Minutes of Regular Meeting  
Select Board  
Thursday, May 7, 2020  
Remote Online Meeting (Zoom ID 865 7514 9844)  
Called to Order at 4:00 p.m. and recessed until 7:00 p.m.

Remotely participating were Select Board members Laurie Bent, Harvey Boshart, and Christopher Houston, Chair. Also present were Town Manager Leon A. Gaumond, Jr., Assistant Town Manager/Human Resources Director Lisa Yanakakis, and Recording Secretary Kara Fleming.

Mr. Houston called the remote meeting to order and read the following statement:

Pursuant to Governor Baker’s March 12, 2020 Order Suspending Certain provisions of the Open Meeting Law, G.L. c. 30A, §18, and the Governor’s March 15, 2020 Order concerning imposition on strict limitations on the number of people that may gather in one place, meetings in the Town of Weston will be conducted via remote participation to the greatest extent possible. We will strive to provide access to such meetings via a link to call in, or other similar option. In the event we are unable to accommodate the same, despite best efforts, we will post recorded sessions of the meeting as soon as possible following the same. No in-person attendance of members of the public will be permitted, but every effort will be made to ensure that the public can adequately access the proceedings.

Receive Resident Comments Regarding the Fiscal Year 2021 Recommended Operating Budget

Noting the 4:00 p.m. start time to accommodate resident requests for an early meeting and the planned recess from 5:00 to 7:00 p.m., Mr. Houston described the process by which the Board would consider resident comments. He noted clarification might be sought but generally discussion would happen after all input had been received. Mr. Houston expressed a desire to hear from residents who were not on Town boards and said he would address questions at the end of the meeting after input from multiple sources.

Mr. Frank Caine of Highland Meadows referenced recommendations provided by the Finance Committee regarding long term planning issues and fiscal year 2021 budget challenges. He stated he was representing the 100-plus residents who had signed an open letter to the Select Board requesting budget reductions. Mr. Caine suggested that the economic slowdown resulting from the COVID-19 pandemic, to which residents of Weston are not immune, should lead to curtailed spending over the next six – 12 months. At Mr. Houston’s request, Mr. Caine reviewed three questions he had submitted to the Board:

1) Do you agree with the Finance Committee’s “facts” that Weston’s property taxes, education costs per pupil, and level of debt and unfunded liabilities exceed those of comparable towns and, if so, how should they influence Town budget decisions for fiscal 2021?

2) What is your reaction to the proposed budget reductions the Finance Committee discussed at its most recent meeting that would result in no increased spending on non-school functions?

3) What are your views of the Finance Committee’s recommendations for a more robust planning and budgeting process that emphasizes objectives and measurements for both spending and outcomes?

Referencing his many years of volunteer service on various Town boards and committees, Mr. Alan Orth of School Street advocated for the hiring of a full-time Sustainability Coordinator. This sentiment was echoed by several others, including the chair of the Sustainability Committee Ms. Katharina Wilkins, and the chair of the Sustainable Weston Action Group Liz Steel. Noting the experiences of neighboring towns, they argued that the position would bring savings to the Town through many grants and other cost-
savings opportunities, which would cover the new employee’s salary. The position would serve as a conservative and practical investment.

Mr. Norman Weinstock of Highland Meadows asked Mr. Gaumond if Town Department Managers had identified any reductions to their budgets. Mr. Gaumond reported that the ideas were due to him by the following Wednesday.

A few residents expressed displeasure that the Board did not intend to respond to questions regarding the Finance Committee’s positions as articulated by Mr. Caine at the beginning of the meeting until the recessed session at 7:00 p.m. Mr. Houston explained that the early start time was scheduled in response to citizen input that the regular 7:00 p.m. Select Board meetings often ran too late. He continued to explain that the 5:00 to 7:00 p.m. recess was necessary to respect participants’ workdays. Mr. Houston said the Board wants to hear everyone’s comments, including those who would attend the later session only, before responding to Mr. Caine’s questions. Ms. Bent suggested that there may be a misconception that the Select Board had made decisions about a fiscal plan due to the “tentative budget” language on the meeting agendas. She explained that adopting a budget was an iterative process that could only be conducted in open meetings and that the Board was open and receptive to resident input, including those attending the later session. Mr. Boshart added that the meeting agenda indicated the receipt of resident comments rather clearly.

Mr. Caine asserted that none of his questions asked the Board to decide the budget but instead asked for their points of view on the information provided by the Finance Committee. Mr. Houston again suggested that answering Mr. Caine’s questions before the second session would prejudice the conversation. Mr. Caine asked if it was reasonable to expect to hear Board members’ points of view on his questions before the budget was approved. Mr. Houston agreed that Mr. Caine’s request was reasonable but cautioned that time constraints might lead to answering his questions in a subsequent meeting.

MOTION: Ms. Bent moved to recess and reconvene the meeting at 7:00 p.m. 2nd by Mr. Boshart.
Roll Call Vote: Ms. Bent, Mr. Boshart and Mr. Houston voted in the affirmative. Approved unanimously

The meeting recessed at 4:47 p.m. and reconvened at 7:00 p.m.

Continue Receiving Resident Comments Regarding the Fiscal Year 2021 Recommended Operating Budget

Mr. Houston repeated the process by which the Select Board would receive resident comments and again expressed a desire to hear from people who were not on major Town boards and committees unless time allowed at the end of the meeting. Mr. Houston reiterated that budgetary decisions would not be made at this meeting since the purpose of the meeting was to receive resident input. Lastly, Mr. Houston noted that the meeting had to conclude at approximately 8:00 p.m.

Mr. Craig Hattabaugh of Wits End Road agreed with the Finance Committee’s position that the non-school budget should be lower and expressed his belief that the budget had been too high even before the pandemic. He suggested that since much of the budget planning had happened before the public health emergency, state and local taxes were likely to be lower than projected, thereby exacerbating budget gaps. He asked what contingency plans were in place to address that eventuality. Mr. Houston asked for clarification on what “too high” meant. Mr. Hattabaugh explained that too high meant a budget growth rate exceeding the cost of living increases and inflation, and that of other towns.
Mr. Bob Froh of Highland Meadows listed the following:

- Weston’s average tax bill was 32 percent higher than comparable communities;
- over the past 5 years school spending had increased by 2.4 percent while enrollment had declined by 2.2 percent;
- Weston Public School expenditures were 25 percent higher than comparable town expenditures; and
- the Finance Committee had identified $2.6 to $4.7 million in reductions to the fiscal year 2021 budget which would not impact headcount or legally/contractually mandated compensation increases.

Reiterating a point Mr. Caine had made at the earlier session, Mr. Froh suggested that the economic slowdown resulting from the COVID-19 pandemic should lead to curtailed spending over the next 6 – 12 months. Mr. Houston asked if Mr. Froh’s concern related to the growth of his tax bill or the growth of tax bills in general, to which Mr. Froh said he was concerned about both.

Ms. Rochelle Nemrow of Beaver Road asked if there was information available for fiscal year 2020 comparing actual to budgeted expenses. She also asked if the Town had considered a level spending or lowered budget and, if so, what areas would have to be cut. Mr. Houston acknowledged that historically the Town takes a bottom-up vs. a top-down approach to budgeting. Ms. Nemrow suggested a clear indication from citizens that there is not an appetite to pay increased taxes and asked if the Town could be run within the limits of the fiscal 2020 budget. Mr. Houston asked if the question was related to the budget or property taxes. Ms. Nemrow clarified she was advocating for budgeting for fiscal 2021 in a way that did not increase taxes. Mr. Boshart explained that the budget process, which had begun in the fall, had started with fixed costs and obligations and asks; however, the world had changed drastically since then. As such, Mr. Gaumond had asked department managers to review areas of their budgets that could be cut so that the Select Board was less focused on taxpayer relief than on the budget implications of a possible reduction in the 5 percent of Town funding that comes from state aid or excise taxes. Ms. Nemrow agreed it was prudent to look at scenarios in which non-real estate tax revenues declined but asked the Board to also look at the taxpayers’ capacity to shoulder additional burdens. A few residents echoed this sentiment.

Mr. Ching Fang Chen of Longmeadow Road expressed his belief that it was smart for the Town to focus on sustainability and to increase its appeal to future generations, praising the downtown revitalization effort, more community events, and described the renovation of the Josiah Smith Tavern as steps in the right direction.

Mr. Jesse Tauriac of South Avenue asked for an overview of the budget planning process, which he believed would help to alleviate resident anxiety and lead to increased support for the budget. Mr. Houston agreed to address the question at the end of the resident input period.

Mr. Eli Mather of Hobbs Brook Road thanked volunteers involved in the budget process, voiced his support for the overall budget, and spoke in favor of increases in spending for line items that were forward-thinking and progressive, including the increased Roadway Maintenance Program through the Public Works Department and the Sustainability Coordinator line items.

Mr. Ken Newberg of Merriam Street spoke in favor of the proposed Town budget and suggested it would be a mistake to reduce contributions to OPEB and investments in roads, which were already deferred investments and would continue to push the burden onto future taxpayers. Mr. Newberg maintained that the whole point of having Town reserves was to use them during difficult financial times.
Mr. Barry Davidson of Ridgehurst Circle said he believes Weston is a great community; however, he was troubled by the statistics put out by the Finance Committee indicating greater spending than comparable towns for almost everything. In the context of current economic conditions, Mr. Davidson urged an examination of all non-essential budgetary items and an overall sense of caution.

Mr. Orth stated that the Town had always been frugal, that Town revenues would not decline as much as people feared, and that the cost of borrowing was still very low.

Responding to resident comments and questions, Mr. Boshart reported that Weston’s debt service as a proportion of its overall budget, at 10 percent, was in line with that of neighboring towns including Wayland, at 11 percent; Wellesley, at 10 percent; Lexington, at 11 percent; and Concord, at 9 percent. He continued to report that when the median home value was used, Weston residents’ tax bills were 17 percent and 19 percent higher than those of Wellesley and Concord residents, respectively, as opposed to the 34 percent premium based on average home value reported by the Finance Committee.

Ms. Bent and Mr. Houston spoke in favor of long term, strategic planning as advocated by the Finance Committee, but Mr. Houston suggested it would be unwise to start this type of plan in the depths of a crisis and without knowing how many 40B units would be built as a result of the three pending large proposals. Mr. Houston also noted that the Town currently engaged in long-term planning and invited the Town Manager, Assistant Town Manager, and Finance Director to speak to the issue now or in a later conversation.

Ms. Bent applauded the efforts of the Finance Committee to publicize Weston’s debt service numbers but cautioned that how they were presented, such as using average instead of median home values and using static debt service levels instead of projections, tended to overstate the differences between Weston and comparable towns.

Mr. Houston reported that Weston had just completed a building supercycle of long-deferred projects and expected that Lincoln and Sudbury would soon be in similar positions. Mr. Boshart added that though the average tax bill in Weston over the past 10 years had grown faster than inflation, it had grown .5 percent less annually than in comparable towns. Contrary to the earlier assertions of a resident, Mr. Boshart indicated that both assessed values and property taxes had risen over the past 10 years. Echoing Ms. Bent’s earlier suggestion, Mr. Boshart noted that very expensive homes skewed Weston’s average home value.

Mr. Boshart reported that though the school budget was not within its purview, the Select Board would exert influence on the ongoing Group Insurance Commission negotiations to keep employee benefit costs down.

Mr. Boshart noted that the Finance Committee had incorrectly publicized figures showing that Weston’s debt and unfunded liabilities were 2.4 times the average level per household for comparable towns when the actual multiple is 1.8. Mr. Boshart emphasized Mr. Houston’s earlier comments regarding where comparable towns were in their spending cycles and suggested that when comparable communities embarked on planned projects, such as a $90.5 million pre-K through 8th-grade school in Lincoln and an $80 million middle school in Concord, their average household liabilities would rise, bringing them closer to Weston’s.

Acknowledging the current economic contraction, Mr. Boshart reiterated that Weston was not as dependent on non-property tax sources of revenue as many other communities but reported that the Town would nonetheless take a hard look at delaying, deferring, or eliminating expenses. Mr. Houston remarked that there were towns in Massachusetts that need to choose among necessities, not luxuries, even in good
times, but that Weston has had the good fortune not to be in that situation. He noted that Weston’s small commercial tax base meant less fluctuation in revenues than in many other towns. Recognizing certain residents would suffer economically during the current downturn, Mr. Houston highlighted that a $1 million budget cut translated into a $170/year savings for the median household in Weston. He also noted that some residents’ tax bills had declined recently, including those of some residents who had signed the previously referenced letter to the Select Board calling for budget cuts. Mr. Houston said though the Board is considering the economic climate and looking at trimming the budget, it was not self-evident that just because other communities were cutting expenses that Weston should follow suit.

Ms. Lisa Reitano, Chair of the Finance Committee, expressed concern that her committee had not been allowed to rebut the Select Board’s assertions in the current meeting. Mr. Houston stressed that the purpose of the current meeting was to gather resident input, that the Board had been very solicitous of the Finance Committee’s input in previous meetings, and that many further conversations relating to the budget would take place.

MOTION: Ms. Bent moved to adjourn the meeting, 2nd by Mr. Boshart.
Roll Call Vote: Mr. Boshart, Ms. Bent and Mr. Houston voted in the affirmative. Approved unanimously

Meeting adjourned at 8:25 p.m.

________________________________________________________________________
Laurie A. Bent
Clerk

Note: A copy of all documents, explanatory material, and exhibits presented to and used by the Select Board as part of this meeting are attached to the approved minutes
OPEN LETTER TO THE WESTON SELECT BOARD

We, the undersigned, are requesting the Select Board to (a) reject the proposed FY 2021 Budget and work with the Town Manager, School Committee, and Finance Committee to develop a more reasonable 2021 budget, and (b) appoint a working group to begin a multi-year strategic planning process with the objective of developing an integrated financial plan that emphasizes the development of both financial and non-financial goals and measurement of outcomes for all Town departments.

The draft Finance Committee Report dated March 26, 2020 does not support FY 2021 operating and cash capital budget. This Report observes:

• Weston’s average single family tax bill is 32% higher than other comparable communities including the average of next nine highest taxed towns in Massachusetts.

• The proposed budget is up 6.6% over the previous year including an increase of 8.9% for Town services despite a lower inflation environment.

• The per-pupil expenditures are 27% higher than comparable towns despite performance metrics that are not significantly different.

• The total debt and unfunded pension and retiree liabilities is $57,120 per household as of June 30, 2020, increasing 9.6% in last two years.

Finance Committee has provided a clear and concise account of trends in the town and school budgets in recent years. These trends ought to be disturbing to every Weston taxpayer and to anyone entrusted with the financial health of the town. They point to a rising and unsustainable financial burden on the citizens of Weston.

________________  __________________
Name               Name

________________  __________________
Weston Street Address  Weston Street Address
REPORT OF THE FINANCE COMMITTEE

The Finance Committee is composed of nine Weston residents appointed by the Town Moderator to advise the Select Board and the Town on financial matters and other questions coming before the Town or affecting the interests of the Town. In turn, we make recommendations to the voters regarding such matters. During the course of the year, we engage in the following activities:

- Participate in financial meetings with the Select Board, Town Manager, School Committee and School Administration.
- Meet with individual town departments as budgets are developed.
- Form small, ad hoc, working groups within the Committee to discuss current financial trends and topics affecting the Town and make recommendations.
- Provide recommendations, where appropriate, to residents on Town Warrant Articles.
- Monitor debt levels and the long-term fiscal health outlook for the Town.
- Hold regular public meetings to discuss findings of detailed budget reviews and other significant issues affecting the Town.

Recommendation

At this time, March 26, 2020, a time of great economic disruption and uncertainty, we do not support increasing the Fiscal Year 2021 operating and cash capital budgets as presented in the Warrant, and as further discussed by the Select Board. We do not oppose the school budget increase of 3.5%, which is 1.7% after adjusting for accounting changes and legally mandated special education expenses. Rather, we are concerned by the remaining proposed municipal budget in this unprecedented environment. We recommend deferring all significant discretionary spending and all proposed budget increases which are not absolutely necessary until after the current crisis has subsided. At that point, we may be able to restore discretionary expenses and investments on which there is already broad agreement and debate other increases as may be prudent at that time.

There is already discussion about the levels of Weston’s spending, taxes, and debt and unfunded liabilities. The recommended budget is up 6.6% over the previous year – 3.5% for the schools, where enrollment continues to decline at about 2% per year, and 8.9% for the balance of town services – in a much lower inflation environment. Weston already has the highest average single-family tax bill in Massachusetts, at $20,922, or $5,083 (+32%) higher than the $15,839 average of comparable affluent Boston-area communities. Our debt and unfunded liabilities of $215 million translates to $57,120 per household, well over double the per-household total of comparable affluent towns.

The School Committee has taken important cost saving steps this year to recognize the ongoing decline in enrollment and high relative per pupil expenditures and these efforts need to continue. Our per-pupil expenditure of $25,367 is 27% higher than comparable towns, despite performance metrics which are not materially different. This translates to an $11.4 million excess we spend on our schools annually (of $63 million total) relative to other wealthy Boston-area towns, or $3,121 per household per year in higher taxes. Since employee benefits are a significant portion of this difference, we recommend that the Town insist on a significant reduction to town employee health benefit costs, to bring them more in line with those of other affluent towns, during union negotiations in the coming year.

The current environment requires bold action and ultimately will encourage all of us in Weston to step back and reconsider the level and trajectory of Weston taxes and spending, across the board. For example, this year we recommend taking a hiatus in the Department of Public Works program to upgrade our roads, and recommend spending a more steady-state $1.2 million on roadway maintenance rather than $2 million as proposed. We also recommend reducing by up to half this year’s annual OPEB contribution of $2.2 million, since those funds will not be required for decades. We would defer the $100,000 school campus feasibility study related to the Recreation Master Plan while enrollment trends are studied further. While sustainability must become a high priority for all Town departments, for this
year we recommend exploring energy-related grants and cost savings by using a low-cost consultant or contractor, rather than adding a full-time Sustainability Coordinator. Further, we recommend that the Town Manager and the Select Board pursue additional reductions where possible without jeopardizing public safety. Even with all of these several recommended example reductions and an additional $500,000 in further savings, the overall budget would still increase by 4.1% (versus 6.6%), still well above the expected levels of new growth and inflation over the coming year.

This may also be a good time for the town to reconsider the 3% tax surcharge now in place to fund the Community Preservation Committee activities. With the funding of several of the originally contemplated CPC projects (Case Estates, Old Library, and Josiah Smith Tavern), and the reduction over time in the state match from 50% to now 26% in FY20 – not to mention the current economic disruption and uncertainty – it may be appropriate to dial back the surcharge to the level required to cover the debt service on outstanding CPC-related bonds (approximately 1%) and consider future open space, historic preservation, and affordable housing projects independently. Any broadly supported projects could still be as easily approved at Town Meeting regardless of the current CPC surtax.

Over the next few years, we recommend that the Town explore new and significant opportunities to enhance long term fiscal prudence and financial flexibility by seeking new measures of relative cost and municipal service performance, and by developing new analytic tools for evaluating various projects and spending plans. Specifically, we believe the Town should:

- Establish baseline measures of success for all Town departments, especially for the Schools, Police and Fire Departments, and the Department of Public Works, so that Townspeople can easily track service performance and costs over time, compared to the same metrics in neighboring comparable towns and other objective measurable standards.
- Develop and implement a long-range financial planning model, so that we are all better able to analyze the financial implications and tradeoffs associated with various policies, commitments and large special projects over time.

**Estimated Taxes**

The total Fiscal Year 2021 budget, including operating expenses, cash capital, Other Post-Employment Benefits (OPEB), and debt service totals $100.3 million, which is an increase of $6.1 million or 6.6% over the FY20 grand total budget. The school budget is up 3.5% and the total budget for all other recommended town appropriations is up 8.9%, compared with new growth of about 1% and Boston-area inflation running in the 2% range. When debt service (that Weston voters have specifically exempted from the limits of Proposition 2½) is excluded, the total operating, cash capital and OPEB budgets are $90.1 million, an increase of $5.6 million or 6.6% over the FY20 sub-total. 84% of the revenues required to fund this budget and excluded debt service will be raised through the property tax levy. New growth in the tax levy (the increase from new construction) for FY20 was $1.0 million and is estimated at $0.6 million for FY21. This means the median assessed home value of $1,241,244 is projected to see a real estate tax bill increase of $798 from $16,122 in FY20 to $16,920 in FY21, or 4.9%.

This 4.9% increase projected for Fiscal Year 2021 well exceeds the rate of inflation expected over the next few years (according to bond market indicators and economists’ projections). It is also nearly two percentage points higher than the trends in Weston taxes over the last 5 and 10 years. While an annual tax growth of 1-2% above the rate of inflation is not overwhelming in any one year, these repeated annual increases compound into a significant difference over time.
Weston has the highest taxes in Massachusetts. Weston’s average single family tax bill in FY20 of $20,922 is $5,083 (32%) higher than the $15,839 average of our comparable communities (which are the next nine highest tax towns in the state). While all towns are different in some ways and the costs of some municipal services reflect these differences, many of the largest costs - such as the cost of paving a mile of road, providing police or fire protection for a certain number of homes, or educating a child to a high standard - should be roughly the same across similar affluent towns.
Weston derives essentially all its revenue from the property taxes on our single-family homes (95% of tax base), as there is negligible commercial and industrial real estate in town. In FY21 Weston may still receive State Aid, although the amount is uncertain given this economic environment, and state aid revenues may decline significantly. Local receipts make up another 6.7% (Motor Vehicle Excise being the largest local receipt at $2.9 million).

On the expense side, nearly two thirds of spending is for Schools, including the cost of employee benefits and debt service on capital projects. Essential services (Public Safety, Department of Public Works and Facilities) which also include the cost of employee benefits and debt service on capital projects, make up another 27%. The remainder of expenses represents Town government and services that are important to the quality of life of residents, such as the Public Library and Council on Aging. Exempt debt service is increasing from $8.7 million two years ago to $9.6 million last year to $10.2 million (+17% versus FY19) and now comprises 10.3% of the overall budget.
Operating Budget Summary
The overall operating budget – excluding cash capital spending, funding of long term OPEB liabilities and debt service – is projected to increase by $3.8 million (4.7%).

<table>
<thead>
<tr>
<th>Operating Budget:</th>
<th>FY20 Budget</th>
<th>Recommended FY21 Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools</td>
<td>$41,441,391</td>
<td>$42,906,809</td>
<td>$1,465,418</td>
<td>3.5%</td>
</tr>
<tr>
<td>Town Government, Facilities, Public Safety and Public Works</td>
<td>22,664,107</td>
<td>23,885,767</td>
<td>1,221,660</td>
<td>5.4%</td>
</tr>
<tr>
<td>Employee Benefits &amp; Other Fixed Costs</td>
<td>18,123,585</td>
<td>19,273,708</td>
<td>1,150,123</td>
<td>6.3%</td>
</tr>
<tr>
<td>Total Operating Budget</td>
<td>$82,229,083</td>
<td>$86,066,284</td>
<td>$3,837,201</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Non Operating Budget:

| Cash Capital                          | $65,000     | $1,755,375             | $1,690,375 | 2600.6% |
| Pre-Funding Long Term OPEB Liability  | 2,214,656   | 2,249,798             | 35,142     | 1.6%    |
| Gross Debt Service Exempt from Proposition 2 1/2 | 9,624,481 | 10,233,342             | 608,861    | 6.3%    |
| Total Non Operating Budget           | $11,904,137 | $14,238,515             | $2,334,378 | 19.6%   |

Grand Total Budget

| Recommended FY21 Budget | $100,304,799 | $6,171,579 | 6.6% |

Newly recommended increases that contribute to the 5.4% increase for General Government includes the supplemental roadway construction voted by the Select Board as part of their multi- year plan to restore all of Weston roads to a basic 70% quality rating, along with additional firefighters and equipment and a Sustainability Coordinator:

- Fire - Ambulance (cash capital) $350,000
- Fire - Equipment Replacement (cash capital) 200,000
- DPW - Construction of Public Ways 250,000
- Fire - 2 Full Time Firefighters (incl. benefits) 191,388
- Sustainability Coordinator (incl. benefits) 104,000
- Info Systems - Hardware/Software Support 76,186
- DPW - Equipment 41,200
- Town Planner-Asst. Town Planner to Full Time 27,780
- DPW - Traffic & Sidewalk 25,000
- Conservation - Trails & Fire Road Maintenance 14,000
- Conservation - Case Estates Land Management 10,000
- COA Program Coordinator hrs. moved to operat 11,732

Total New Recommended Increases (Town) $1,301,286
**Schools**
Weston has a longstanding tradition of supporting excellence in public education, and our schools are among the most highly rated in the Boston area, consistent with other affluent communities. However, we are concerned by the rate of growth of the School budget in recent years despite continued and projected future declining enrollment. In FY21, this budget is rising by $1,465,418 or 3.5%, though only 1.7% after the legally mandated increase of $600,000 in special education outplacement expenses and a $163,000 accounting change in the recognition of solar energy credits. Enrollment is projected to decline by 1.7% in FY21, with an 8.3% decline at the High School over the last two years and a projected total additional enrollment decline of 7% over the next five years. We have much higher per pupil expenditures than those of neighboring comparable school districts, despite performance metrics which are not materially different from other comparable towns. We recognize that the School Committee and Administration are working on initiatives to align costs with enrollment and we support and encourage those continued efforts.

### Weston School Costs Higher Than Comparable Towns (FY18)

<table>
<thead>
<tr>
<th>Town Name</th>
<th>FY18 Per Pupil Expenditure</th>
<th>Other Town Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weston</td>
<td>$25,367</td>
<td>$19,925</td>
</tr>
<tr>
<td>Dover-Sherborn</td>
<td>$21,369</td>
<td></td>
</tr>
<tr>
<td>Concord-Carlisle</td>
<td>$20,758</td>
<td></td>
</tr>
<tr>
<td>Wellesley</td>
<td>$20,381</td>
<td></td>
</tr>
<tr>
<td>Lincoln</td>
<td>$19,546</td>
<td></td>
</tr>
<tr>
<td>Sudbury</td>
<td>$18,751</td>
<td></td>
</tr>
<tr>
<td>Wayland</td>
<td>$18,747</td>
<td></td>
</tr>
<tr>
<td>Lexington</td>
<td>$20,381</td>
<td></td>
</tr>
</tbody>
</table>

Weston's per pupil expenditures are now 27% higher than comparable affluent districts, or $5,442 per student. This extra spending per pupil translates to $11.4 million per year, or over $3,100 per household in higher taxes. This cost excess relative to neighboring affluent communities did not emerge only recently, or in a few large jumps that might be traced to certain discrete actions or decisions, but rather grew slowly over time as 1-2% increments each year, over many years, compounded over time.
In the coming year, the Finance Committee will continue working in collaboration with the School Committee to analyze in detail these higher costs versus peer districts, and together explore additional areas of cost control, efficiencies, and savings that would not sacrifice excellence.

The graph below illustrates how the total cost of Education including related debt and benefits are rising despite a significant drop in enrollment and projected further declines in enrollment.

**Rising Cost of Education in Contrast to Declining Student Enrollment**

<table>
<thead>
<tr>
<th>School Year</th>
<th># of Students Enrolled</th>
<th>Education Costs (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-2016</td>
<td>2,181</td>
<td>$53.8</td>
</tr>
<tr>
<td>2016-2017</td>
<td>2,157</td>
<td>$54.5</td>
</tr>
<tr>
<td>2017-2018</td>
<td>2,104</td>
<td>$54.5</td>
</tr>
<tr>
<td>2018-2019</td>
<td>2,103</td>
<td>$55.7</td>
</tr>
<tr>
<td>Projected 2019-2020</td>
<td>2,039</td>
<td>$58.7</td>
</tr>
<tr>
<td>Projected 2020-2021</td>
<td>2,005</td>
<td>$61.0</td>
</tr>
</tbody>
</table>

Education Costs Include Benefits and Gross Debt Service

**# of Students Enrolled includes K students - Grade 12**

**2020 ANNUAL TOWN MEETING**
**Town Government**

This part of the budget includes Public Safety, Public Works, the Library, Council on Aging, and Town Hall departments as well as the health insurance costs for all employees including the School Department and the retirement costs for all employees except teachers. The Town budget is increasing by $2,371,783 or 5.8%. The largest contributors to the increase are people, at $1.7 million — Health Insurance ($691,000), Municipal Salaries ($628,000), and Retirement ($380,000), along with Road Maintenance ($250,000).

**Healthcare Costs**

All Town and School employees belong to health insurance plans provided by the Massachusetts Group Insurance Commission (GIC). Last year’s health insurance cost increased by 2.6% and FY21 is increasing by 6.5%. Weston’s employee benefits are significantly more costly than those in neighboring communities as we pay a higher percentage of the cost of health premiums than they typically do. This is an issue requiring some further research and serious reconsideration as we approach the mid-2021 renewal date of the current healthcare insurance contract.

**Pension and Retiree Healthcare Costs**

Like all municipalities, Weston has significant pension and retiree health insurance liabilities. (The latter are called Other Post Employment Benefits, or “OPEB.”)

As of June 30, 2019, the Town’s pension liability was underfunded by $62.7 million. Massachusetts law recently extended the timeframe by which municipal pension plans must be fully funded. The Middlesex Retirement System, of which the Town is a part, has adopted a funding schedule that will provide for full amortization of the unfunded liability by 2035. The Town must pay annual assessments to Middlesex Retirement System to fulfill this obligation. The FY21 assessment is $5.7 million.

With respect to OPEB, the Town currently pays for employee and retiree healthcare costs each year through the operating budget as they come due. The Town also prefunds future health care costs for current employees, as well as partially prefunding health care costs for current and prior employees (that had not been reserved for in the past) in the OPEB trust fund. As of June 30, 2019, the unfunded OPEB liability was $50.1 million. Unlike the pension liability, no law requires funding the OPEB liability. Nevertheless, the Select Board and Finance Committee believe it is prudent and responsible to fund this liability over time, rather than leaving it solely as a burden to future taxpayers. As of January 31, 2020, the OPEB reserve balance was approximately $23.2 million.

**Capital Spending, Debt Levels, and Credit Rating**

Since 1997 the Town has authorized a number of large capital projects totaling nearly $213 million. This includes major renovations of the schools, construction of the new Field School, Community Center, DPW and Police Station, an addition to the Town Hall, Case Campus Improvements, Case Estates Land acquisition, Case House Rehabilitation, Old Library (WAIC), Josiah Smith Tavern, and Town Center Master Plan and Burying of Utilities. Outstanding excluded debt against these projects (as well as a number of smaller projects), will total approximately $94 million in General Fund Dept (see the chart on the next page) and $102 million in debt when CPA projects are included. Note that this debt is well above Weston’s annual town operating budget.

We are concerned about the large number, size, and frequency of these various projects. In particular, we are extremely concerned by the potential future cost of executing the new Recreation Master Plan, starting with $4 million proposed for playing field upgrades alone. In general, projects are encouraged by our practice of forming ad hoc long-term committees, which become committed to seeing them happen without regard to bigger picture trade-offs or costs. There is a tendency to analyze projects in isolation, and to focus on debt service when presenting projects to the Town (e.g. only $200 per taxpayer per year for the next 20 years) rather than considering that the debt service costs of all of these various projects add up to a significant amount for years to come. The ongoing maintenance costs resulting from an...
individual project must also be weighed, as these may require the addition of permanent personnel and/or equipment. In addition to the annual tax impact, this debt can ultimately also affect real estate values. When a property is eventually sold, a buyer will be looking at the overall tax bill, which is by far the highest in the state, rather than a small amount per year associated with any one project.

We expect that total excluded debt service for FY21 will be $10.2 million, with $7.0 million representing principal payments. The Town opportunistically refines the interest rate it pays on debt when appropriate and allowed by law. We also note that the Town benefits from very low interest rates, because of its Aaa bond rating and the current low interest rate borrowing climate.

If all FY21 projects pass at Town Meeting, the Town’s total outstanding excluded debt is estimated to be $93 million as of June 30, 2020. For FY21, we anticipate an additional borrowing of $3 million consisting of:
- $2.6 million for south side drainage improvements
- $0.4 million for routine annual drainage improvements

**Actual and Projected Excluded Outstanding Debt – FY11 through FY21**

Assumptions:
- Outstanding principal is paid down as scheduled
- Includes FY21 Capital Projects being brought to May 2020 Annual Town Meeting (Drainage Improvements - $3.0 million)
- Includes FY22 Capital Projects in 5 Year Capital Improvement Plan expected to be brought to May 2021 Annual Town Meeting (Drainage Improvements - $0.5 million, Culvert Repairs - $1.4 million, Fire Truck $0.7 million, Town/School Network Updates - $0.3 million)
- Includes FY23 Capital Projects in 5 Year Capital Improvement Plan expected to be brought to May 2022 Annual Town Meeting (Drainage Improvements - $0.5 million, Fire Supply Vehicle - $0.3 million, Town/School Network Updates - $0.4 million)
- Includes all outstanding CPA debt funded by CPA surcharge
- Does not include any possible or unforeseen future capital projects not in 5-year Capital Improvement Plan, such as those envisioned by the Recreation Master Plan

**FY11-FY21 Actual and Projected Outstanding Excluded Debt & CPA Debt**
Projected Outstanding General and CPA Debt by Department – FY21

Assumptions:
- Includes all assumptions in previous chart
- Includes Josiah Smith Tavern passed at December 2019 Special Town Meeting

Outstanding General & CPA Debt by Department as of June 30, 2020

<table>
<thead>
<tr>
<th>Department</th>
<th>Debt (MIL)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC WORKS</td>
<td>28.4</td>
<td>28.0%</td>
</tr>
<tr>
<td>GENERAL GOVT</td>
<td>5.8</td>
<td>5.8%</td>
</tr>
<tr>
<td>CPA</td>
<td>11.9</td>
<td>11.8%</td>
</tr>
<tr>
<td>SCHOOLS</td>
<td>44.8</td>
<td>44.4%</td>
</tr>
<tr>
<td>POLICE</td>
<td>9.9</td>
<td>9.8%</td>
</tr>
<tr>
<td>LIBRARY</td>
<td>114K</td>
<td>0.1%</td>
</tr>
<tr>
<td>FIRE</td>
<td>114K</td>
<td>0.1%</td>
</tr>
<tr>
<td>FIRE</td>
<td>114K</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

TOTAL OUTSTANDING DEBT = $101.0 MILLION

In FY2021, the Town’s ratio of debt service to operating revenue will be approximately 11.5% which is approaching the 15% threshold that is a guideline for a Aaa-rated municipality.

On two other key measures relevant to our credit rating, our ratios are more favorable. Total outstanding debt represented only 1.60% of the Town’s total assessed valuation in FY20, well below the 5% General Debt Statutory Limit and the 10% considered a warning indicator by credit rating organizations. However, total outstanding debt as a percent of per capita income was 9.3%, also below the 15% threshold considered a warning indicator by credit rating organizations.

Reserves

Over the past 13 years, total reserves have grown from $0.6 million in FY05 (when the reserve policy was created) to $21.6 million as of 12/31/2019. We believe the Town is more than adequately reserved.

As previously discussed, the Town, along with most others in the country, has a significant unfunded OPEB liability. The majority of these costs are far in the future and will be significantly impacted by healthcare inflation, investment returns and possible changes in national healthcare policy. Although not required, starting in 2010, the Town began accumulating funds in a special trust that will allow us to achieve better returns on these investments. The OPEB Trust now stands at $23.2 million against an actuarial funding requirement of $70.4 million (29% funded) and we expect to continue to make significant future contributions, until this future liability is fully funded by 2047.
The Town continues to enjoy the highest credit rating on its debt (Aaa), consistent with other affluent Boston-area towns. We will continue to monitor the Town’s Reserve policy with an objective of maintaining it, so as to minimize the Town’s borrowing costs.

**Longer Term View**

More than 80% of the Town’s budget is related to personnel costs (School and Municipal), so controlling the growth of these costs directly results in controlling the growth of the budget. Long-term liabilities for pension and retiree healthcare continue to be significant. Outstanding debt is increasing as more large projects are added. Below is a chart of the Town’s largest outstanding financial obligations as of June 30, 2020:

![Long Term Financial Obligations as of June 30, 2020](image)

This total level of debt and unfunded pension and retiree healthcare liabilities, now approaching a quarter of a billion dollars, is far higher than in comparable neighboring affluent towns on a per household basis. In FY20, Weston’s total debt and unfunded liabilities totaled approximately $57,120 per household, up from $52,100 in FY18, itself well over twice the comparable average of about $23,300 per household (+$28,800 or +124%). Further, Weston’s debt and unfunded liabilities are over twice as large as our total annual operating budget, compared with neighboring comparable towns averaging debt and unfunded liabilities at 147% of their operating budgets.
**Weston’s Debt & Unfunded Liabilities Higher than Comparable Towns**

*Total Outstanding per Household ($000 FY18)*

<table>
<thead>
<tr>
<th>Debt Component</th>
<th>Weston</th>
<th>Lincoln</th>
<th>Wellesley</th>
<th>Wayland</th>
<th>Lexington</th>
<th>Sherborn</th>
<th>Sudbury</th>
<th>Carlisle</th>
<th>Concord</th>
<th>Dover</th>
<th>Average of Other Towns</th>
<th>Average of Weston</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfunded OPEB Liability</td>
<td>$27.0</td>
<td>$31.5</td>
<td>$31.0</td>
<td>$27.0</td>
<td>$21.4</td>
<td>$18.3</td>
<td>$15.7</td>
<td>$12.5</td>
<td>$12.5</td>
<td>$12.5</td>
<td>$23.3</td>
<td>$32.4</td>
<td>+ $28.8 (+ 124%)</td>
</tr>
<tr>
<td>Unfunded Pension</td>
<td>$17.8</td>
<td>$28.2</td>
<td>$12.9</td>
<td>$10.5</td>
<td>$7.2</td>
<td>$4.3</td>
<td>$2.2</td>
<td>$4.4</td>
<td>$4.4</td>
<td>$4.4</td>
<td>$23.3</td>
<td>$31.5</td>
<td>+ $28.2 (+ 124%)</td>
</tr>
<tr>
<td>Municipal Debt</td>
<td>$20.3</td>
<td>$32.4</td>
<td>$11.6</td>
<td>$14.4</td>
<td>$9.3</td>
<td>$6.9</td>
<td>$7.9</td>
<td>$5.8</td>
<td>$5.8</td>
<td>$5.8</td>
<td>$23.3</td>
<td>$31.0</td>
<td>+ $28.8 (+ 124%)</td>
</tr>
</tbody>
</table>

We would like to acknowledge the efforts of the various Town Boards and Committees as well as the Department Managers for their work on the fiscal year 2021 budget. We appreciate the time and effort spent by the School Committee and Administration sharing information and answering questions. Lastly, we would like to thank the Town Manager and Finance Department for their tremendous level of support, invaluable insights and passion for town government.

**WESTON FINANCE COMMITTEE**

Gerard J. Jansen  
John F. McDonald  
James D. Philipkosky  
John M. Sallay  
Lisa V. Reitano, Chair

James A. Jarrett  
Karen L. Meslin  
Ellen B. Richstone  
Bharath Venkataraman