to generate revenue and provide social services. For example, where housing affordability is low, such risks can influence population and business retention, dampen property tax revenues and increase the cost of social services. They may lead to a declining tax base, diminished economic growth and higher social spending over time.

Some governance considerations are reflected in the qualitative Institutional Framework factor, including revenue-raising and spending flexibility. Additional considerations may include debt management, multiyear fiscal planning, the timeliness of information disclosure, and legislation or other legal action that materially affects a city's or county's expenditures or revenue, such as a lawsuit that challenges a levy. We may also consider management's ability to develop and adhere to budgets that provide for capital investment while managing debt levels and unfunded retirement liabilities. Weak or opaque governance can negatively affect a city's or county's performance, which can reduce taxpayer willingness to support the city's or county's revenue needs and can constrain capital market access. Conversely, very strong governance can lead to outcomes that foster economic growth or to measures that effectively mitigate certain kinds of credit-negative governance exposures.

ESG considerations are not always negative, and they can be a source of credit strength in some instances. For example, a strong labor market, and relatively good housing affordability can drive strong tax revenue trends and foster economic growth. External support, such as state or federal government funds for natural disaster relief, can help to mitigate the credit impact of ESG exposures.

Event Risk

We also recognize the possibility that an unexpected event could cause a sudden and sharp decline in a city's or county's fundamental creditworthiness, which may cause actual ratings to be lower than the scorecard-indicated outcome. Event risks — which are varied and can include natural disasters, sudden changes in state law or regulation, material litigation, pandemics or cybercrime events — can have a material credit impact on even a stable city or county.

Strengths or Weaknesses Related to Economic Concentration

Economic concentration can be an important consideration because cities and counties that rely heavily on a single taxpayer or industry can be particularly vulnerable to revenue losses, especially if the industry is weak or volatile. Sometimes these losses are sudden, such as when a large local employer closes on short notice. We consider the economic drivers of each key industry and the likely trajectory of those drivers.

In addition, the presence of some types of industries in a city or county, such as state government, higher education or the military, can stabilize or strengthen a city's or county's economic base by supporting steady population growth and acting as a draw for economic activity from students, military personnel and their visitors. In our analysis, we typically consider the likelihood that the activity will continue to contribute materially to the city's or county's population and economy.

Unusual Strengths or Weaknesses Related to Budgets or Liquidity

Unusually volatile or unpredictable revenue sources or expenditures can result in budget imbalances and reduce fund balance and cash reserve stability. We may consider recent or expected volatility in revenue or expenditures that is not already captured in the scorecard. We may also qualitatively consider a city's or county's financial flexibility to the extent that it is not captured in the scorecard.

Revenue or expenditure timing issues may overstate or understate fund balance or cash at year end, and we may consider the issuer's financial position at other points of the year. We also qualitatively assess the extent of pass-through revenue, such as state aid earmarked for a county's schools, that is captured as revenue in scorecard metrics but is not available for primary government activities. We also may consider other potential sources of liquidity that are not already reflected in the scorecard-indicated outcome.

In addition, high delinquencies in revenue collection can be an indication of low affordability of government service charges, low support for the government or weaknesses in the administration of revenue collection, all of which can constrain a city's or county's credit strength. Collection rates have been typically high in this sector, approaching 100%.

Fund-specific Financial Considerations

The scorecard metrics incorporate all governmental and business-type activities. These metrics capture the fundamental credit strength of a city or county across all of its primary activities. However, in some cases, the incorporation of all governmental and business-type activities in scorecard metrics may obscure strengths or weaknesses of the overall credit profile.

For example, our analysis typically includes consideration of restrictions on the ability to move money across governmental activities funds and business-type activities funds. Where meaningful restrictions exist, the scorecard metrics may overstate the fund balance and liquidity available to a city or county for general purposes. Airport funds may fall into this category due to Federal Aviation Administration (FAA) restrictions on the use of airport revenues.

In addition, fund balances and cash balances that are reported as restricted are considered qualitatively. For example, we typically consider restricted fund balances that are available for core governmental operations (e.g., fund balances dedicated to public safety operations) or rainy day funds as providing additional financial flexibility not reflected in the scorecard. In contrast, we typically do not consider restricted fund balances consisting of bond proceeds to be resources that provide additional operating flexibility.

Competitive Enterprise Risk in Governmental or Business-Type Activities

While scorecard metrics incorporate all governmental or business-type activities reported in financial statements, market competition in certain of these activities may present additional credit risk that is not fully captured in the scorecard-indicated outcome. For example, the operation or ownership of a hospital, nursing home, sports stadium or economic development project is typically affected by competitors' service mix, pricing and market share. Where a function of a city or county is exposed to competitive market risks, we may additionally consider historical and forward-looking metrics that are outside the scorecard, e.g., metrics related to that enterprise's sector, as well as the extent of competition and the enterprise fund's financial condition.

Credit Strength or Weakness Associated with Component Units or Other Related Entities

A city or county may be closely related to a separate entity, such as a discretely presented component unit. Some cities or counties may support that entity through managerial oversight, direct financial assistance or by issuing debt on behalf of the entity. The willingness to extend such extraordinary support often reflects a particular priority (e.g., economic development). Depending upon the circumstances, this support can be temporary or extended. Extraordinary support that is material in relation to the city's or county's own financial and economic resources could weaken its credit profile.

In such scenarios, we assess, among other things, the financial condition of the separate entity as an indicator of the likelihood that the city or county will need to support it, the extent of such support and the effect on the city's or county's credit quality.

An unexpected call on a contingent liability of a city or county, such as a debt service guarantee, can also reduce credit strength. We typically would consider the guaranteed entity's amount of debt, market access, debt structure and legal issues that could limit the flexibility of the city or county in the event it had to pay the entity's debt service or manage its operations.

There may also be circumstances in which a default of a separate entity that is outside the primary government, even if the debt is not guaranteed or is otherwise non-recourse to the city or county, may reflect poorly on the city's or county's overall governance and debt management practices and may negatively affect credit quality.

In addition, there may be circumstances where a separate entity outside the primary government enhances a city's or county's credit quality by providing ongoing support. For example, a utility system that is a component unit of a city or county could provide a recurring and predictable source of revenue for the city or county. In these cases, we would assess the financial condition of the entity as an indicator of its capacity to continue providing revenue.

Related Local Governments

In some cases, other governments related to a city or county affect its credit strength. The same taxpayers that support the debt and activities of the city or county typically also support the debt and activities of overlapping local government entities, such as a local school district. The expenses and the debt, pension and OPEB burdens of these overlapping entities can elevate total tax rates or bills, thus impeding the willingness or ability of a city or county to generate additional revenue, even where legally permitted to do so.

Some cities or counties are members of a regional government or enterprise, e.g., a regional jail that provides jail services to member towns. Such cities or counties can face unique risks, such as the possibility of a change in the proportionate membership of participating jurisdictions, which can change the percentage of expenses billed to the remaining members.

Likelihood of Receiving Extraordinary or Ongoing Support

Some cities and counties receive extraordinary support from a higher level of government, such as the state, or, more rarely, from the federal government, typically to help the city or county avoid a default on debt obligations. In some cases, extraordinary support may come from another local government. For example, a county may provide assistance to a nearby city undergoing financial distress.

The circumstances surrounding extraordinary support for a city or county are often very situation-specific. For example, a state may provide meaningful financial or managerial support to a city or county undergoing stress, thereby bolstering a weak fundamental credit profile and materially lowering the risk of a payment default. Conversely, a temporary infusion of state funds may bolster financial performance in the short term but leave a city or county exposed to rapid financial deterioration if the state aid does not continue.

We typically assess whether the support has been received or is imminent, whether it will be ongoing and whether it will be sufficient to stabilize the city or county. We would typically give positive consideration where the support is material and not already reflected in scorecard metrics. We also consider the associated benefits or risks of dependence on such support. Alternatively, many cities and counties receive annual funding from their state government for programs such as education and transportation. This type of state funding is often earmarked, and we do not consider it to be extraordinary support.

Financial Controls

We rely on the accuracy of audited financial statements to assign and monitor ratings in this sector. The quality of financial statements may be influenced by internal controls, including the proper tone at the top, centralized oversight of operations, and consistency in accounting policies and procedures. Auditors' reports on the effectiveness of internal controls, auditors' comments in financial reports and unusual restatements of financial statements or delays in regulatory filings may indicate weaknesses in internal controls.

Unusual Risk or Benefit Posed by Long-Term Liabilities

Most cities and counties issue fixed-rate debt that amortizes over a multiyear period. Cities and counties that have variable-rate debt, debt with bullet maturities or capital appreciation bonds, derivatives such as interest rate swaps or other forms of debt that are subject to remarketing risk may be more exposed to liquidity demands or may require market access for refinancing, which can place downward pressure on credit quality. Liquidity and market access risks can also arise with variable-rate demand obligations and bonds that contain provisions that allow debtholders to put bonds back to the issuer. The potential adverse credit effects of variable-rate demand obligations are assessed in the context of the overall credit profile and circumstances of each issuer. In addition, a large amount of short-term debt without sufficient offsetting liquidity can expose a city or county to market access risks.

A city or county that is rapidly paying off debt or other long-term liabilities with recurring revenue typically has greater financial flexibility, which may result from a conservative financial policy and may indicate strengthening credit. Conversely, if a city's or county's current debt service costs are very high and are causing financial stress that is not fully captured in the implied debt service input to the Fixed Costs Ratio in the scorecard, the actual rating may be lower than the scorecard-indicated outcome.

Also, we may conclude that a city's or county's adjusted net pension or adjusted net OPEB liability is likely to grow due to pension funding law or policy, resulting in insufficient contributions, overly optimistic assumptions for the return on pension plan assets or other factors. Conversely, we may conclude that a city's or county's adjusted net pension or adjusted net OPEB liability is likely to diminish in light of pension benefit changes or larger contributions. We may also incorporate a qualitative assessment of the trajectory of net pension and net OPEB liabilities over the medium- to long-term.

History or Likelihood of Impaired Liquidity or Market Access or Missed Debt Service Payments

While liquidity is specifically considered in the scorecard, when it is very weak, near-term default risk may be elevated and the impact liquidity has on ratings may be much greater than the standard scorecard weight would imply. In our forward view of liquidity, we typically consider the city's or county's own sources of liquidity as well as its market access. In our assessment, we may use scenario analysis, including a scenario where market access is lost.

In addition, cash flow or deficit financing could indicate an unbalanced budget or financial stress. For distressed cities or counties, access to financing from public markets or banks could be a stopgap to defer a liquidity crisis. The loss of such market access could be a prelude to debt restructuring and possibly a default.

We also typically consider whether a past default on rated or unrated obligations indicates a heightened risk of failure to meet financial obligations going forward, especially if the credit drivers of the default have not been cured. In addition, a history of default can indicate weak or wavering willingness to take necessary steps to avoid a future default. We include in this category missed or materially late payments on any of a city's or county's long-term bonds or short-term notes, reflecting an inability or unwillingness to pay, and we typically include defaults on contingent obligations, including moral obligations. We place less emphasis on this consideration in cases where a city or county has demonstrated an ability and willingness to address the credit drivers behind a default.

Expected Decline or Improvement in Instrument-Level Credit Quality

Expectations of a marked decline in credit quality (e.g., debt service coverage) on any debt pledge of a city or county could indicate weakening credit quality of the city or county itself that is not yet reflected in the scorecard. Conversely, an expected material improvement in instrument-level credit quality may indicate improving credit quality of the city or county. Overall, a change in the credit quality of any instrument of a city or county could indicate shifts in the credit quality of the city or county itself, e.g., through financial or governance ties between the instrument and general government activities.

Considerations Specific to US Native American Tribal Nations

Unlike cities and counties, US Native American tribal nations operate under the jurisdiction of the federal government and not under the jurisdiction of any state. Tribal nations have the right to make and enforce laws, to levy taxes and authorize expenditures, and to license and regulate activities within their borders. An additional consideration is the extent to which a tribal nation has waived its sovereign immunity with respect to creditor protections. In the absence of such a waiver, creditors may not have the ability to enforce their rights, potentially leading to a significantly higher expectation of loss upon an event of default, which we would incorporate in the issuer rating.

Additional Metrics

The metrics included in the scorecard are those that are generally most important in assigning ratings to issuers in this sector; however, we may use additional metrics to inform our analysis in specific cases. These additional metrics may be important to our forward view of metrics that are in the scorecard or other rating factors.

Assigning Issuer-Level and Instrument-Level Ratings

After considering the scorecard-indicated outcome, other considerations and relevant cross-sector methodologies, we typically assign an issuer rating to a city or county.

Individual debt instrument ratings for general obligation unlimited tax, general obligation limited tax, general promises to pay, and lease and contingent obligations may be assigned at the same level or higher or lower than the issuer rating to reflect our assessment of differences in expected loss related to an instrument's priority of claim as well as our assessment of the specific pledge included in the instrument's terms. Broad guidance for decisions on assigning instrument ratings relative to the issuer rating can be found in Appendix C. Guidance for rating city and county short-term debt is provided in our methodologies for short-term obligations, and guidance for the ratings of city and county long-term debt instruments not discussed in Appendix C is provided in the relevant security-specific methodologies.[21]

[21] A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

Key Rating Assumptions

For information about key rating assumptions that apply to methodologies generally, please see *Rating Symbols and Definitions.*[22]

Limitations

In the preceding sections, we have discussed the scorecard factors and many of the other considerations that may be important in assigning ratings. In this section, we discuss limitations that pertain to the scorecard and to the overall rating methodology.

Limitations of the Scorecard

There are various reasons why scorecard-indicated outcomes may not map closely to actual ratings.

The scorecard in this rating methodology is a relatively simple tool focused on indicators for relative credit strength. Credit loss and recovery considerations, which are typically more important as an issuer gets closer to default, may not be fully captured in the scorecard. The scorecard is also limited by its upper and lower bounds, causing scorecard-indicated outcomes to be less likely to align with ratings for issuers at the upper and lower ends of the rating scale.

The weights for each factor and sub-factor in the scorecard represent an approximation of their importance for rating decisions across the sector, but the actual importance of a particular factor may vary substantially based on an individual issuer's circumstances.

Factors that are outside the scorecard, including those discussed above in the "Other Considerations" section, may be important for ratings, and their relative importance may also vary from issuer to issuer or from instrument to instrument. In addition, certain broad methodological considerations described in one or more cross-sector rating methodologies may be relevant to ratings in this sector.[23] Examples of such considerations include the following: how sovereign credit quality affects non-sovereign issuers, the assessment of credit support from other entities, and the assignment of short-term ratings.

We may use the scorecard over various historical or forward-looking time periods. Furthermore, in our ratings we often incorporate directional views of risks and mitigants in a qualitative way.

General Limitations of the Methodology

This methodology document does not include an exhaustive description of all factors that we may consider in assigning ratings in this sector. Cities and counties may face new risks or new combinations of risks, and they may develop new strategies to mitigate risk. We seek to incorporate all material credit considerations in ratings and to take the most forward-looking perspective that visibility into these risks and mitigants permits.

Ratings reflect our expectations for an issuer's future performance; however, as the forward horizon lengthens, uncertainty increases and the utility of precise estimates, as scorecard inputs or in other considerations, typically diminishes. Our forward-looking opinions are based on assumptions that may prove, in hindsight, to have been incorrect. Reasons for this could include unanticipated changes in any of the following: the macroeconomic environment, general financial market conditions, disruptive technology, or regulatory and legal actions. In any case, predicting the future is subject to substantial uncertainty.

[22] A link to *Rating Symbols and Definitions* can be found in the "Moody's Related Publications" section.

[23] A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

Appendix A: Using the Scorecard to Arrive at a Scorecard-Indicated Outcome

1. Measurement or Estimation of Factors in the Scorecard

In the "Discussion of the Scorecard Factors" section, we explain our analytical approach for scoring each scorecard factor or sub-factor,[24] and we describe why they are meaningful as credit indicators.

The information used in assessing the sub-factors is generally found in or calculated from information in the city's or county's audited financial statements or regulatory filings, derived from other observations or estimated by Moody's analysts. We may also incorporate non-public information.

Scorecard metrics typically include the accounts reported in the governmental and business-type activities entries of a city's or county's audited financial statements (i.e., the primary government's audited financial statements, as reported). Typical examples of governmental funds include a city's or county's General Fund and Debt Service Fund. Typical examples of business-type activity funds include water and sewer enterprise funds. The actual governmental or business-type activity funds that pertain to a specific city or county may vary.

Our ratings are forward-looking and reflect our expectations for future financial and operating performance. However, historical results are helpful in understanding patterns and trends of a city's or county's performance as well as for peer comparisons. Financial ratios, unless otherwise indicated, are typically calculated based on an annual or 12-month period. However, the factors in the scorecard can be assessed using various time periods. For example, rating committees may find it analytically useful to examine both historical and expected future performance for periods of several years or more.

Information on how we calculate metrics that relate to pension and OPEB obligations can be found in our cross-sector methodology that describes our adjustments to pension and OPEB data reported by GASB issuers.[25] Financial metrics may incorporate analytical adjustments that are specific to a particular city or county.

2. Mapping Scorecard Factors to a Numeric Score

After estimating or calculating each factor or sub-factor, each outcome is mapped to a broad Moody's rating category (Aaa, Aa, A, Baa, Ba, B, Caa or Ca, also called alpha categories) and to a numeric score.

Qualitative factors are scored based on the description by broad rating category in the scorecard. The numeric value of each alpha score is based on the scale below.

Aaa	Aa	A	Baa	Ba	B	Caa	Ca
1	3	6	9	12	15	18	20

Source: Moody's Investors Service

Quantitative factors are scored on a linear continuum. For each metric, the scorecard shows the range by alpha category. We use the scale below and linear interpolation to convert the metric, based on its placement within the scorecard range, to a numeric score, which may be a fraction. As a purely theoretical example, if there were a ratio of revenue to interest for which the Baa range was 50x to 100x, then the numeric score for an issuer with revenue/interest of 99x, relatively strong within this range, would score closer to 7.5, and an issuer with revenue/interest of 51x, relatively weak within this range, would score closer to 10.5. In the text or table footnotes, we define the endpoints of the line (i.e., the

[24] When a factor comprises sub-factors, we score at the sub-factor level. Some factors do not have sub-factors, in which case we score at the factor level.

[25] A link to a list of our sector and cross-sector methodologies can be found in the "Moody's Related Publications" section.

value of the metric that constitutes the lowest possible numeric score, and the value that constitutes the highest possible numeric score).

Aaa	Aa	A	Baa	Ba	B	Caa	Ca
0.5-1.5	1.5-4.5	4.5-7.5	7.5-10.5	10.5-13.5	13.5-16.5	16.5-19.5	19.5-20.5

Source: Moody's Investors Service

3. Determining the Overall Scorecard-Indicated Outcome

The numeric score for each sub-factor (or each factor, when the factor has no sub-factors) is multiplied by the weight for that sub-factor (or factor). A further weighting is then applied by scoring category as shown in the table below.

Aaa	Aa	A	Baa	Ba	B	Caa	Ca
1	1	1	1	1	4	8	8

Source: Moody's Investors Service

We weight the three lowest scoring categories more heavily than higher scores in this scorecard because a serious weakness in one area often cannot be completely offset by strength in another.

The actual weighting applied to each sub-factor is the product of that sub-factor's standard weighting and its overweighting, divided by the sum of these products for all of the sub-factors (an adjustment that brings the sum of all the sub-factor weightings back to 100%).

The numeric score for each sub-factor is multiplied by the adjusted weight for that sub-factor, with the results then summed to produce an aggregate numeric score before notching factors (the preliminary outcome). We then consider whether the preliminary outcome that results from the weighted factors should be notched upward or downward[26] in order to arrive at an aggregate numeric score after notching factors. In aggregate, the notching factors can result in a total of up to four and one-half upward notches or up to six downward notches from the preliminary outcome to arrive at the scorecard-indicated outcome.

The aggregate numeric score before and after notching factors can be mapped to an alphanumeric. For example, an issuer with an aggregate numeric score before notching factors of 11.7 would have a Ba2 preliminary outcome, based on the ranges in the table below. If the combined notching factors totaled two upward notches, the aggregate numeric score after notching factors would be 9.7, which would map to a Baa3 scorecard-indicated outcome.

[26] Numerically, a downward notch adds 1 to the score, and an upward notch subtracts 1 from the score.

EXHIBIT 6

Scorecard-indicated Outcome

Scorecard-indicated Outcome	Aggregate Numeric Score
Aaa	x ≤ 1.5
Aa1	1.5 < x ≤ 2.5
Aa2	2.5 < x ≤ 3.5
Aa3	3.5 < x ≤ 4.5
A1	4.5 < x ≤ 5.5
A2	5.5 < x ≤ 6.5
A3	6.5 < x ≤ 7.5
Baa1	7.5 < x ≤ 8.5
Baa2	8.5 < x ≤ 9.5
Baa3	9.5 < x ≤ 10.5
Ba1	10.5 < x ≤ 11.5
Ba2	11.5 < x ≤ 12.5
Ba3	12.5 < x ≤ 13.5
B1	13.5 < x ≤ 14.5
B2	14.5 < x ≤ 15.5
B3	15.5 < x ≤ 16.5
Caa1	16.5 < x ≤ 17.5
Caa2	17.5 < x ≤ 18.5
Caa3	18.5 < x ≤ 19.5
Ca	19.5 < x ≤ 20.5
C	x > 20.5

Source: Moody's Investors Service

In general, the scorecard-indicated outcome is oriented to the issuer rating.

Appendix B: US Cities and Counties Scorecard

	Factor or Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Factor: Economy (30%)									
Resident Income (MHI Adjusted for RPP / US MHI)*1	10%	≥ 120%	100 - 120%	80 - 100%	65 - 80%	50 - 65%	35 - 50%	20 - 35%	< 20%
Full Value per Capita (Full Valuation of the Tax Base / Population)*2	10%	≥ $180,000	$100,000 - $180,000	$60,000 - $100,000	$40,000 - $60,000	$25,000 - $40,000	$15,000 - $25,000	$9,000 - $15,000	< $9,000
Economic Growth (Difference Between Five-Year Compound Annual Growth in Real GDP and Five-Year CAGR in Real US GDP) *3	10%	≥ 0	(1)% - 0%	(2.5) - (1)%	(4.5) – (2.5)%	(7) – (4.5)%	(10) – (7)%	(15) – (10)%	< (15)%
Factor: Financial Performance (30%)									
Available Fund Balance Ratio (Available Fund Balance + Net Current Assets/ Revenue)*4	20%	≥ 35%	25 - 35%	15 - 25%	5 - 15%	0 - 5%	(5) - 0%	(10) – (5)%	< (10)%
Liquidity Ratio (Unrestricted Cash / Revenue)*5	10%	≥ 40%	30 - 40%	20 - 30%	12.5 - 20%	5 – 12.5%	0 - 5%	(5) – 0%	< (5)%

	Factor or Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Factor: Institutional Framework (10%)									
	10%	The majority of revenue is not subject to externally imposed caps and the governing body can increase revenue meaningfully without limitation or without approval of voters or other governments. And: The ability to meaningfully reduce expenditures is not constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps but the governing body can increase revenue meaningfully without the approval of voters or other governments. Or: The ability to meaningfully reduce expenditures is mildly constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps but the governing body can increase revenue moderately without the approval of voters or other governments. Or: The ability to meaningfully reduce expenditures is moderately constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps and the governing body can increase revenue only minimally without the approval of voters or other governments. Or: The ability to meaningfully reduce expenditures is heavily constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps and the governing body cannot increase revenue without the approval of voters or other governments. Or: The ability to meaningfully reduce expenditures is very heavily constrained by externally imposed mandates or restrictions.	The majority of revenue is subject to externally imposed caps and the governing body cannot increase revenue. Or: The ability to meaningfully reduce expenditures is extremely constrained by externally imposed mandates or restrictions.	Not applicable.	Not applicable.

	Factor or Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Factor: Leverage (30%)									
Long-term Liabilities Ratio ((Debt + ANPL + Adjusted Net OPEB + Other Long-Term Liabilities) / Revenue)*6	20%	≤ 100%	100 - 200%	200 - 350%	350 - 500%	500 - 700%	700 - 900%	900 – 1,100%	> 1,100%
Fixed-Costs Ratio (Adjusted Fixed Costs / Revenue)*7	10%	≤ 10%	10 - 15%	15 - 20%	20 - 25%	25 - 35%	35 - 45%	45 - 55%	> 55%

Notching Factors	Notching Range
Additional Strength in Local Resources	0 to +2
Limited Scale of Operations	–1 to 0
Financial Disclosures	–2 to 0
Potential Cost Shift to or from the State	–1 to +1
Potential for Significant Change in Leverage	–2 to +1.5

*1 For the linear scoring scale described in Appendix A, the Aaa endpoint value is 200%. A value of 200% or better equates to a numeric score of 0.5. The Ca endpoint value is 0%. A value of 0% or worse equates to a numeric score of 20.5.

*2 For the linear scoring scale, the Aaa endpoint value is $400,000. A value of $400,000 or better equates to a numeric score of 0.5. The Ca endpoint value is $7,500. A value of $7,500 or worse equates to a numeric score of 20.5.

*3 For the linear scoring scale, the Aaa endpoint is 2%. A value of 2% equates to a numeric score of 0.5. The Ca endpoint value is (20)%. A value of (20)% or worse equates to a numeric score of 20.5.

*4 For the linear scoring scale, the Aaa endpoint value is 50%. A value of 50% or better equates to a numeric score of 0.5. The Ca endpoint value is (15)%. A value of (15)% or worse equates to a numeric score of 20.5.

*5 For the linear scoring scale, the Aaa endpoint value is 60%. A value of 60% or better equates to a numeric score of 0.5. The Ca endpoint value is (10)%. A value of (10)% or worse equates to a numeric score of 20.5.

*6 For the linear scoring scale, the Aaa endpoint value is 0%. A value of 0% or better equates to a numeric score of 0.5. The Ca endpoint value is 1,300%. A value of 1,300% or worse equates to a numeric score of 20.5.

*7 For the linear scoring scale, the Aaa endpoint value is 0%. A value of 0% or better equates to a numeric score of 0.5. The Ca endpoint value is 65%. A value of 65% or worse equates to a numeric score of 20.5.

Source: Moody's Investors Service

Appendix C: Assigning Instrument Ratings for US Cities and Counties

In this appendix, we describe our general principles for assessing how an instrument's particular characteristics affect its credit risk, more specifically the instrument's probability of default and loss upon an event of default. Credit risk of individual debt instruments of cities and counties may be different from what is reflected in the issuer rating.

We also provide guidance for assigning individual debt instrument ratings relative to the issuer rating based on these considerations.[27] These differences may arise from the specific pledge included in the instrument's terms, the instrument's priority of claim and the nature of the instrument (e.g., whether it is a contingent or a non-contingent obligation). As a result, instrument considerations may lead to the application of upward or downward notches from the issuer rating.

General Approach for Assigning Instrument Ratings

In this section, we describe some of the analytic elements of the typical structural features of debt instruments in the sector, and why they are important. Individual instruments may include a variety of permutations of these analytic elements. We divide instruments into two groups of pledges that are typical in the sector: (i) real property-based pledges; and (ii) non-contingent general promises to pay and contingent obligations.

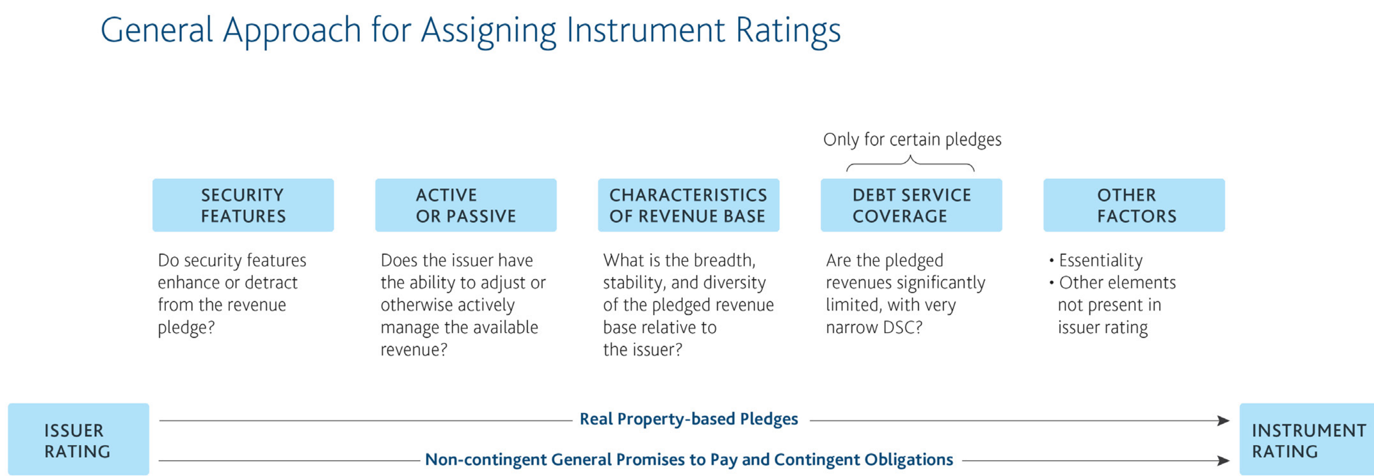
For each instrument type, we evaluate the instrument's security features, including whether the debt obligation is contingent or non-contingent. We also consider whether the pledge, if any, is active or passive. Based on these characteristics, we may also assess the characteristics of the revenue base available to pay debt service on the debt instrument, debt service coverage and other factors. We consider the aggregate (typically cumulative)[28] effect of these structural analytic elements to arrive at the assigned instrument rating.

The exhibit below illustrates how these instrument-level ratings may be assigned relative to the issuer rating.

27 For clarity, the guidance for assigning instrument ratings also refers to situations where we assign a debt instrument rating at the same level as the issuer rating.

28 In most cases, notching for the various analytic elements is cumulative; however, there may be circumstances where one analytic element mitigates or exacerbates the credit effect of another analytic element.

EXHIBIT 7
General Approach for Assigning Instrument Ratings



Note: DSC stands for debt service coverage.
Source: Moody's Investors Service

Security Features

Why It Matters

Security features set the framework for our overall debt instrument analysis because these features may enhance or weaken the instrument's credit risk relative to the credit risk indicated by the issuer rating. Security features include the specific revenue pledge, if any, that an issuer grants to bondholders.

A fundamental security consideration is whether the pledge is contingent or non-contingent. Contingent obligations are typically weaker than a non-contingent general promise to pay (as described below). Contingent debt is an obligation where the bondholder has no long-term claim and the stated promise to pay depends on an additional action by the issuer or on the availability of a pledged asset. A typical contingency requires an issuer to appropriate funds to pay debt service annually; each appropriation renews the pledge for another year. There are other types of contingencies, such as a requirement for a leased asset to remain available for a city's or county's use or occupancy in order for a city or county to remain obligated to make lease payments.[29] It is important to look through the nominal debt type to the underlying characteristics of the pledge to understand whether it is contingent or non-contingent.

The physical and legal separation of pledged revenue from the issuer's control is another important security feature. This can be accomplished through the combination of a lockbox and a valid security interest, such as a lien that is granted pursuant to statute and that makes holders of the pledge secured creditors. Both are important security features because a lockbox provides physical separation and a security interest provides legal separation through a property interest in pledged revenues. Other securitization or structural features that create physical and legal separation may also achieve the same result.

In the case of a lockbox, funds from tax collections or intergovernmental transfers are transferred directly from a third-party tax collector or grantor, often another government, to the trustee for the

[29] Typically, from a statutory perspective, contingent obligations are not considered debt, which is often a reason why these instruments are employed; they also do not typically require voter approval. Please see *Rating Symbols and Definitions* for more information on what we consider to be a default.

bonds. The lockbox segregates the revenue dedicated to debt service from the issuer's accounts and control. The lockbox feature can lessen the likelihood of default because it creates a separation from the issuer's operations and other funds. When combined with legal separation, a lockbox can also be a positive credit factor in recovery, as described below.

In some states, certain pledges are secured by statute when executed properly. Such statutorily secured debt is reasonably expected to have lower probability of default and higher recovery in an insolvency scenario than unsecured debt. While these structures are largely untested in a default scenario, under federal bankruptcy law secured debtholders have priority over unsecured debtholders and other unsecured creditors in a reorganization. Together, a lockbox and statutory provisions for secured status, like a lien, may enhance recovery prospects compared with other debt. Both features are necessary to provide separation of the pledged revenue from the issuer's control and a security interest that makes the bondholders' interest in the pledged revenue that of a secured creditor.

Active or Passive Pledges

Why It Matters

The active or passive nature of a pledge[30] is important because it can differentiate whether the issuer has promised to raise revenue to pay debt service or otherwise has the legal ability to do so. We consider a pledge to be active if the issuer can increase the revenue stream (e.g., by raising tax rates or fees) without meaningful limitation or additional approvals from voters or other governments. We consider a pledge to be passive if the issuer can increase the pledged revenue stream only after securing voter approval or other external approvals, often from the state government, or if there are specific legal or practical limitations on the pledged revenue stream, e.g., tax rate limitations. In these cases, revenue to pay debt service typically depends on the performance of the revenue base, e.g., economic growth, and thus is more vulnerable than the issuer's overall revenue to economic decline. We do not differentiate between pledges where the issuer has promised to raise revenue and pledges where the issuer has the legal ability to raise revenue but has not promised to do so.

We view as active both pledges where the issuer has promised to raise revenue and pledges where the issuer has the legal ability to raise revenue but has not promised to do so.

Characteristics of the Revenue Base

Why It Matters

The promise to pay and the revenue pledge, if any, embedded in the instrument delineate the relationship between the issuer's total revenue and economic base, which are considered in its issuer rating, and the revenue base that is available to pay debt service of a specific instrument.

The breadth, stability and diversity of the revenue base available for debt service relative to the issuer's total revenue base provide important indications of the relative strength or weakness of the obligation. If the revenue base from which debt service will be paid is materially more narrow or less stable than the broad revenue base that is reflected in the issuer rating, a bondholder may face more risk than is indicated in the issuer rating, e.g., bondholders may have limited recourse if the specific pledged revenue is insufficient to meet debt service on the related obligations. However, in some cases, a technically narrower pledge can still be robust.

[30] In this context, a pledge means the revenue that is effectively designated as being available to pay debt service on the instrument in the transaction documents. This designation may be explicit, such as a pledge of real estate tax revenue, or implicit, such as a general promise to pay from revenue that is not specifically pledged to other debt obligations.

Debt Service Coverage

Why It Matters

For some instrument types, debt service coverage is an important indicator of the sufficiency of the available revenue to meet debt service payments, e.g., where the dedicated revenue stream is limited. If there is material excess revenue, the relevant bonds have lower exposure to potential variations in the revenue stream.

Other Factors

Why It Matters

Additional factors, some of which vary by pledge or security type, may also affect the risk of a given debt instrument relative to the credit strength of the issuer. Following are some examples:

» For contingent obligations, where there is one or more leased or financed asset or function, essentiality is important because it can indicate the likelihood that an issuer will choose to appropriate funds to pay the lease. For an abatement lease, the more important the pledged asset or function is to the borrower, the more likely it is that the borrower will ensure that it is repaired in an abatement circumstance. In some instruments, there may be a sunset provision in the pledge that precedes the maturity of the debt obligation.

» Where a pledge type is subject to unanticipated legal challenges, an individual debt instrument may be vulnerable to non-payment even if the issuer is not undergoing stress.

» Where an issuer's debt includes a significant amount of derivatives such as interest rate swaps that are exposed to liquidity demands or that may require market access for refinancing, this may result in meaningful additional risk to the holders of the instrument.

» For US Native American tribal nations, if a nation were to waive its sovereign immunity with respect to a specific instrument but not with respect to creditor interests in general, the instrument rating would reflect the positive credit impact of this waived immunity.

Guidance for Assigning Individual Debt Instrument Ratings

In assigning instrument ratings, we consider all of the analytic elements relevant to the specific debt issuance and their impact. In this section, we provide guidance on the typical range of notching for common security types. For each major security type, the guidance for assigning a rating is described by analytic element and is typically cumulative. However, actual ratings may be different from the guidance where there is unusual strength or weakness in the legal structure or revenue base, in the terms of the debt instruments, or in the relation of an issuer to the obligation, e.g., where the issuer or instrument is in financial distress.

Other issuer-specific or instrument-specific considerations may also be relevant.

The exhibit below illustrates the typical rating range seen between issuer ratings and instrument ratings.

EXHIBIT 8

Illustrative Example: Typical Relationships Among City or County Instrument Ratings

	NON-CONTINGENT DEBT Real property-based pledge or general promise to pay	CONTINGENT DEBT No long-term pledge; contingent upon annual action of issuer or subject to abatement
Issuer Rating +1 Notch	GOULT debt with lockbox and statutory lien protection	
ISSUER RATING	GOULT; GOLT (with headroom); general promise to pay	
Issuer Rating -1 Notch	GOLT (without headroom); General promise to pay (with carve-out)	More essential leases/COPs
Issuer Rating -2 Notches		Less essential leases/COPs
Issuer Rating -3 Notches		Moral obligations/less essential leases/COPs

Note: GOULT stands for general obligation unlimited tax, GOLT for general obligation limited tax and COPs for certificates of participation.
Source: Moody's Investors Service

Where an issuer is undergoing financial distress, we may widen or narrow the rating differentials between the issuer rating and the rating of any specific obligations, based on our view of the relative probabilities of default and relative loss rates upon default. In these instances, the anticipated recovery rate for an obligation would be a more important rating consideration than our general principles for assigning instrument-level ratings. Our views of relative expected loss would generally be informed by state or federal case law within the relevant jurisdiction and other meaningful issuer-specific risk factors that may indicate the issuer's relative willingness and ability to pay various types of obligations.

The guidance below for assigning instrument-level ratings is divided into two groups of pledges that are typical in this sector: (i) real property-based pledges; and (ii) non-contingent general promises to pay and contingent obligations.

Real Property-based Pledges

In a real property-based pledge, the issuer pledges taxes that are levied on real property[31] or other real property-related revenue. These pledges can be active or passive but are, by definition, non-contingent. Examples of real property-based pledges include general obligation unlimited tax (GOULT) and general obligation limited tax (GOLT) pledges.

Overall, a major consideration for all securities within the real property-based pledge grouping is whether the city or county can adjust without limit the tax rate that generates the pledged revenue. We also consider how meaningful the limitation is. Where we consider the limitation to be material, the instrument rating is typically one notch below the issuer rating.

[31] Typically, a city's or county's tax base includes property that is categorized in many sub-groupings, including real, personal, tangible and mineral property. The type of property subject to ad valorem taxation varies by state.

EXHIBIT 9

Real Property-based Pledges: Illustrative Notching

ISSUER RATING → + + + + → INSTRUMENT RATING

SECURITY FEATURES	ACTIVE OR PASSIVE	CHARACTERISTICS OF REVENUE BASE	DEBT SERVICE COVERAGE	OTHER FACTORS
Pledge benefits from effective legal AND physical separation +1 notch				Are there any risks / strengths not captured in the issuer rating or other analytic elements? If yes, there may be more distinct notching. Examples: • Security-specific severe credit stress • Serious legal challenge to the pledge
Pledge does not benefit from effective legal AND physical separation 0 notch	For any of the following: • Unlimited tax • Limited tax with override or general promise to pay • Limited tax with headroom of 50% or more • Limited tax with 35%-50% headroom and positive expectations 0 notch	Pledge encompasses all or substantially all of the issuer's tax base 0 notch	Often not applicable 0 notch	
	• Limited tax with less than 35% headroom with no general promise to pay or override • Limited tax with less than 50% headroom and no positive forward-looking expectations -1 notch	Real property base is significantly more limited than the issuer's revenue base (including by geography or property type) -1 notch	Where headroom is limited and coverage is or is expected to be very narrow. -1 notch	

Source: Moody's Investors Service

General Obligation Unlimited Tax Pledge

While a GOULT pledge often includes a general promise of the issuer to pay the obligation (the specific language may vary; an example is a full faith and credit pledge), the key differentiating feature is the pledge to levy ad valorem taxes,[32] without limit as to rate or amount, sufficient to make timely payment of debt service. Because of the breadth of the pledge, most GOULT instrument ratings are at the same level as the issuer rating.

How We Assess It

SECURITY FEATURES:

Where a GOULT pledge provides physical and legal separation of pledged revenue from the issuer's control, typically through a lockbox and valid security interest, such as a lien, and we consider these to be effective, there is typically one upward notch for this analytic element. While the presence of only one of these elements may provide a modest benefit, it is not sufficient to provide uplift from the issuer rating.

We may not consider these security features to be effective where the responsible governments have not carried out their lockbox obligations, where we think the legal separation is weak or where there have been successful legal challenges to the separation.

ACTIVE OR PASSIVE PLEDGE:

These are, by definition, active pledges. There is no notching for this analytic element.

CHARACTERISTICS OF THE REVENUE BASE:

Where the GOULT pledge encompasses all or substantially all of the issuer's tax base, there is no notching for this analytic element. Where we consider that the revenue pertaining to the specific GOULT pledge is significantly more limited than the issuer's revenue base (e.g., from a more limited geographic base or property type), there may be one downward notch for this analytic element, although there may be more than one downward notch if the revenue base is exceptionally limited. Where this more limited tax base is still robust, there may be no downward notching for this analytic element.

DEBT SERVICE COVERAGE:

Not applicable.

OTHER FACTORS:

We also consider risks in the structural features of the pledge that are not already reflected in the issuer rating or other analytic elements. If the risks are material, cumulative notching may reflect one or more additional downward notches, depending on the severity of the risks.

For example, a serious legal challenge to the validity of the GOULT pledge could lead to downward notching for this analytic element.

General Obligation Limited Tax Pledge

A GOLT pledge is a general obligation of a city or county that includes a limited rather than an unlimited tax pledge. The nature of the limit for a GOLT varies. It can be imposed on the tax rate or on the levy amount that is available to pay the related debt service. In other cases, there may be a limit on the issuer's overall property tax levy, e.g., a limit on the rate, on the annual rate of growth or on the total amount of tax revenue collected. Although some of these limitations result in materially weaker

[32] Ad valorem taxes are based on the value of property.

credit strength, in many other cases, the tax limit does not materially constrain an issuer's ability to pay debt service and therefore does not result in a material difference in the credit risk of the instrument relative to the issuer rating.

There are various structural features that can reduce or eliminate the difference in credit risk between GOULT and GOLT pledges. For example, an issuer may be able to override the stated limit, or it may issue GOLT debt that is also secured by a broad revenue pledge. In addition, some issuers' GOLT pledges have headroom within the limit that we think will be sufficient to cover projected growth in GOLT debt service or withstand potential decreases in net revenue (due to, for example, decreases in the assessed valuation of real property). If there are no sufficient mitigants, a GOLT instrument is typically rated one notch below the issuer rating.

How We Assess It

SECURITY FEATURES:

Where a GOLT pledge includes both a lockbox and a valid security interest, such as a lien, and we consider these to be effective, there would typically be one upward notch for this analytic element. While the presence of only one of these elements may provide a modest benefit, one without the other is not sufficient to provide uplift from the issuer rating.

We may not consider these security features to be effective where the responsible governments have not carried out their lockbox obligations, where we think the legal separation is weak or where there are historical or ongoing significant legal challenges.

ACTIVE OR PASSIVE PLEDGE:

Where an issuer has a meaningful ability to raise taxes within the stated limit (i.e., meaningful headroom) or can override the limit, or where an additional pledge not subject to the cap (e.g., a general promise to pay) is broad enough to mitigate the limit, we consider the pledge to be active. In these cases, there is no downward notching for this analytic element. The absence of meaningful headroom typically leads to one downward notch for this analytic element. We typically consider headroom of 50% or more of maximum annual debt service (MADS) to be meaningful (see box). Where headroom is at least 35% and up to 50%, we may consider it sufficiently meaningful based on our forward view of the issuer's revenue and economic base.

How We Estimate or Calculate Headroom for Raising Tax Revenue

We estimate or calculate headroom based on the ratio of the incremental revenue permitted by the limit to MADS for the pledge (e.g., GOLT).

The numerator is the current taxable assessed valuation related to the pledge multiplied by the maximum allowable tax rate for the debt ("projected maximum levy," or revenue) minus the "current levy used for debt service." The denominator is the MADS amount in dollars on all of the issuer's parity debt.

(PROJECTED MAXIMUM LEVY – CURRENT LEVY USED FOR DEBT SERVICE) / MADS

If the levy is not used exclusively for debt service, we would use the maximum allowable levy in the "projected maximum levy" calculation and the portion of this levy used for debt service in the "current levy used for debt service."

In addition, if a limited tax pledge includes both property and non-property tax revenue, we include both types of revenue in the "projected maximum levy" calculation.

In our forward-looking view of this metric, we may incorporate a projection of additional parity debt and resultant MADS, and we may project taxable assessed value, particularly if we expect that the city's or county's tax base will decline.

CHARACTERISTICS OF THE REVENUE BASE:

Where the GOLT pledge encompasses all or substantially all of the issuer's tax base, there is no notching for this analytic element. Where revenue pertaining to the specific GOLT pledge is significantly more limited than the issuer's revenue base (e.g., from a more limited geographic base or property type or from a material decline in assessed valuation), there may be one downward notch for this analytic element and there may be more than one downward notch if the revenue base is exceptionally limited. Where this more limited tax base is still robust, however, there may be no downward notching for this analytic element.

DEBT SERVICE COVERAGE:

For GOLT pledges that we consider active because of (i) an ability to override a limitation; (ii) a broad additional pledge; or (iii) meaningful headroom, this analytic element does not apply.

Where headroom is limited, we typically assess debt service coverage on a current and forward-looking basis. In cases where the debt service coverage of the pledge is materially lower than the issuer's general ability to meet all of its obligations, we may notch the instrument rating down to reflect this risk to the extent it is not already captured in the issuer rating or other analytic elements.

One downward notch is typical for this analytic element where there is no meaningful headroom and debt service coverage is expected to be near or below 1.1x. More than one downward notch may be applied where there is no meaningful headroom and debt service coverage is expected to be below 1.0x.

OTHER FACTORS:

We also consider strengths or risks in the structural features of the pledge that are not already reflected in the issuer rating or other analytic elements. If the strengths are material, cumulative notching may reflect one upward notch. If the risks are material, cumulative notching may reflect one or more additional downward notches, depending on the severity of the risks.

For example, a serious legal challenge to the validity of the GOLT pledge or a sunset provision in the pledge that precedes the maturity of the debt obligation could lead to downward notching for this analytic element.

Non-contingent General Promises to Pay and Contingent Obligations

This grouping includes (i) general promises to pay where there is a non-contingent pledge to pay debt service that may specifically include all or some of the issuer's revenue, and (ii) contingent obligations.

Non-contingent General Promises to Pay

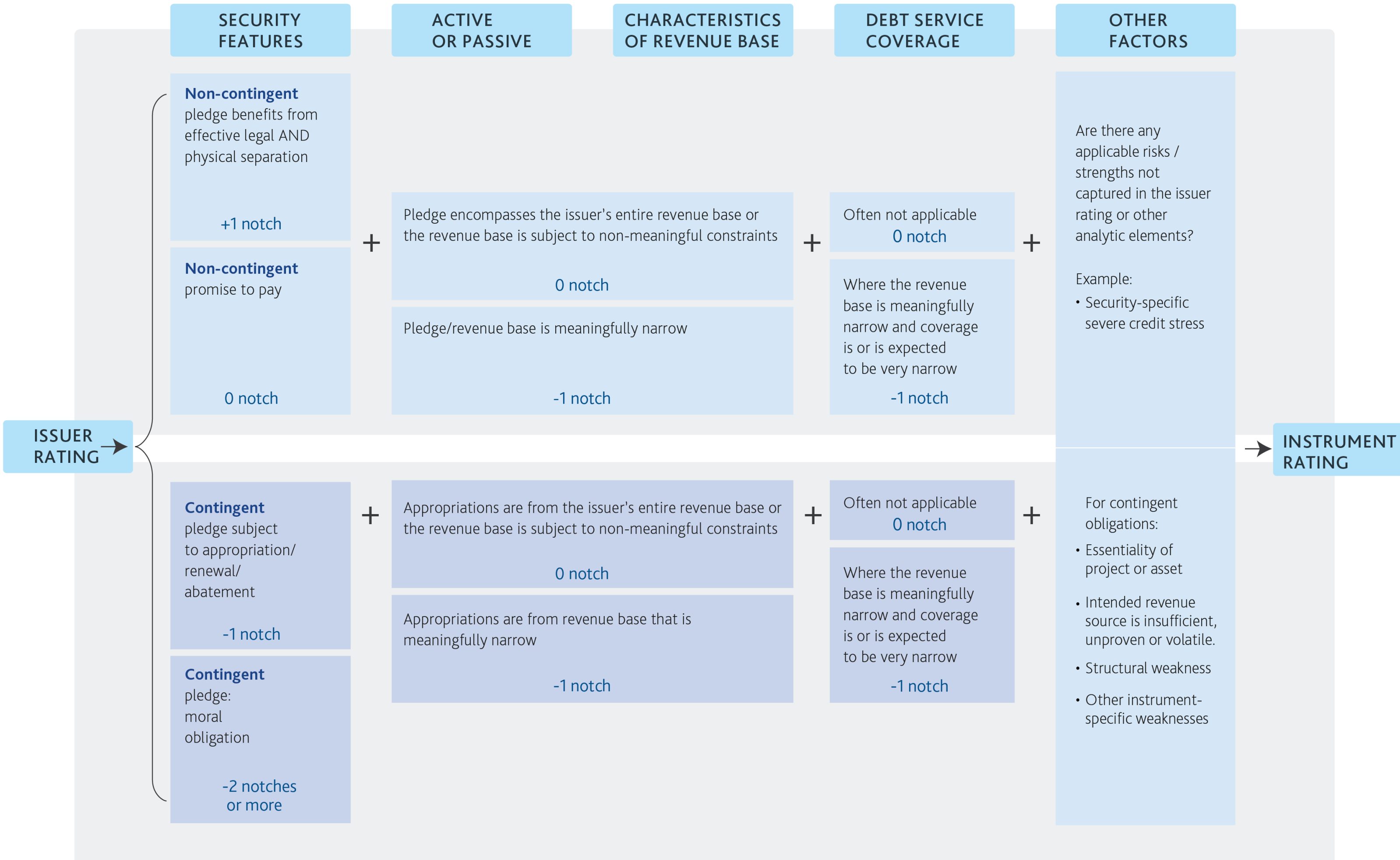
Some obligations represent a non-contingent general promise to pay. In some cases, these instruments are called "general obligations," but the instrument does not include a property-tax pledge. In other cases, pledges specifically exclude some or all tax revenues. Many obligations in this group contain broad language describing the promise (e.g., "full faith and credit"[33] or similar wording) but do not include a specific pledge of a property tax or other revenue. Because these promises to pay are non-contingent, we may consider them to be as strong as the issuer rating. In other cases, the general promise to pay is weaker than the issuer rating because there are material carve-outs of revenue. As there is wide variation in the language used, we look at the substance of the issuer's obligation.

[33] There are cases where language such as "full faith and credit," under the laws of the state, requires the issuer to levy taxes sufficient to pay the obligation; we consider these to be real property-based pledges.

This category includes: (i) non-ad valorem debt, which is typically is a non-contingent promise to pay debt service with the explicit exclusion of revenue derived from ad valorem property taxes; (ii) non-tax debt, which is typically is a non-contingent promise to pay debt service from general revenue with the explicit exclusion of all revenue derived from taxes.

EXHIBIT 10

Non-contingent General Promises to Pay and Contingent Obligations: Illustrative Notching



Source: Moody's Investors Service

How We Assess It

SECURITY FEATURES:

There is typically no notching for this analytic element, because general promises to pay are non-specific as to revenue, by definition. However, we assess the security features of each transaction in order to determine if they provide material benefit to creditors.

ACTIVE OR PASSIVE PLEDGE AND CHARACTERISTICS OF THE REVENUE BASE:

We consider these two analytic elements together.

Where the pledge or general promise to pay encompasses all of the issuer's revenue base, there is no notching for these analytic elements. If the revenue base is subject to some limitations but the constraints are not meaningful, there is also no notching for these analytic elements.

Where the relevant revenue base is meaningfully narrow, there is typically one downward notch for these analytic elements, although there may be more than one downward notch if the revenue base is exceptionally narrow.

We also consider the extent to which the issuer has active control over the ability to raise revenues in the relevant pledge.

DEBT SERVICE COVERAGE:

For non-contingent pledges, there is no upward notching for this analytic element. Where the pledge is substantially reduced by carve-outs or other competing claims that render the pledged revenue significantly more limited than the city's or county's revenue, we typically assess debt service coverage on a current and forward-looking basis. One downward notch is typical for this analytic element where there are material revenue carve-outs and debt service coverage is expected to be near or below 1.1x. More than one downward notch is likely to be applied where there are material revenue carve-outs and debt service coverage is expected to be below 1.0x.

OTHER FACTORS:

We also consider strengths or risks in the structural features of the pledge that are not already reflected in the issuer rating or other analytic elements. If the strengths are material, they may offset downward notching related to other analytic elements. If the risks are material, cumulative notching may reflect one or more additional downward notches, depending on the severity of the risks. For example, security-specific severe credit stress or a legal structure or security type with a poor track record in default could lead to downward notching for this analytic element. In addition, a serious legal challenge to the validity of a non-contingent general promise to pay could lead to downward notching for this analytic element.

Contingent Obligations

In almost all cases, we notch down from the issuer rating for a city's or county's contingent obligations. Examples of contingent obligations include appropriation lease-backed obligations, abatement lease-backed obligations, non-lease annual appropriation obligations and moral obligations.[34] In the municipal market, appropriation-backed instruments are often issued as certificates of participation.

For cities and counties, a typical contingent obligation is an appropriation lease-backed instrument. The city or county usually does not pledge any specific revenue to the lease and instead annually appropriates funds to pay debt service. The city or county obligates itself to make lease payments pursuant to a capital lease between itself (as lessee) and, usually, a special purpose entity lessor

[34] Not all leases are contingent obligations. Non-contingent leases are rated based on the long-term pledge, e.g., general promise to pay or GOULT.

created and controlled by the lessee. This lease payment revenue is used to pay debt service on the lease-backed instrument.

In the case of an appropriation lease, the city or county has a legal right to choose not to appropriate the funds, thereby not renewing the lease. The city or county generally covenants to take proactive steps to make the annual lease payment and lease renewal, although with the explicit recognition that it is legally entitled to choose not to appropriate funds for the lease payment, or renew the lease. Issuers typically appropriate the funds annually as part of the regular budget cycle. The same kind of appropriation structure can exist without a lease or leased asset.

A second common type of contingent obligation is an abatement lease, where the lessee's requirement to make the lease payment is contingent upon the continued availability of the leased asset for use or occupancy. If the use of the asset is compromised because the asset is damaged or destroyed (e.g., a government building is partially destroyed by an earthquake), the lessee would be required to abate, meaning to reduce, the lease payment in proportion to the reduction in use.

Issuers may also issue non-lease annual appropriation obligations. These obligations are typically backed solely by the issuing government's covenant to take certain administrative steps to consider appropriating for debt service in each budget cycle. The appropriations are typically made through the government's annual budget process. Once the appropriation is made, it is absolute and unconditional for the time period to which the appropriation applies (typically one year). After one year, the annual option to not appropriate renews. Annual appropriation obligations do not include recourse to an asset among the remedies in case of a default.

A fourth type of contingent obligation is a moral obligation. An example of a moral obligation structure would be where a city or county promises to consider supporting a contingent obligation, under certain circumstances, by appropriating funds for the replenishment of a debt service reserve. A moral obligation pledge is neither a guarantee to pay debt service nor a promise to replenish a debt service reserve nor a legally enforceable obligation to pay. Rather, it is a declaration that the city or county intends to support the debt and will consider making appropriations and providing funding under certain circumstances.

Based on these contingencies, these four types of contingent obligations are not typically defined as debt under state law and would therefore be excluded from statutory and constitutional restrictions on debt issuance that apply to cities or counties. However, we consider such obligations to be the debt of the city or county.

Contingent obligations are not typically defined as debt under state law and would therefore be excluded from statutory and constitutional restrictions on debt issuance that apply to cities or counties. However, we consider such obligations to be the debt of the city or county in our analysis of the likelihood of repayment.

In all cases, contingent debt includes a contractual out, either through failure to appropriate or abatement, and therefore lacks a firm pledge of revenue over the life of the debt. Even in cases where an issuer plans to use certain revenue flows for contingent lease payments or debt service, unless they are pledged for the life of the instrument, this intention does not improve credit quality. However, where the issuer signals an intention to use limited revenue to pay the contingent obligation, this may indicate additional risk for the lease bonds. An example is where the issuer intends to pay from expected project revenue (e.g., an economic development project that involves market risk), as opposed to general revenue.

The number of downward notches for appropriation and abatement obligation bonds is usually limited to one or two, depending on our assessment of the essentiality of the pledged asset or financed project to the city's or county's operations. In most cases there is a fundamental connection between the financed asset and the fundamental operations of the city or county, providing a strong incentive for cities or counties to appropriate funds for debt service payments. For moral obligation pledges, the typical notching is two or more downward notches, depending on the legal structure and assets involved.

How We Assess It

SECURITY FEATURES:

A contingent pledge is notched downward for security features.

A contingent pledge subject to appropriation, renewal or abatement typically leads to one downward notch for this analytic element. An exception is if an instrument also carries a backup general obligation pledge (GOULT, GOLT or full faith and credit pledge) or other non-contingent pledge, in which case we rate the instrument based on the stronger of the two pledges.

Where the contingent pledge is a moral obligation, there are typically two downward notches for this analytic element, and there may be more than two downward notches where the legal structure is unusually weak. In a typical moral obligation structure, a parent government undertakes to consider appropriating funds for the replenishment of a debt service reserve under certain circumstances. An unusually weak moral obligation structure might include numerous conditions that must be met for the government to consider appropriating, or the timing of debt service payments may not align well with the timing during which the city or county could appropriate funds for debt payment or replenishment of a debt service reserve. The greater notching for moral obligations, relative to leases and appropriation obligations, reflects several characteristics of moral obligations, including that they are typically contingent upon legislative approval and are only called upon if the underlying revenue streams are insufficient.

ACTIVE OR PASSIVE PLEDGE AND CHARACTERISTICS OF THE REVENUE BASE:

We consider these two analytic elements together.

Where the issuer's entire revenue base is available for annual appropriation, including cases where the revenue base is subject to some limitations but those constraints are not meaningful, there is typically no downward notching for these analytic elements.

However, there would typically be one downward notch for these analytic elements where the available revenue base is meaningfully narrow, although there may be more than one downward notch if the revenue base is exceptionally narrow.

DEBT SERVICE COVERAGE:

Where the available revenue base for debt service is significantly more limited than the issuer's revenue base, we typically assess debt service coverage on a current and forward-looking basis. One downward notch is typical for this analytic element where debt service coverage is assessed and expected to be near or below 1.1x. More than one downward notch will likely be applied where debt service coverage is assessed and expected to be below 1.0x.

OTHER FACTORS:

We also consider strengths or risks in the structural features of the pledge that are not already reflected in the issuer rating or other analytic elements. If the strengths are material, there may be one upward notch, although this would be unlikely to offset the downward notching for contingency risk. If the risks are material, cumulative notching may reflect one or more additional downward notches, depending on the severity of the risks.

The exhibit below shows the typical notching between the city's or county's issuer rating and the rating on non-contingent lease-backed obligations, contingent obligations and moral obligations.

EXHIBIT 11

Typical Downward Notching from the Issuer Rating

For non-contingent lease-backed obligations, contingent obligations and moral obligations

Security Type	Non-Contingent Lease-Backed Obligations	Contingent Lease-Backed and Annual Appropriation Obligations		Moral Obligations	
Essentiality	*N/A*	*More*	*Less*	*More**	*Less*
Notches from Issuer Rating:					
Zero	X				
One		X			
Two			X	X	
Three or more				X	X

*For moral obligations, we may apply two or three downward notches from the issuer rating for more essential assets, depending on the legal structure.

Source: Moody's Investors Service

Essentiality

For contingent obligations, the essentiality of the underlying assets or financed project or function to the issuer's core operations is a major consideration. We consider essentiality to be a strong indicator of the issuer's incentive to appropriate funds for these contingent payments.

While essentiality falls on a continuum, we typically classify it in two categories. We generally consider an asset or project that is critical to the issuer's core operations or administration as more essential (e.g., construction of administrative buildings, capital improvements on roads and financing of equipment that directly supports city or county operations). In these cases, the asset or project also cannot be separated from the issuer (is not severable) and has no commercial or enterprise risk. With more essential assets, there is no notching for the essentiality consideration.

Less essential assets or projects are not critical to city or county core operations or administration, are severable, or have commercial or enterprise risk, e.g., an economic development project or a project that depends on vendor performance. In these cases, a future administration may no longer choose to support the project, appropriate funds for debt service, or repair the asset following an abatement event. In these cases, there are typically one or more downward notches for the essentiality consideration.

Some cities and counties issue non-lease annual appropriation obligations. These obligations do not include recourse to an asset among the remedies in case of a default and are typically backed solely by the issuing government's covenant to take certain administrative steps to consider appropriating for debt service in each budget cycle. Creditor recourse is often very limited in the event of non-payment.

We typically look at the programs or functions being funded with the contingent obligation and assess their essentiality.

The exhibit below provides a summary of typical notching for the essentiality consideration. Actual notching is based on our view of the circumstances of the issuer, the terms and conditions of the obligation and the issuer's incentives or disincentives to honor the obligation. If there is a mix of more and less essential assets associated with an individual instrument or master lease structure, we generally characterize the essentiality of the entire asset pool by the single most essential asset.

EXHIBIT 12

Typical Notching for Essentiality

More Essential	Less Essential
Asset, project or function is critical to core operations or administration, not severable, and has no commercial or enterprise risk.	Asset, project or function is not critical to core operations or administration, is severable, or has commercial or enterprise risk.
Examples (Illustrative; categorization could vary based on specific circumstances)	
» Public safety buildings or functions (courthouses, jails, police/fire stations, etc.) » Public infrastructure including roads, water/sewer/electric facilities » Administrative, educational or health facilities or functions » Facilities supporting other core services (affordable/senior housing, nursing homes, libraries, school buildings, etc.) » Improvements, equipment or technology not severable from core operations or essential facilities (parking garages, HVAC, etc.)	» Facilities for economic development, tourism or recreation (hotels, convention centers, golf courses, sport stadiums, recreational, athletic, or cultural, etc.) » Projects dependent on commercial/vendor performance[35] » Facilities supporting less essential services (animal shelters, ice rinks, marinas, community/senior centers, theaters or concert halls, etc.) » Parks and vacant land » Improvements, equipment and technology severable from core operations or supporting less essential facilities or functions (parking garages, etc.)
Typical Notching for Essentiality	
No notching	One or more downward notches

Source: Moody's Investors Service

Additional Abatement Risk Considerations

For contingent obligations that are subject to abatement, there is typically one downward notch from the issuer rating due to abatement risk because the leased asset's availability for a city's or county's use or occupancy is a source of credit risk. In the absence of both the ability to substitute an asset and standard insurance provisions, such as title insurance and renters' interruption insurance, there may be one additional downward notch from the issuer rating.

Intended Revenue Source

In some cases, issuers may have an intended source of revenue to support contingent obligations, even if the pledge is to pay these obligations with all available revenue. The intention to use a specified revenue source does not offset the contingent nature of the obligation, regardless of how stable the revenue source is. Where the intended revenue source is unproven or volatile, the issuer may not expect or be prepared to pay debt service from other sources. In these cases, we may apply one or more downward notches for this analytic element.

Structural Weakness

For any contingent pledge, where there is a material structural weakness, such as lack of clarity in the legal documents on the pledge and its mechanics, cumulative notching may reflect one or more

[35] Vendors are not the lessors or owners of projects, but their performance may affect the anticipated impact of the lease payments on a city's or county's budget. A city's or county's payment obligation is not explicitly conditioned on vendor performance.

additional downward notches, depending on the severity of the risks. Also, unusual complexity in the financing structure, such as inclusion of a non-governmental third party in the transaction, or a serious legal challenge to the validity of a contingent pledge could lead to downward notching for this analytic element.

Moody's Related Publications

Credit ratings are primarily determined through the application of sector credit rating methodologies. Certain broad methodological considerations (described in one or more cross-sector rating methodologies) may also be relevant to the determination of credit ratings of issuers and instruments. A list of sector and cross-sector credit rating methodologies can be found here.

For data summarizing the historical robustness and predictive power of credit ratings, please click here.

For further information, please refer to *Rating Symbols and Definitions*, which is available here.

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