

Weston Finance Committee
Meeting Minutes
June 4, 2020

A meeting of the Finance Committee of the Town of Weston, which was duly called and posted in compliance with the laws of the Commonwealth of Massachusetts, was held on Thursday, June 4th, 2020 via a Zoom video conference. There being a quorum present the meeting was called to order at 7:03pm.

Present for the meeting were:

Finance Committee: Lisa Reitano – Chair, John McDonald, James Jarrett, James Philipkosky, Karen Meslin, John Sallay, Ellen Richstone and Bharath Venkataraman.

Also Present: Leon Gaumont, Town Manager and Susan Kelley, Finance Director

Karen Meslin was appointed to serve as Secretary pro tempore and charged with keeping the minutes of the meeting. The meeting was recorded by Weston Media and is available online.

- 1) There were no resident comments.
- 2) The minutes of the meeting of May 14th were approved by all members.
- 3) Lisa Reitano provided an update on her recent conversation with two members of the Recreation Master Plan Steering Committee regarding the Fin Com comments on the Recreation Master Plan. Lisa clarified that the Fin Com is not opposed to their plan per se but rather we are opposed to having it proposed as an “all or nothing” vote. We want the required expenses versus the discretionary items to be broken out for both transparency and so that residents have the ability to make informed votes with choices. Members of the RMPS Committee agreed that they would not be “bundling” all the items together.
- 4) Lisa also reported that at the recent Select Board meeting the Recreation Department expressed concerns about lost revenue in the spring and potential losses with the camp and pool this summer. (It was subsequently decided that the pool would not open and typical summer camp would be cancelled for this summer as complying with state required protocols would be too difficult.)
- 5) Lisa also reported on the recent School Committee meeting. The School Committee has been going through the savings from going virtual this year which were partially offset by increased expenditures to support needed technology/ cleaning supplies/ PPE.
- 6) Since Weston will not hold a Town Meeting or election before June 30th (end of the fiscal year), the town will operate under a 1/12th budget per the state policy. The budget is not exactly 1/12 each month as there are several seasonal items and some front-loaded expenses (prepaid to take advantage of discounts, timing of pension payments, etc.) It was also confirmed that no payments to OPEB would be planned until the town had a chance to vote on the final amount to be included in the budget. Leon and his staff are working on the 1/12 budget

proposal which will be presented to the Select Board at their next meeting. (The Fin Com will see a draft of the proposed budget before the Select Board meeting).

- 7) Leon confirmed that the we will operate on a 1/12 budget until such time as the Town Meeting and approval of the full budget occurs. The Town will be applying a 2 ½ % increase to the quarterly tax bills beginning in July. Once the final full year budget is approved, there will be an adjustment for the remainder of the year's quarterly payments to reach the approved amount.
- 8) Scenario planning was suggested. Leon indicated that the priority right now is to focus on all current requirements with a focus on monthly budgeting through at least September. The hope is that we will be able to have Town Meeting by September. If this does not look like a possibility, there will be more of a focus on longer-term planning.
- 9) Under the Federal Cares Act, Weston has been allocated \$1,069,827 by the state, for reimbursement of Covid-related expenses. The reimbursement forms will be submitted to the state by the deadline (June 5th). At this time, the reimbursements are limited to expenses incurred as a direct result of the virus; extra PPE, cleaning supplies, training, etc. and not to backfill lost revenues, although many towns are planning to petition to allow any excess remaining funds to be allocated towards lost revenue.
- 10) Further communications with the voters regarding the proposed budget were deemed to be unnecessary at this time. When a date is set for Town Meeting the Fin Com will likely publish an updated review and summary of its recommendations. A town-wide mailing summarizing these recommendations was discussed and may be done in the fall after a Town Meeting date has been set.
- 11) Work on subcommittee projects continues. Leon reported that there may be grant money available for the metrics analysis that the Fin Com subcommittee has requested and is working with him on.

A motion to adjourn was made, duly seconded, and the meeting was adjourned at 8:50pm.

Respectfully submitted,

Karen Meslin

A Stabilization Budget for a More Secure Future

In this time of great economic disruption and uncertainty, we do not support increasing the Fiscal Year 2021 operating and cash capital budgets as proposed by the Town Manager, 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, although we would encourage the School Committee to look for further efficiencies and reductions. Rather, we are concerned by the remaining proposed municipal budget in this unprecedented environment. We recommend deferring all 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.

Specifically, for FY21 we recommend maintaining a level spending budget of \$52.7 million for all Town departments except for the schools, where we support the budget increase proposed by the School Committee. The Town Manager's currently 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 currently has the highest average single-family tax bill in Massachusetts, at \$20,922, or \$5,313 (+34%) higher than the \$15,609 average of comparable affluent Boston-area communities.

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. We all should review and work to refresh the Town leadership's financial vision, strategy, and fundamental budgeting principles. This broad reconsideration may not be possible during this Covid-19 health and economic crisis, not to mention some already disruptive challenges such as several proposed 40B developments.

In the meantime, however, we believe it is most prudent to: 1) keep spending at current levels subject to maintaining existing public safety and municipal infrastructure, 2) honor all legal and contractual commitments (e.g., existing union contracts, health insurance premium payments, debt service) while looking to offset required cost increases with savings from efficiencies elsewhere, 3) not plan for any new hires except for replacing departures, and 4) defer all capital expenditures except where absolutely necessary. We believe these principles are consistent with the State's recent emergency authorization for one-twelfth budgeting (Chapter 53) and follow-up guidance from the Department of Revenue (Bulletin 6). As the Covid-19 crisis subsides and as soon as practicable, we will work with the Select Board, School Committee, Town Manager and others to reevaluate longer term objectives and principles.

In March, as the Covid-19 crisis began to unfold, we made several recommendations regarding the FY21 budget that we now believe need to be taken even further. At that time, we recommended reducing the proposed FY21 budget by approximately \$2.63 million through a combination of reduced budget increases and deferrals. We suggested taking a hiatus in the Department of Public Works program to upgrade our roads, and spending a more steady-state \$1.2 million on roadway maintenance rather than \$2 million as proposed. We also recommended reducing by up to half this year's annual OPEB contribution of \$2.25 million, since those funds will not be required for decades. We recommended deferring the \$100,000 school campus feasibility study related to the Recreation Master Plan while enrollment trends are studied

further. And while sustainability must become a high priority for all Town departments, for FY21 we recommended exploring energy-related grants and cost savings by using a low-cost consultant or contractor, rather than adding a full-time Sustainability Coordinator at \$104,000 per year. Finally, we recommended that the Town Manager and the Select Board pursue additional reductions where possible without jeopardizing public safety. Even with all these recommended example reductions and an additional \$500,000 in further savings, the overall budget would still increase by 3.8% (versus 6.6%), still above the expected levels of new growth and inflation over the coming year.

As the Covid-19 health and economic crisis has intensified over the last several weeks, it has become apparent that the economic downturn will be much more severe than most of us expected, and that it will have a significant negative impact on the Town of Weston and its residents notwithstanding our relative affluence. Consequently, in addition to the \$2.63 million savings and deferrals previously suggested, we recommend instituting a hiring freeze for all new positions. This would include holding off on the Sustainability Coordinator mentioned above (\$104,000 per year), the two additional firefighters on top of the two already added (\$131,000, or \$191,000 net of overtime savings of \$60,000), the Assistant Town Planner, Conservation Assistant, and COA Coordinator increased staffing levels (\$64,000), for a total of about \$300,000 per year.

We also recommend deferring all capital expenditures except where absolutely necessary. This would include the proposed school/town networking equipment upgrade (\$953,000), the ambulance and fire equipment replacements (\$550,000), the fire and recreation vehicles (\$102,000), and DPW equipment (\$41,000), for a total of about \$1.65 million.

The total of our previously recommended cost savings and deferrals, including some unspecified savings recommendations from the Town Manager, the freeze in additional new hires, and further deferrals would be approximately \$4.6 million. Although this figure is still below the \$4.7 million increase proposed for non-school expenditures in the current budget, we hope that further review can identify additional savings that will enable us to hold the municipal non-school expenditures flat at \$52.7 million, and total FY21 expenditures at \$95.6 million, still +1.6% above FY20. After the crisis subsides, we should reconsider the deferrals, see where we are, and decide how to proceed.

Although we believe that the town's existing cash reserves and cumulative surplus of taxes over actual spending (known as "free cash") will be sufficient to cover unexpected FY21 revenue deficits and/or extraordinary expense, the Town Manager and Select Board should carefully reconsider all of the potential contingencies.

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.

Just as we are all adapting to new social customs for our personal and community safety, it has become necessary now to work together to stabilize and secure Weston's financial future.