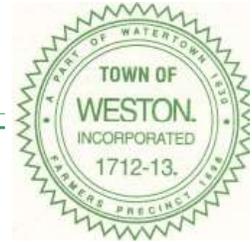


TOWN OF WESTON

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LEON A. GAUMOND JR.
TOWN MANAGER

January 17, 2020

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 2021 Proposed Budget and Financing Plan.

Budget Principles

The development of the Fiscal Year 2021 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

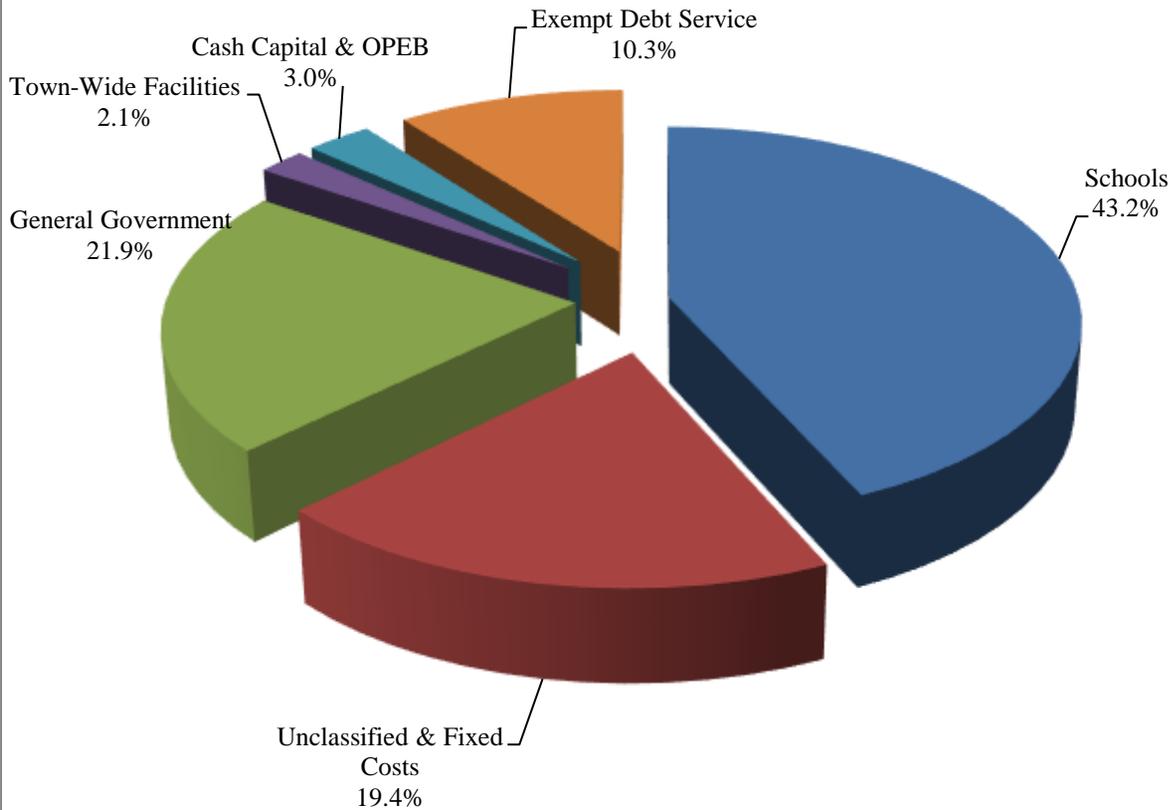
The Fiscal Year 2021 recommended budget for Municipal Departments, Unclassified expenses, Reserves, the Superintendent's proposed School Department budget totals \$86,066,284 which is a \$3,837,201 or a 4.7% increase over the Fiscal Year 2020 appropriated budget.

The budget increase includes roughly \$1.5 million in additional school expenses, roughly \$1.2 million in insurance/fringe benefit/non-excluded debt increases (i.e fixed costs), and roughly \$1.1 million in additional town expenses. Please refer to the FY21 Town Manager's Recommended Budget for the line item explanation.

Summary of Recommended FY2021 Budget

	FY20 Budget	Recommended FY21 Budget	\$ Change	% Change
Schools	41,441,391	42,906,809	1,465,418	3.5%
Unclassified & Fixed Costs	18,123,585	19,273,708	1,150,123	6.3%
General Government	22,664,107	23,885,767	1,221,660	5.4%
Separate Articles	<u>2,279,656</u>	<u>2,987,879</u>	<u>708,223</u>	<u>31.1%</u>
Total Budget	84,508,739	89,054,163	4,545,424	5.4%
Gross Debt Service Exempt from Proposition 2 1/2	9,624,481	10,233,342	608,861	6.3%
Grand Total Budget	94,133,220	99,287,505	5,154,285	5.5%

**FY2021
Budget Summary by Category**



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 2021 property tax levy limit is expected to be \$74,541,205, which is an increase of \$2,852,407 or a 4% increase over FY2020 revenues. We have certified that the total available for appropriation to be \$89,054,163 which is comprised of property taxes, state aid, local receipts, other revenue, and the utilization of \$4,152,000 in free cash which will be used to support capital purchases in FY21.

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 2021 net exempt debt service is projected to be \$9,981,289, an increase of roughly \$1.3 million or 15% over Fiscal Year 2020 net exempt debt service. Debt service on proposed capital projects to be considered at Annual Town Meeting is not included in the FY2021 budget; because of the expected timing of the borrowing, it will not be an impact on the budget until FY2022. 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 of projects to be added to outstanding exempt debt in FY2021 is \$4,116,600.

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 the next few months. 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 2021 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 2021. A level service budget is that amount of funding required to deliver the same level of services in Fiscal Year 2021 as was provided in Fiscal Year 2020. Only increases for contractual, mandated or known additional costs were allowed.
- 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 \$751,286. 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 \$60,000 in budget offsets thus leaving new requests being funded at \$691,286.

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 2021 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 2021 that the Board of Selectmen will want to consider as debt exclusion questions.

FY2021 Budget Initiatives

Every year there are additions to level service proposed because of increased demand for services, and Fiscal Year 2021 is no exception. Below are some of the new budget initiatives found in the Fiscal Year 2021 budget.

DPW - Roadway Maintenance – \$250,000

In the past, the Town had not kept up with roadway maintenance and repaving efforts. 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. This is the final year of increased funding to get to the point where the Town can properly maintain its roads and catch up for previous years of deference. Improvement of roadways is a high priority of the Board of Selectmen.

DPW – Traffic and Sidewalk Committee – \$25,000

Last year, the Traffic & Sidewalk Committee sought funds to meet their mission of studying and recommending actions to improve the traffic flow in Town. These resources were helpful to the Committee who use the funds to assist in traffic studies and consulting fees. The amount has proven to be insufficient so the Town Manager is recommending an increase of these funds.

Fire – Two Full-time Firefighters – \$147,388 (not including benefits)

Within the Fire Department, two out of the 4 work groups have 7 firefighters assigned, and the other two work groups have 8 firefighters assigned. The addition of the 2 firefighters would bring all 4 work groups to 8 firefighters assigned. During the FY 19 budget process the finance committee recommended hiring 4 firefighters to bring all 4 work groups to 8 firefighters, however the

implementation plan for the recommendation was in 2 installments of 2 firefighters. The Department received the first 2 firefighters in FY 19, however the Town Manager chose to review the situation before bringing forward the additional 2 firefighters. The addition of these fire fighters will help the Department respond to simultaneous calls as well as start to meet the standard for firefighters per piece of equipment.

Town Planner – Assistant Town Planner to Full-time – \$27,780 (not including benefits)

Previously, funding for an Assistant Town Planner was included on a Part-time basis. The Planning Department made the case to fully fund the position. The additional hours will also be used to support the Historical Commission which has struggled with its professional/administrative duties.

Information Technology – Software/Hosted Munis – \$76,186

This is a joint benefit to both the Town and School side of government. The Town Manager agreed to move to Munis Hosted Systems for our financial monitoring and reporting. It provides better security and backup capabilities and will be a long-term cost savings measure to the school. Any database growth will not effect the Town's local data storage either.

Facilities – Sustainability Coordinator - \$82,000 (not including benefits)

The Sustainability Committee has made an impassioned plea for technical and administrative support. As a Green Community, the Town is entitled to significant resources through grant applications and energy management that we are currently leaving on the table. The belief is that this position would be close to, if not exceeding, the cost for the position. At this point the Town Manager is earmarking these funds to work within the Facilities Department. The structure of the position has yet to be finalized. The funds included in the draft budget is the expected cost of full-time Sustainability Coordinator although the Town Manager reserves the right to reduce the line-item as we progress through the FY21 budget process based on expected revenues.

Council on Aging – Program/Volunteer Coordinator to Full-time (7.5hrs/wk) - \$11,732

Increased demands at the Senior Center has made it difficult to carry out the mission of the department. Currently this portion of the position is supported through the COA Formula Grant; in FY21 the position will be funded in the Weston operating budget.

Conservation – Case Estates Land Management - \$10,000

The Conservation Commission has made the case for additional resources for the maintenance of the Case Estates land. Since the acquisition of the property the Town has struggled to keep up with the ongoing maintenance and vegetation controls. While they have had some success finding assistance from other departments in the past, increased workload in the Town has strained that possibility.

Conservation – Trail & Fire Road Maintenance - \$14,000

This is a joint request from the Conservation Department and the Fire Department. The Town needs to do a better job of maintaining the 13 miles of fire roads which traverse our Town's conservation areas. This request will allow the Town to repair two high priority areas which have become difficult to navigate. This request will also allow us to purchase trail maintenance materials such as lumber, hardware, gravel & other materials for the volunteers and laborers who maintain the trails.

Other FY2021 Budget Highlights

Salaries

The Town is in the process of finalizing our collective bargaining agreements. 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 \$757,314 or 6.8%. The increase for the Middlesex Retirement System is \$380,765 or 7.2%. Although the Town's pension liability is 45.1% 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 \$429,000 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 \$121,223 or 5.5%. 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 nearly \$500,000 in FY2020. The FY2021 recommended budget includes a conservative estimate of \$450,000 in anticipated savings as a result of the solar panels.

FY2021 Capital Budget

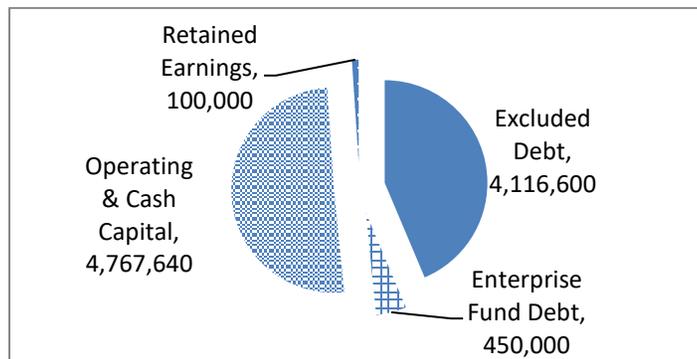
Included in Sections 17-22 of this document are the Town's Annual Capital Budget and Capital Improvement Program (CIP). The table below lists the capital requests being made for FY2021.

The recommended FY2021 Capital Budget totals \$10,195,240, of which \$4,116,600 will be proposed for borrowing with excluded debt, \$450,000 for borrowing with enterprise fund debt, \$100,000 from enterprise fund retained earnings, and \$5,528,640 from both general fund and cash capital. It should be noted that funding for all recommended FY2021 projects requiring borrowing must be approved through separate warrant articles that will be proposed at the May 2020 Annual Town Meeting.

FY2021 Capital Budget

PROJECTS BY DEPARTMENT	FUNDING SOURCE	AMOUNT
DEPARTMENT OF PUBLIC WORKS		
Drainage Improvements	Excluded Debt	400,000
South Side Drainage Improvements	Excluded Debt	2,585,700
Roadway Improvements	Operating Budget	2,000,000
Departmental Equipment	Operating Budget	457,200
Sidewalk Reconstruction	Operating Budget	260,000
Guardrail Improvements	Operating Budget	50,000
Water Hydrant Rehab Program	Operating Budget	40,000
Water Storage Tank Program	Operating Budget	7,500
128 Pump Building Demolition	Operating Budget	51,000
Paines Hill Tank Replacement	Enterprise Fund Debt	200,000
Water Main Rehab Program	Enterprise Fund Debt	250,000
SUBTOTAL		\$6,301,400
FACILITIES TOWN-WIDE		
Town-Wide Facilities Improvements	Operating Budget	636,835
SUBTOTAL		\$636,835
FIRE DEPARTMENT		
Ambulance	Cash Capital	350,000
Equipment	Cash Capital	200,000
Shift Commander Vehicle	Cash Capital	70,000
SUBTOTAL		\$620,000
POLICE DEPARTMENT		
Vehicles, Equipment & Maintenance	Operating Budget	165,000
SUBTOTAL		\$165,000
SCHOOL DEPARTMENT		
Network Updates	Excluded Debt	1,130,900
School - Bus Replacement (3)	Operating Budget	273,303
SUBTOTAL		\$1,404,203
RECREATION DEPARTMENT		
Equipment - Truck Replacement	Cash Capital	32,000
SUBTOTAL		\$32,000
BROOK SCHOOL APARTMENTS		
Repairs & Replacements	Operating Budget	174,802
Capital Improvements	Retained Earnings	100,000
SUBTOTAL		\$274,802
TOTAL FY21 CAPITAL BUDGET		\$9,434,240

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



How does the recommended FY2021 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 FY2021 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 \$250,000 is proposed. This plan calls for the utilization of \$250,000 in Free Cash to add to our annual appropriation for roadway improvements to bring that amount to \$2,000,000; our funding goal. 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 construction phase. The project has been progressing well and we envision completion of the project sometime in 2021.

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

This project is in the construction phase. The project has been awarded and a notice to proceed is imminent. We envision completion of the project sometime in 2021.

4. Assist in progressing the Rte. 20 and the Rte. 30 Transportation Improvement Plan projects through to obtain state funding.

The additional funds for the Traffic & Sidewalk Committee are there to support this effort.

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. 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. 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 rating; 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