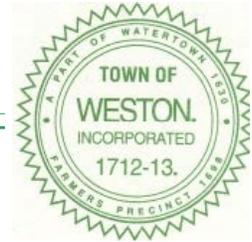


TOWN OF WESTON

TOWN HALL,
Post Office Box 378
WESTON, MA 02493-0002
(781) 786-5020
FAX (781) 786-5029
Twitter: @TownWeston



LEON A. GAUMOND JR.
TOWN MANAGER

February 12, 2019

The Honorable Board of Selectmen and Finance Committee:

As required by the Town Manager's Act, Section 2 (f) (ii) and Section 2 (j) (Chapter 80 of the Acts of 2001), I am hereby submitting the Town Manager's Fiscal Year 2020 Proposed Budget and Financing Plan.

Budget Principles

The development of the Fiscal Year 2020 Proposed Budget and Financing Plan was guided by the following principles:

1. Current revenues should be sufficient to support current expenditures.
2. Debt will not be used to fund current operating expenditures.
3. Expenditures for capital items that recur annually should generally be included in the operating budget.
4. The proposed budget should include adequate reserves and contingency funds.
5. The proposed budget should include sufficient funds for building and other infrastructure maintenance to ensure that capital facilities and equipment are properly maintained.
6. The operating and capital budget will strive to maintain the core services currently provided. Periodic changes in service needs may require that additional resources be provided or shifted.

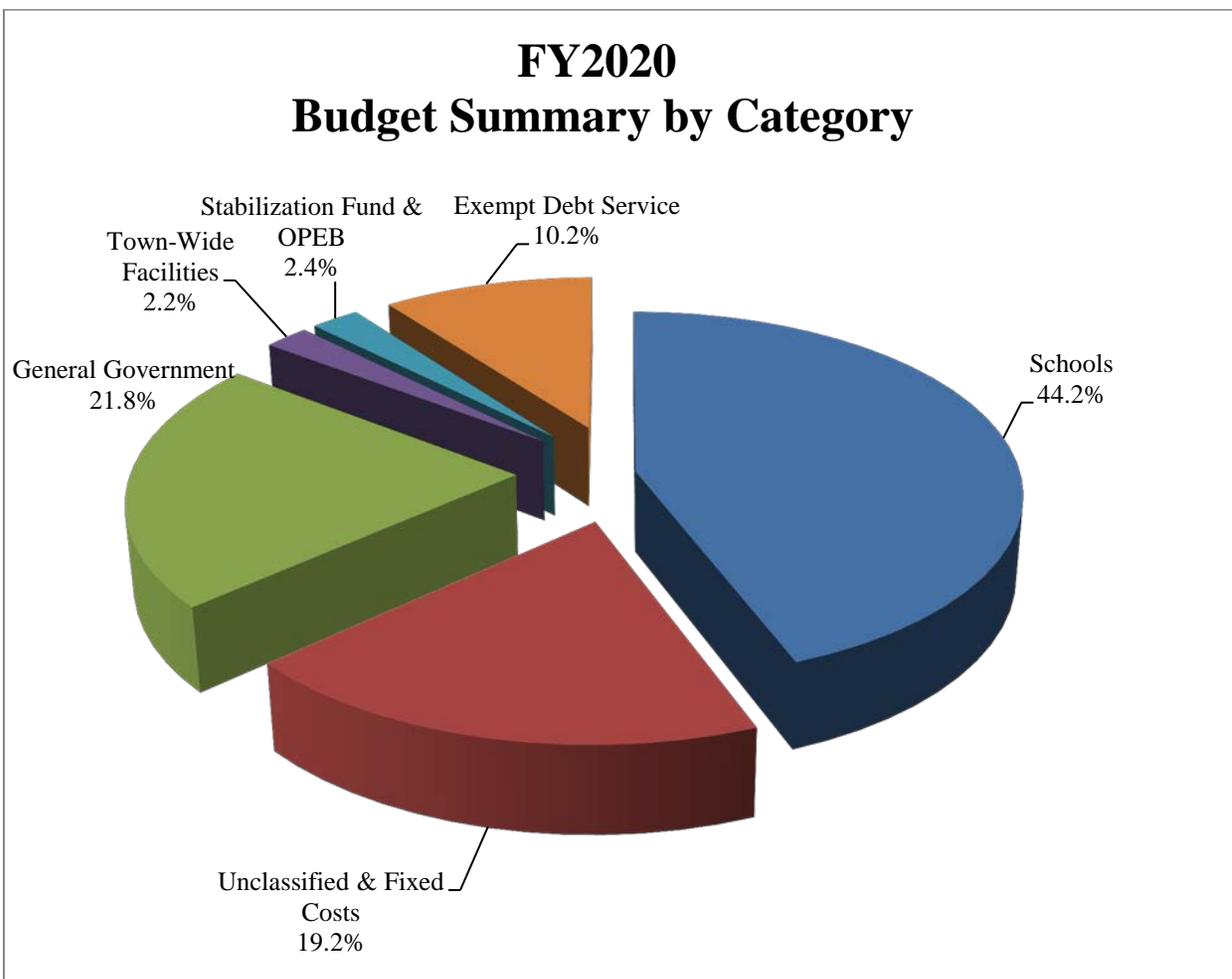
Proposed Operating and Capital Budget

The Fiscal Year 2020 recommended budget for Municipal Departments, Unclassified expenses, Reserves, the Superintendent's proposed School Department budget and Capital projects totals \$84,539,719 which is a \$2,951,750 or a 3.6% increase over the Fiscal Year 2019 appropriated budget.

The budget increase includes roughly \$1.5 million in additional school expenses, roughly \$450,000 in insurance & fringe benefit increases, and roughly \$1.1 million in additional town expenses. Please refer to the FY20 Town Manager's Recommended Budget for the line item explanation

Summary of Recommended FY2020 Budget

	FY19 Budget	Recommended FY20 Budget	\$ Change	% Change
Schools	40,099,468	41,599,864	1,500,396	3.7%
Unclassified & Fixed Costs	17,662,275	18,116,092	453,817	2.6%
General Government	20,944,592	22,609,107	1,664,515	7.9%
Separate Articles	<u>2,881,634</u>	<u>2,214,656</u>	<u>(666,978)</u>	<u>-23.1%</u>
Total Budget	81,587,969	84,539,719	2,951,750	3.6%
Gross Debt Service Exempt from Proposition 2 1/2	8,741,482	9,624,481	882,999	10.1%
Grand Total Budget	90,329,451	94,164,200	3,834,749	4.2%



Proposed Revenue

Property taxes are the largest single revenue source for the Town and provides roughly 85% of total operating revenues. Property taxes are levied on real property (land and buildings) and personal property (equipment) used by Weston's non-manufacturing business firms. In accordance with State Law, the Town's Board of Assessors determines the fair market value of all taxable real property. As you probably know, the Town is heavily reliant upon residential taxes as a main source of the Town's revenues; usually in the 95% range. This highlights the need for addition commercial and industrial ventures in the community.

As the Town's primary revenue source, the Fiscal Year 2020 property tax levy limit is expected to be \$72,012,701, which is an increase of \$3,052,507 or a 4.4% increase over FY2019 revenues. We have certified that the total available for appropriation to be \$84,539,719 which is comprised of property taxes, state aid, local receipts, other revenue, and the utilization of \$3,000,000 in free cash.

Exempt Debt Service

Exempt debt service is principal and interest payments on bonds issued for projects that have previously been approved by Town Meeting and voted to be excluded from the limits of proposition 2½. Fiscal Year 2020 net exempt debt service is projected to be \$8,710,651, an increase of \$794,186 or 10% over Fiscal Year 2019 net exempt debt service. Debt service on proposed capital projects to be considered at Annual Town Meeting is not included in the FY2020 budget; because of the expected timing of the borrowing, it will not be an impact on the budget until FY2021. Assuming approval of a debt exclusion question on the Annual Town Election ballot and approval of the proposed projects at Annual Town Meeting, the estimated amount to be added for exempt debt service in FY2021 is \$1,615,565 and \$3,368,381 in FY2022.

Proposed Budget and Financing Plan

There are a number of aspects of this Plan that should be highlighted:

- 1. School Department Budget** – Under the Town Manager Act, the School Department budget is submitted directly to the Finance Committee and, therefore, is not included in this document except in summary form. It is expected that the School Committee will approve its recommended budget in March. In order to provide a general view of the overall Town and School budget, we have included in this document the Superintendent's proposed budget, as submitted to the School Committee.
- 2. Revenue Projections** – Section 2 of this budget document includes the Fiscal Year 2020 detailed revenue projections to support this proposed budget.
- 3. Budget Summary** – Section 3 of this budget document includes a summary of budget recommendations for all Town departments. Detailed budget recommendations can be found in Sections 6-16.
- 4. Level Service Budget Requests** – Department managers were asked to submit "level service budgets" for Fiscal Year 2020. A level service budget is that amount of funding required to deliver the same level of services in Fiscal Year 2020 as was provided in Fiscal Year 2019. Only increases for contractual, mandated or known additional costs were allowed. For my information I also asked for a level funded budget to gauge what that type of budget will mean to the town's operations.

5. **New Budget Requests** – Municipal department managers were asked to prepare a separate request for any additional staffing, services and capital budget items proposed. Recommended new municipal requests to address increased demands for service result in an increase of \$952,746. These requests are included in the budget narrative for each departmental budget and in the budget column labeled “Town Manager’s Recommendation-New Requests.” They are also summarized in Section 5 of this document with the understanding that the Board of Selectmen may change this ranking as it reviews Town-wide priorities. I have also detailed \$197,383 in budget offsets thus leaving new requests being funded at \$755,363.
6. **Reserve Policy** – This Proposed Budget and Financing Plan includes the continued implementation of the Reserve Policy updated by the Board of Selectmen in 2017. I am pleased with the efforts that Weston has made in improving reserves which is especially important to bond rating agencies when evaluating the Town’s Aaa credit rating.
7. **Capital Requests** – Sections 17-22 of the Fiscal Year 2020 Proposed Budget and Financing Plan include capital requests proposed by funding source. Capital requests are those items generally costing more than \$25,000 and having a useful life of more than five years. In addition, a five year projection of future capital projects is included.
8. **Debt Exclusion Consideration**– In prior years, the Board of Selectmen has placed before the voters Proposition 2½ debt exclusion questions for various capital projects approved or to be considered by Town Meeting. Included in Section 17, Capital Requests-Table I, are those capital projects recommended for Fiscal Year 2020 that the Board of Selectmen will want to consider as debt exclusion questions.

FY20 Budget Initiatives

Every year there are additions to level service proposed because of increased demand for services, and Fiscal Year 2020 is no exception.

DPW - Roadway Maintenance - \$500,000

The Town has not kept up with roadway maintenance and repaving efforts that often become more complicated projects because of the need to coordinate with utilities, upgrade drainage systems and adjacent sidewalks at the same time. In 2014, a Pavement Management Study concluded that about \$1.5 million is needed annually to keep up with proper maintenance of Town roadways; however, this amount will not fund what is needed to “catch up” with past underfunding. In the last several years, the Town has increased the amount of Town funding to be combined with State Chapter 90 funds to meet the Town’s road needs. We have been proceeding gradually in order to be sure the Department of Public Works can handle the additional work involved. Improvement of roadways is a high priority of the Board of Selectmen.

DPW – Deputy Director of Project Management - \$145,014 (includes benefits)

A new Project Manager position is proposed to manage the large number of construction projects planned for the community. In FY18, we added a new position of capital projects engineer and this year it has been a priority of the Selectmen and DPW Director to increase operational capacity to coordinate the large list of projects at the DPW.

Information Technology – Network Manager - \$101,090 (includes benefits)

An additional position in the IT Department is recommended to help this department with the changes in technology and recent personnel changes. Most notably is the retirement of a police lieutenant which carried a tremendous burden on public safety IT support as well as the resignation of the

Network Manager . The IT Department now needs to provide more service without the capacity to do so.

Police – School Resource Officer - \$112,333 (includes benefits)

Tragedies in the schools are sadly becoming less shocking in this country and many Police Departments are approaching this ‘new-normal’ by instituting a School Resource Officer position within their Town. Weston is no different. While we current have an officer who works with the school children and school department, her time is currently split among other functions as well. The Police Chief has asked for 2 such positions. My proposed budget provides for the funding for one of those positions and to revisit the other position in subsequent budgets.

DPW – Engineering Services – Stormwater Permitting Compliance - \$47,500

Municipal governments across the country are determining what they need to do to comply with the new stormwater management requirements. In Weston, we estimate the additional costs to meet these requirements to be about \$47,500 and includes engineering, maintenance contracts for yearly roadside maintenance and wash bays, as well as public relations. Failure to meet our obligations may result in fines levied against the Town by the Department of Environmental Protection.

Council on Aging – Support for part-time Office Support - \$24,319

Increased demands at the Senior Center has made it difficult to carry out the mission of the department. Through a combination of budget cuts and use of a formula grant, we will be creating a part-time position to provide some additional support for this office.

Conservation – Addition of a part-time Conservation Assistant - \$17,940

Increased demands on the Conservation Department has made it difficult to carry out the mission of the department. Through a combination of budget cuts and use of Wetlands Protections Funds, we will be creating a 15 hour/week position to provide some additional capacity in the office.

Health – Additional hours for the Public Health Nurse - \$4,550

For the past three years the Board of Health has been required to furlough the Public Health Nurse for as many as three weeks due to events occurring during the year requiring more service hours than was allocated. In addition there have been two major changes in their service delivery since last year. First, there has been a significant change in the camp regulations adding to the demands of the health nurse and second, is an increase of reporting on the vaccination and immunization programs offered in Town. This increase will add an additional 100 hours/year to the Public Health Nurse’s line item.

Recreation – Ice Skating Program - \$60,000 (Enterprise Fund)

The Weston Skating Club (WSC) has asked the Recreation Department to take over the operation of their programs and services. This includes offering skating lessons, men’s hockey, and open skate at the Rivers Skating Rink. For many years, we have worked with the WSC to help arrange ice time and previously managed their registration. We currently have a revolving account used to process their payments for ice rink rentals. WSC wishes to turn over their operations to Recreation in FY 20 and have Recreation accept registrations and arrange for lessons and other programs and activities. We expect the cost to be approximately \$60,000 and for that to be offset 100% by revenues.

Other FY2020 Budget Highlights

Salaries

The Town is in the process of renegotiating most of the collective bargaining agreements for the

Town prior to the end of the fiscal year. Negotiations with unions are conducted by the School Committee for School unions and by the Town Manager in consultation with the Board of Selectmen for Municipal unions.

Benefits

The projected increase in the Town's group health/life/medicare insurance budget for all employees is \$231,371 or 2.1%, which is based on an expected 5% increase in premium rates from the Group Insurance Commission. The actual increase will not be known until March. Although the premiums are expected to rise by 5%, the overall impact to the Town is less, because we are finding that new employees are opting for lower cost plans, more employees are switching to their spouse's plan, and there is an increase in the number of employees who are "opting out" of the Town's health insurance.

The increase for the Middlesex Retirement System is \$173,257 or 3.4%. Although the Town's pension liability is 45.6% funded, according to the most recent actuarial study, Middlesex Retirement System is required to fully fund the liability by 2035. The Town maintains a Pension Stabilization Fund with approximately \$417,000 that can be used to smooth extraordinary increases in this appropriation, if needed.

The Town's Other Post-Employment Benefits (OPEB) contribution is increasing by \$93,022 or 4.4%. The Town's current policy is to contribute the Annual Required Contribution (ARC) each year to a trust fund maintained for the purpose of funding this long term liability over 30 years for retiree health insurance.

Energy Savings

As a designated Green Community, Weston has taken a number of steps to make the operation of its buildings and facilities more energy efficient, thus saving energy costs. Of particular note is the impact of solar panels that were installed on the Town's landfill and also on the roof of the DPW building, which produced savings to the Town in electricity costs for Town buildings of more than \$400,000 in FY2018. The FY2020 recommended budget includes a conservative estimate of \$300,000 in anticipated savings as a result of the solar panels.

FY2020 Capital Budget

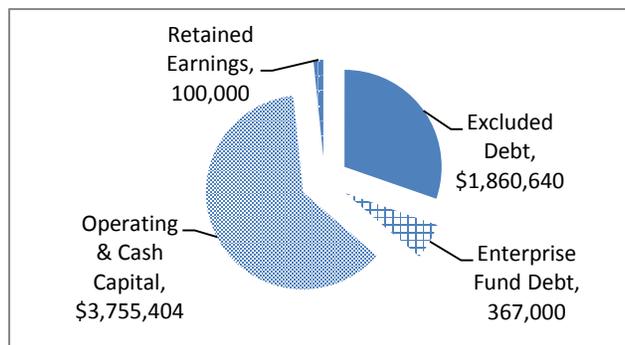
Included in Sections 17-22 of this document are the Town's Annual Capital Budget and Capital Improvement Program (CIP). The table below lists the capital requests being made for FY2020.

The recommended FY2020 Capital Budget totals \$6,083,044, of which \$1,860,640 will be proposed for borrowing with excluded debt, \$367,000 for borrowing with enterprise fund debt, \$100,000 from enterprise fund retained earnings, and \$3,755,404 from both general fund and cash capital. It should be noted that funding for all recommended FY2020 projects requiring borrowing must be approved through separate warrant articles that will be proposed at the May 2019 Annual Town Meeting.

FY2020 Capital Budget

PROJECTS BY DEPARTMENT		FUNDING SOURCE	AMOUNT
DEPARTMENT OF PUBLIC WORKS			
Drainage Improvements		Excluded Debt	300,000
South Side Drainage Improvements		Excluded Debt	334,740
Cherry Brook Culverts		Excluded Debt	465,900
Roadway Improvements		Operating Budget	1,750,000
Departmental Equipment		Operating Budget	416,000
Sidewalk Reconstruction		Operating Budget	250,000
Guardrail Improvements		Operating Budget	50,000
Water Hydrant Rehab Program		Operating Budget	50,000
Water Storage Tank Program		Operating Budget	10,000
Water Distribution Master Plan		Enterprise Fund Debt	160,000
Water Main Rehab Program		Enterprise Fund Debt	207,000
SUBTOTAL			\$3,993,640
FACILITIES TOWN-WIDE			
Town-Wide Facilities Improvements		Operating Budget	600,788
Equipment		Operating Budget	52,000
SUBTOTAL			\$652,788
FIRE DEPARTMENT			
Radio System Upgrade		Excluded Debt	760,000
SUBTOTAL			\$760,000
POLICE DEPARTMENT			
Vehicles, Equipment & Maintenance		Operating Budget	156,819
SUBTOTAL			\$156,819
SCHOOL DEPARTMENT			
School - Bus Replacement (3)		Operating Budget	254,889
SUBTOTAL			\$254,889
BROOK SCHOOL APARTMENTS			
Repairs & Replacements		Operating Budget	164,908
Capital Improvements		Retained Earnings	100,000
SUBTOTAL			\$264,908
TOTAL FY20 CAPITAL BUDGET			\$6,083,044

The pie chart below shows the breakdown of funding sources by category for the proposed FY2020 Capital Budget.



How does the recommended FY2020 Budget support the Board of Selectmen's stated priorities?

Following are projects and priorities on which the Board of Selectmen is currently focusing that are addressed in the FY2020 budget:

1. A) Accelerate roadway maintenance; and B) Develop plan with resources required to improve roadway maintenance so all roads can receive a score of 70 or greater by 2028.

An additional \$500,000 is proposed. This plan calls for the utilization of \$500,000 in Free Cash to add to our annual appropriation for roadway improvements to bring that amount to \$1,750,000. This will help us greatly achieve the stated roadway improvement goal. In addition the creation of a Project Management position in the DPW will greatly improve our capacity to meet the stated roadway improvement goal.

2. Design improvements to Town Center – underground utilities, parking, sidewalks, etc.

This project is in the design process; construction funds are pending a successful vote at the 2019 Special Town Meeting in March.

3. Obtain construction funding for the Josiah Smith Tavern Re-Use project.

This project is in the design process; and the funds for construction is planned for at the 2019 Special Town Meeting in the Fall.

4. Finalize improvements to the rail trail.

5. Improve cell phone service.

This project is in the study phase with consulting fees planned in the Selectmen's consultant line item.

Acknowledgments

Preparing a budget document with this level of detail is a significant undertaking. I would like to express my appreciation to all of the Town's department managers and board and committee members who contributed to the development of this budget. Since this is my first budget as the Weston Town Manager, I would like to offer special thanks to Finance Director/Town Accountant Susan Kelley for coordinating and overseeing the budget process, working with Financial Analyst Charles Young, to prepare the budget spreadsheets, debt service and revenue projections, and other analysis. Assistant Town Manager/Human Resources Director Lisa Yanakakis prepared, analyzed and confirmed amounts needed for costs related to employee benefits and salary changes. I would also like to acknowledge my predecessor, Donna VanderClock, for providing me with the framework to be successful in this venture. Weston has a great team in the community and I am proud to work with them.

Conclusions

Exempt debt service is certainly increasing based on the number of large projects recently approved by the Town. The Town's levels of outstanding debt and debt service are analyzed in relation to warning indicators that are monitored by bond rating agencies. Due to the financial strength of the Town, Weston has continued to maintain a Aaa, the highest possible rating that a municipality can receive. The Aaa rating is vital for keeping the long-term costs of voter-supported debt exclusions as low as possible. Nevertheless, the debt service, nearly all of which is excluded from the limits of proposition 2 ½, has an impact on the tax bill.

Every year we strive to provide services to Weston residents in the most efficient and cost effective way possible, in order to minimize increases in taxes yet maintain the excellence that is expected. Weston's tax base is over 96% residential, and property tax bills are substantial. We appreciate the support of Weston taxpayers in funding the level of services currently provided and understand that increases in budgets must be carefully explained and justified in order to maintain that level of support.

Further, we recognize that Weston is well served by the partnership that exists between volunteers and paid staff to provide Town services. Without all of you, who spend countless hours of unpaid time for the benefit of the Weston community, we could not accomplish nearly as much. Thank you.

With warmest regards,

TOWN OF WESTON

LEON A. GAUMOND JR.
Town Manager