

2020 ANNUAL TOWN MEETING

REPORT OF THE SELECT BOARD

In accordance with Article II, section 5 of the By-laws of the Town, the Select Board recommends the fiscal year 2021 operating and capital budget as presented herewith. The operating budget totals \$86,764,495 an increase of \$2,320,756, or 2.7%, over the fiscal 2020 budget. When including gross debt service exempt from the limits of proposition 2 1/2, that amount totals \$96,997,837, an increase of \$2,929,617, or 3.1%, over the fiscal 2020 budget including gross exempt debt service.

Table with 5 columns: Category, FY20 Budget, Recommended FY21 Budget, \$ Change, % Change. Rows include Schools, Unclassified & Fixed Costs, General Government, Separate Articles (OPEB & Cash Capital), Total Budget, Gross Debt Service Exempt from Proposition 2 1/2, Total Non Operating Budget, and Grand Total Budget.

Overview of the Recommended Budget and Financing Plan

The Select Board began working on the fiscal year 2021 budget in October 2019, when the Board and new Town Manager hosted its annual Financial Summit meeting with the Finance Committee and School Committee. At that meeting, the Town’s financial condition was reviewed, and the continuing impact of increased exempt debt service on the tax bill was discussed, as it has been in previous years. The debt service is the result of 20 years of investing in nearly all of the Town’s schools and municipal buildings.

In the last few years, Weston’s operating budget has benefited from 1) modest employee salary increases, 2) a lower rate of inflation, 3) relative stability in the rate of increase in health care costs, and, 4) savings in electricity costs as a result of energy generated by solar photovoltaic panels placed on the Town’s closed landfill, the roof of the DPW facility and will soon benefit from the recently installed roof units on the Field School.

The Town also benefits from continued growth in the tax base due to new construction, which resulted in an allowable increase of 2.1% in the tax levy, on top of the increase of up to 2.5% allowed by Proposition 2 1/2. The fiscal 2021 budget requires an increase in the total tax levy of 2.8%.

Most recurring capital costs have been included in the annual operating budget in recent years, rather than using debt to fund those costs. However, to fund some capital projects this year, a Proposition 2 1/2 debt exclusion question is proposed. A debt exclusion question allows taxes to be increased temporarily, for the life of the loan and is consistent with how the Town has funded capital projects for several years.

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Select Board's Budget Principles

In developing the Annual Operating Budget, the Select Board has focused on the following principles to preserve the Town's financial condition:

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 and recognize that periodically changes in service needs may require that some additional resources be provided.

Key Financial Issues Facing the Town

While the Town's operating and capital budget has many complexities to it, the Select Board would like to point out certain matters deserving specific attention:

- I. **Revenue Growth:** The property tax remains the Town's primary revenue source, making up 84% of total revenues. Because Weston has very little commercial development, residential property owners pay 95% of the total property tax collected by the Town. State Aid, which is 5.0% of total revenues, is also an important revenue source; however, the amount and timing of those funds tend to be unpredictable. Local receipts from motor vehicle excise tax, building permits, and other fees constitute 6.6% of total revenues. Other sources make up the remainder.
- II. **Expenditures:** Following are highlights of key expenditure items impacting the fiscal year 2021 budget. Specifically:
 - a. Construction of Public Ways/Roadway Maintenance: This line item is expected to be reduced due to concerns about the impact that the coronavirus pandemic will have on fiscal 2021 revenues. An additional \$250,000 had been proposed to fund this budget at a more appropriate level, reflecting the average lifespan of a road and the cost to maintain or replace roads. The Select Board expects to reinstate appropriate funding again in fiscal 2022.
 - b. Electricity: The Town benefits from a long-term lease and power purchase agreement with the firm Ameresco for solar panels that were placed on the Town's capped landfill off Church Street and on the roof of the DPW facility. Most recently, solar panels were placed on the roof of the Field school. The estimated benefit in fiscal 2021 is \$400,000.
 - c. Pension Liability: The Town is part of the Middlesex Retirement System (MRS), which serves 39 municipalities and many special governmental districts. Both employees and the Town contribute to a fund that is used to pay current and future pension benefits. For fiscal 2021, the Town's pension assessment is increasing by \$380,765 or 6.2%. As of January 1, 2018, according to an actuarial study, the Town's pension liability was under-funded by approximately \$61 million. The funding schedule adopted by MRS must provide for payment in full of the unfunded liability by 2035. In previous years, the Town voted to set aside \$400,000 in a pension reserve stabilization fund to assist in smoothing future large increases, should it be needed. The current balance of this pension stabilization fund is \$433,639.

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- d. Other Post-Employment Benefits (OPEB) Liability: Massachusetts General Law, Chapter 32B requires the Town to provide health insurance for its retirees. The Town is required to conduct regular actuarial studies to determine the value of this liability. As of July 1, 2018, our actuaries determined Weston's long-term liability to be approximately \$65 million if calculated on a "partial pre-funding" basis. That liability drops to \$50.1 million if it is fully pre-funded. The actuarial study lays out a funding schedule that requires an additional \$2.2 million in fiscal 2021 beyond what is budgeted for current year health insurance costs for retirees to address the Town's long-term liability. An appropriation of \$1,023,254 will be proposed at the Annual Town Meeting. The current balance in the OPEB trust fund is approximately \$22.2 million.
 - e. Health Insurance for Employees and Retirees: A six-year agreement, which began July 1, 2015, governs the Town's participation in the health insurance plans managed by the Commonwealth of Massachusetts' Group Insurance Commission (GIC). There is an increase in this budget for fiscal 2021 of \$658,314 or 5.9%.
 - f. Salaries: Because local government is a service business, more than 60% of the Town's budget consists of salaries for municipal and school employees. Of the 12 municipal and school employee unions, all have settled contracts through fiscal year 2020. The Select Board, Town Manager, and School Committee remain committed to working with the various employee groups to carefully manage the rate of increase in future salary growth, while still being able to attract good candidates for vacant positions.
- III. **Reserves**: The Town's budget is guided by a comprehensive financial reserve policy to address the Town's unfunded liabilities and the need to maintain prudent financial reserves. This policy addresses operational needs, catastrophic and emergency reserves, and unfunded liabilities (e.g., post-employment health insurance benefits, compensated absences). A summary of this reserve policy may be found on the Town's website www.weston.org by clicking on Financial Management Policies under the Town Services menu. The fiscal 2021 budget presented here includes \$2,636,807 to fund several different reserve accounts.

In its analysis of the Town's financial situation related to recent debt issuance, Moody's Investor Services stated "*Weston (Aaa stable) has a sizeable and very wealthy tax base... The financial position is stable and bolstered by strong fiscal management while maintaining a manageable debt burden and pension liability. The town also has an aggressive funding strategy towards its unfunded OPEB liability.*" In its report, Moody's went on to list under the category of "factors that could lead to a downgrade" - "*Trend of declines in available reserves.*"

The Fiscal Year 2021 Capital Budget

The Select Board is recommending a capital budget that will provide for the maintenance, replacements, and improvements to our buildings, infrastructure, and equipment. Time has proven that deferred capital improvements ultimately result in higher repair and replacement costs in the future. Warrant articles 10-12 and 15-17 represent the capital portion of this year's budget. For fiscal 2021, a total capital budget of \$8,431,140 (excluding Community Preservation Act projects) is to be requested at September 2020 Annual Town Meeting, of which \$3,999,440 is included in departmental operating budgets or funded with cash or retained earnings, and \$4,431,700 is proposed to be funded by issuing bonds. A summary of the Town's debt service for all capital projects previously approved by Town Meeting is shown in the section below.

The Select Board is proposing a Proposition 2½ debt exclusion question to exempt from the limitations of Proposition 2½ the debt service payments for \$3,938,700 in bonds for capital projects to be considered under warrant articles 17-19 at the 2020 Annual Town Meeting. The debt service for the

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projects to be considered at the 2020 Annual Town Meeting, if approved, is estimated to be \$0 in fiscal 2021, \$98,268 in fiscal year 2022, \$399,717 in fiscal year 2023, then decreasing each year until the bonds reach maturity. State law establishes the maximum number of years until maturity, which varies between ten and thirty years for the proposed projects.

Debt/Debt Service

The Town of Weston has maintained a Moody's Aaa credit rating for many years as a reflection of solid financial position, sound financial practices and strong fiscal management, improving reserves, and manageable overall debt service. This credit rating was reaffirmed by Moody's Investors Service this past year and it allows the Town to borrow funds at the market's most favorable interest rates. Only 14 of 351 Massachusetts cities and towns maintain the Moody's Aaa rating. Below is a historical summary of the Town's debt service. A more detailed debt service schedule can be found in Appendix 1 of this document.

Annual Debt Service	FY16	FY17	FY18	FY19	FY20	FY21**
General Fund	35,180	33,720	32,280	30,860	29,460	29,080
Proposition 2 1/2 Excluded*	7,957,743	8,084,603	8,094,771	7,916,465	8,657,029	10,003,197
Water	526,613	540,082	537,947	531,098	552,409	617,068
Community Preservation Fund	667,692	603,740	379,751	466,448	744,344	994,332
Brook School Apartments	<u>307,917</u>	<u>282,283</u>	<u>273,773</u>	<u>265,133</u>	<u>256,569</u>	<u>247,874</u>
Total	9,495,145	9,544,428	9,318,522	9,210,004	10,239,811	11,891,551

* Note: Net of MSBA revenue (FY16-FY20) and premium applied to debt service

** Note: The FY21 amount assumes approval of question 1 on the ballot at the Town election.

At previous Town elections, residents have voted to exclude from the tax levy limitations of Proposition 2½ the debt service costs for several capital projects. Assuming approval of the debt exclusion questions this year, the total estimated net debt service to be excluded from the levy limit in fiscal 2021, including all previously excluded projects, amounts to approximately 10,003,197. This is an increase of \$1,346,168, or 15.5% more than in fiscal 2020.

History of Tax Increases in Weston

Below is a recent history of Proposition 2½ general operating budget overrides and debt exclusions in Weston:

<u>Fiscal Year</u>	<u>Override</u>	<u>Debt Exclusion (total amount of projects approved)</u>
2021	\$0	\$3,930,700
2020	\$0	\$27,798,206 (includes Case House Rehabilitation and Town Center Improvements)
2019	\$0	\$2,138,000
2018	\$0	\$7,738,000
2017	\$0	\$3,057,500
2016	\$0	\$2,080,000
2015	\$0	\$16,257,200 (includes replacement Police Station)
2014	\$0	\$3,710,000
2013	\$0	\$750,000
2012	\$0	\$45,110,000 (includes Field School & High School Science Labs)
2011	\$0	\$2,526,937
2010	\$0	\$16,020,500 (includes replacement DPW facility)

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Property Tax Impact of Proposed Debt Exclusion

Question 1 on the Town Election ballot requests exclusion of the debt service from the limits of proposition 2 ½ on four capital projects to be considered at the Annual Town Meeting. This vote for the debt service to be excluded allows for a temporary tax increase to take place for the term of the bonds. The impact on the tax bill of the four projects proposed for Annual Town Meeting, for a median-valued property (\$1,222,900), is projected as shown below in the highest cost year of borrowing, which is anticipated to be fiscal 2023. The Town’s debt service is paid with level principal payments and declining interest payments, so after the highest year, the debt service declines each subsequent year.

Proposed Project	Project Cost	Project Life	Cost in Highest Year (FY23) Median Tax Bill	Cost over Life of Project Median Tax Bill
South Side Drainage Improvements	\$2,585,700	20	\$44	\$684
Town/School Network Improvement	945,000	10	27	218
Drainage Improvements	400,000	20	7	106
Total Debt Exclusion	\$3,930,700		\$78	\$1,008

Note: The cost in the highest year is calculated using a combination of the total appropriation and the maximum borrowing term, which is determined by state law. The borrowing terms for the projects above are 20 years. This also only includes projects to be voted on at the 2020 Annual Town Meeting.

Tax Rate Estimate

It has been customary to provide an unofficial estimate of the tax rate that might result if the financial plans presented in this report are adopted and the assumptions with respect to State aid prove reasonably accurate. While assuming a 1.5% increase in assessed valuations for fiscal year 2021, a tax rate of \$12.99 is estimated compared to the tax rate of \$12.83 for fiscal 2020.

The table that follows provides a summary of components of the property tax bill for a home assessed at \$1,222,900 which is the median property value in Weston in fiscal 2020.

	FY16	FY17	FY18	FY19	FY20	FY21 <i>(estimated)</i>
Base Property Tax	\$11,844	\$12,161	\$12,393	\$12,770	\$13,422	\$13,462
Allowable 2.5% increase/new growth	475	519	537	636	582	504
Excluded debt (prior and new)	1,689	1,734	1,748	1,544	1,687	1,921
Proposition 2 1/2 override	-	-	-	-	-	-
Community Preservation Act surcharge	384	395	403	411	431	437
Total Tax Bill	\$14,392	\$14,809	\$15,081	\$15,360	\$16,122	\$16,323

Elderly/Low Income Property Tax Relief

The Select Board continues to provide programs for financial relief to low income and elderly Weston residents. Currently, the Town provides the following options:

- **Transfer Station Sticker Waiver:** For a full waiver, there is a household income requirement. There is a reduced fee for seniors not meeting the income requirement. Transfer Station stickers are issued at the Treasurer’s Office at Town Hall.
- **Water Discount Program:** To receive a 75% discount on water and meter charges if consumption for the billing period is less than 5,000 c.f., participants must meet household income requirements as outlined in Community Preservation Surcharge Exemption program. The application process is overseen by the Assessors’ Office at Town Hall.
- **Weston Service Program:** Participants earn up to \$1,100 per fiscal year toward their property

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tax bills. Funding is available in the fiscal year 2021 budget to allow up to 13 participants. There is no income requirement to participate in this program, but participants must be at least 60 years old, disabled, or Veterans. Please note that due to the coronavirus pandemic, this program may be more difficult to fill this year. Please contact the Council on Aging if you are interested.

- **Community Preservation Surcharge Exemption:** This program provides a property tax exemption of the 3% property tax surcharge after the first \$100,000 of valuation. Participants must meet household income requirements. The application process is overseen by the Assessors' Office at Town Hall.
- **Property Tax Exemption Program:** This program provides property tax exemptions for categories such as age, veteran status, and disability, as set forth annually by the Legislature. Town Meeting has voted each year to double the allowed amount. Credit is applied to the 3rd quarter tax bill. The application process is overseen by the Assessors' Office at Town Hall.
- **Property Tax Deferral Program:** This program allows taxpayers 60 years old and older with annual household incomes less than \$86,240 to defer property taxes at an interest rate adopted by the Select Board, currently 4%. The deferral is repaid in full to the Town, with accrued interest, upon the sale of the property. The application process is overseen by the Assessors' Office at Town Hall.

Collective Bargaining

Of 635 benefit-eligible Town of Weston municipal and school employees, 483 (or 76%) are unionized. Under Chapter 150E of Massachusetts General Laws, the Town must bargain wages, benefits, and working conditions with each union. The contract between the Town and the Union is called the collective bargaining agreement (CBA.) Each union has its own CBA with the Town. Per state law, the CBA cannot exceed a three-year term but can be for a lesser period of time. The process for negotiating successor agreements with the unions is called collective bargaining.

The School Committee bargains with School unions. The Town Manager bargains with municipal unions on behalf of the Select Board. When bargaining with municipal unions, the Town Manager seeks guidance from the Select Board regarding the parameters for compensation and contract language changes. In addition, comparable communities are surveyed to determine how Weston's compensation level compares to towns with similar demographics or geographic location. The Town Manager leads the bargaining team, which includes the Assistant Town Manager/Human Resources Director and the pertinent Department Manager. For example, the Police Chief is part of the team during negotiations with the Police unions. The Finance Director serves as a resource. Once a tentative agreement is reached between the Town bargaining team and the union team, the Town Manager presents the tentative agreement to the Select Board for approval before finalizing the agreement. If the Select Board approves the tentative agreement, then the union is advised, and they will often vote for ratification. If the agreement is ratified and signed by the union, the Select Board executes the agreement by signing the successor CBA. Once fully executed, the terms of the agreement are put into place either prospectively or retroactively, depending upon timing. If the union does not vote to ratify the contract, various outcomes can occur; however, in the interim, the terms of an expired contract must be followed.

The CBA is in effect for one or more fiscal years (July 1 through June 30). When a CBA is due to expire, the union approaches the Town Manager expressing the desire to begin the collective bargaining process. However, the unions often will allow the contract to expire before initiating collective bargaining for a successor agreement. The Town cannot compel the unions to begin the collective bargaining process and must adhere to the terms of the existing CBA until a new agreement is approved.

There are collective bargaining agreements with twelve municipal and school employee unions. Eleven

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were negotiated in fiscal year 2020, and one will expire on June 30, 2020.

Employee Benefits

Health Insurance: Health Insurance for Town and School employees and retirees is governed by Chapter 32B of the Massachusetts General Laws.

There are 635 benefit-eligible employees, of which 76% take advantage of health insurance through the Town - 69% are in family plans and 31% are in individual plans. Before switching to the Commonwealth's Group Insurance Commission (GIC) plans in fiscal year 2010, the utilization rate hovered between 86-87%. In addition, there are 24 family plans and 483 individual plans for retirees, retiree spouses, retiree surviving spouses, and retiree dependents.

In order to join the GIC originally, which saved the Town \$2.1 million in the first year, the Town and the unions agreed to a six-year agreement for fiscal year 2010 through fiscal 2015. A six-year successor agreement was subsequently negotiated with the unions, resulting in a reduction of the Town's premium share of 2% across the board from the original agreement. The fiscal 2020 annual cost to the Town for the most utilized plan, Harvard Pilgrim Independence POS, is \$21,628 for a family plan and \$8,861 for an individual plan. Contribution rates by the Town of 83% for PPO and POS plans, 85% for HMO plans, and 65% for indemnity plans went into effect on July 1, 2015, and are fixed until June 30, 2021.

The Town's successor agreement continues an "Opt-Out" program for employees who have been enrolled in a Town plan for a minimum of two years. Employees who opt-out of an individual plan will receive a \$2,000 annual stipend and employees who opt-out of a family plan will receive a \$4,000 annual stipend. Currently, 27 eligible employees have elected the Opt-Out program for an estimated \$359,142 savings to the Town. (Employees in the program who lose outside insurance coverage can re-enroll in the Town plan but must forfeit the stipend.)

Pension Benefit: Pensions for Town and School employees are governed by Chapter 32 of the Massachusetts General Laws. The Town's employees are not covered by Social Security. This is significant because the Town is not responsible for paying the employer share of 6.2% of wages earned.

Permanent employees who are hired to work 20 hours or more per week are enrolled in the Middlesex Retirement System (MRS). The age for retirement eligibility is different for public safety and non-public safety employees currently enrolled in the system. In addition to certain age criteria, for a person to become eligible (vested) for an MRS pension, the person must have a minimum of 10 years of pensionable service in the Commonwealth. Eligible teachers are enrolled in the Massachusetts Teachers' Retirement System, which is funded by the state.

Public Safety: Current employees can retire at age 55 with 10 years of service at a rate of 25% of his/her top three years of earnings. With 20 years of pensionable service, these employees can retire at any age, but the calculation for determining the amount of the pension will vary based on age. As an example, an employee retiring at age 40 will receive 20% of his/her top three years of earnings. The youngest an employee can retire at the 80% maximum is age 52, providing the individual has 37 years of service.

Non-Public Safety: Current employees can retire at age 55 with 10 years of service at a rate of 15% of his/her top three years of earnings. With 20 years of pensionable service, these employees can retire at any age, but the calculation for determining the amount of the pension will vary based on age. As an example, an employee retiring at age 50 will receive 20% of his/her top three years of earnings. The youngest an employee can retire at the 80% maximum is age 60 providing the individual has 40 years of service.

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Recent pension reforms enacted by the legislature affect employees hired on or after April 2, 2013, by increasing the minimum retirement age for non-public safety employees to 60 and changing age factors for pension calculations.

There are currently 236 Town of Weston retirees/surviving spouses collecting a pension. The 236 represent superannuation retirees, surviving spouses, and disability retirees.

The annual pensions received by Weston retirees are, for the most part, modest. Retiree data provided by Middlesex Retirement System shows that, as of December 2017, 52% or 123 of 236 retirees were collecting an annual pension of less than \$20,000; 37% or 87 retirees were collecting an annual pension between \$20,000 and \$49,999; 11% or 26 retirees were collecting pensions between \$50,000 and \$125,000. The average annual allowance for retirees is \$24,961 and the median is \$18,850.

Pension Contribution by Employees: Employees contribute a percentage of their base salaries and other qualified compensation toward their pension. Contribution rates by employees are as follows:

Teachers hired after 7/1/01	11%
Hired 1996 to present	9% + 2% of compensation over \$30,000
Hired 1984-1996	8% + 2% of compensation over \$30,000
Hired 1979-1983	7% + 2% of compensation over \$30,000
Hired 1975-1978	7%

The annual assessment paid to the Middlesex Retirement System by the Town is primarily to pay for Weston’s share of the unfunded pension liability for its employees and not to pay for benefits earned by current employees, since current employees, for the most part, fund their pensions through their contributions.

If an employee works in various municipalities throughout his or her career, the pension contributions made follow the employee from municipality to municipality. More information can be found on the Middlesex Retirement System’s website at www.middlesexretirement.org.

Energy Savings

Weston has been designated by the Commonwealth of Massachusetts as a “Green Community.” In being so designated, the Town committed to ongoing efforts to conserve energy, including a 20% reduction in energy consumption over five years, and is eligible for grant funding to help achieve this goal.

The Facilities Department, working with the Permanent Building Committee, has undertaken various energy projects of which state grants through the Green Communities program and rebates paid for 30% of the cost of the projects.

- The purchase of streetlights from Eversource, replacement of fixtures and bulbs, and contracting for maintenance on our own has resulted in a reduction of cost
- As a result of work by the Solar Photovoltaic Panels Exploratory Committee, the Town entered into a long-term lease and power purchase agreement with the firm Ameresco to place solar panels on the Town’s capped landfill off Church Street. This installation required no capital outlay by the Town and has produced savings in the Town’s municipal and school electricity costs of approximately 25% per year. In addition, solar panels were placed on the roof of the DPW facility and on Field School, which also add to annual electricity cost savings.
- As a “Green Community,” the Town has committed to purchasing more fuel-efficient vehicles, which reduces the cost of fuel.

One of the Select Board’s budget priorities for fiscal year 2021 was the hiring of a Sustainability Coordinator which, if adopted as part of the fiscal 2021 budget, will begin in early 2021 to help oversee

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these efforts.

School and Municipal Collaboration

The School Department and various municipal departments regularly collaborate to leverage expertise, eliminate duplication, increase efficiency, and produce savings without affecting the quality of school programs or municipal services. For example:

- A Town-wide Facilities Director and Deputy Director oversee the maintenance of all Town buildings. Consistent and comprehensive maintenance and repair plans have been developed to improve quality and efficiency and to establish standards and procedures for maintaining all of the Town's buildings. In addition, the Permanent Building Committee, a group of Weston residents with relevant expertise appointed by the School Committee and Select Board, oversees all major construction and maintenance projects for school and municipal buildings.
- Utilities are purchased jointly to secure better prices.
- The expertise of the Public Works Department is used by the Schools to oversee contractors who are paving parking lots and driveways at the schools. The results are higher quality work and lower prices on those projects. When there are snowstorms, Public Works employees plow school roadways, working with School employees.
- The School and Town IT departments work hand-in-hand to leverage expertise and resources between departments and implementation of Town-wide solutions.
- Mechanics in the Public Works Department maintain most Town and School vehicles, including school buses.
- School bus drivers are used by the Council on Aging to transport seniors.
- With oversight by a Town-wide Fields and Grounds Coordinator, the School, Recreation, and Public Works Departments are working together to better coordinate grounds maintenance to perform mowing, trash pickup, the lining of fields, and other work more efficiently.

Regional Collaboration

We have also found opportunities for collaboration with other towns:

- Eight towns, including Weston, have worked together to provide paramedic service on a regional basis through Emerson Hospital, improving the level and quality of service previously provided.
- Weston, Wellesley, Needham, and Wayland have formed a Veterans' Services District to share the services of full-time, professional Veterans' Services staff.
- Weston, Acton, Bedford, Burlington, Concord, Lexington, and Sudbury have entered into an inter-municipal agreement to create a regional housing services office staffed by professionals knowledgeable in the field of affordable housing. Weston's participation is funded by Community Preservation Act funds and supports Weston's affordable housing efforts.

Fiscal Year 2022 Outlook

As part of our financial planning process, we have made a financial projection for fiscal 2022. At this time, we anticipate a potential budget shortfall of \$2,139,501 if we maintain the current level of services and educational programs. We anticipate increases greater than the inflation rate for employee benefits/health insurance and employee pension costs. We also anticipate level funding of State Aid. Following is a summary of the fiscal 2022 projection.

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	Recommended FY21 Budget	Projected FY22 Budget	\$ Inc	% Inc
Education	42,906,809	44,194,013	1,287,204	3.0%
Unclassified & Fixed Costs	19,240,708	20,268,195	1,027,487	5.3%
General Government	23,593,724	24,161,158	567,434	2.4%
OPEB Trust & Separate Articles	1,023,254	2,225,491	1,202,237	117.5%
Total Operating Budget	86,764,495	90,848,857	4,084,362	4.7%
Projected Revenue	86,764,495	88,709,356	1,944,861	2.2%
Projected Shortfall	-	(2,139,501)	(2,139,501)	

The Budget in Detail

Below is a more detailed explanation of the fiscal year 2021 revenue estimates and recommended appropriations.

Fiscal Year 2021 Revenue Projections

TABLE I: FY2021 REVENUE PROJECTION SUMMARY				
	FY2020 Budget	FY2021 Projected	DOLLAR CHANGE FY20- 21	PERCENT CHANGE FY20- 21
PROPERTY TAX LEVY	\$71,688,798	\$72,598,624	\$909,826	1.3%
STATE AID - CHERRY SHEET	\$4,399,915	\$4,399,915	\$0	0.0%
LOCAL RECEIPTS	\$5,709,922	\$5,702,522	(\$7,400)	-0.1%
PRIOR YEAR BALANCES/OTHER	\$3,574,500	\$4,474,166	\$899,666	25.2%
TOTAL PROJECTED REVENUES	\$85,373,135	\$87,175,227	\$1,802,092	2.1%
REDUCTIONS IN REVENUES	(1,399,414)	(1,403,775)	(\$4,362)	0.3%
OTHER REVENUES	535,018	993,043	458,025	85.6%
AVAILABLE FOR APPROPRIATION	\$84,508,739	\$86,764,495	\$2,255,756	2.7%
AVAILABLE FOR EXCLUDED DEBT SERVICE	\$967,452	\$230,145	(\$737,307)	-76.2%

Tax Levy - \$72,598,624: The property tax levy is increasing by \$909,826 or 1.3%. The property tax is the largest revenue source for the Town and provides over 85% of total operating revenues. The provisions of Massachusetts General Laws, Chapter 59, section 21C (Proposition 2½) allow for an annual increase in the local property tax levy limit of 2.5% of the limit established in the prior fiscal year; for fiscal 2021, this increase amounts to \$2,626,967. Estimated new growth from the prior year in the amount of \$600,000 is also available, for a total possible increase of \$3,062,576. Unused tax levy

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capacity of \$1,717,141 results by not raising the full amount as the Town is allowed under Proposition 2 ½.

In addition to the tax levy, the excluded debt service for capital projects is added for taxation purposes. There will be approximately \$10,003,197 in voter-approved, issued and unissued, excluded debt service, net of offsetting reimbursements, and credits, which is an increase of \$1,346,168, or 15.5%, from fiscal 2020. This amount assumes approval of question 1 on the ballot at the Town Election.

State Aid - \$4,399,915: The Commonwealth has assured cities & towns that local and school aid will be level-funded for fiscal 2021. This is welcome news during the coronavirus pandemic. There is a possibility of additional school funds being allocated as well but the details are not known at the time of publication.

Local Receipts - \$5,702,522: The largest source of revenue in this category is motor vehicle excise tax, which is assumed to decrease by 180,000 in fiscal 2021. Investment income has been more robust, so an additional \$170,000 is projected. Smaller increases in other categories are also projected.

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 TAX RECAP	FY2021 PROJ	\$CHG	%CHG
LOCAL RECEIPTS						
motor vehicle excise	\$3,235,989	\$3,171,726	\$2,980,000	\$2,800,000	(180,000)	-6%
penalties and interest	308,647	619,753	150,000	150,000	-	-
payment in lieu of taxes	39,856	41,477	39,623	40,614	991	2.5%
charges for services-solid waste	388,525	387,892	340,000	340,000	-	-
fees	162,347	178,607	170,000	170,000	-	-
rentals	332,319	133,705	125,000	125,000	-	-
departmental revenue-cemeteries	44,793	40,755	30,000	30,000	-	-
other departmental revenue	556,060	598,312	457,000	460,000	3,000	0
licenses and permits	1,200,430	1,136,454	1,075,000	1,075,000	-	-
finances and forfeits	76,995	85,872	85,000	85,000	-	-
investment income	425,003	710,852	235,000	405,000	170,000	72%
misc. non recurring	278,087	134,477	23,299	21,908	(1,391)	-6%
Total Local Receipts	\$ 7,049,050	\$ 7,239,882	\$ 5,709,922	\$ 5,702,522	\$ (7,400)	-0.1%

Prior Year Balances/Other - \$4,474,166: The proposed budget utilizes the use of \$3,500,000 in free cash to support the operating budget, \$500,000 more than was used for the fiscal year 2020 budget. \$522,413 in free cash is recommended to be used for one-time capital projects. Overlay surplus amounting to \$268,253 has been released by the Board of Assessors, which is a \$12,253 increase from what was available to be used for the fiscal year 2020 budget. Finally, \$183,500 is proposed to be transferred from various trust funds.

Revenue Offsets - \$1,403,775: This category reflects offsets to revenues for certain accounts that do not require Town Meeting appropriation but are, in fact, obligations of the Town. The annual contribution to the Recreation Enterprise Fund is \$580,036 for fiscal year 2021, representing approximately 30% of the Recreation budget; the remainder is funded through user fees and a \$45,889 contribution from the Council on Aging to support the cost of operating the Community Center.

Other Revenues: - \$993,043: This category includes reimbursement to the general fund from the Water and Brook School Apartments Enterprise funds for employee benefits, insurance, and other costs budgeted in the general fund that support the operation of the Water Division and the Brook School Apartments. It also includes solar credit revenues received from the landfill solar panels and DPW roof solar panels which were previously accounted for through a revolving account.

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Fiscal Year 2021 Budget Highlights – Recommended Appropriations

The final proposed budget presented in this document has been approved and endorsed by the Select Board and is recommended to Town Meeting. This budget reflects a compromise with the Finance Committee, relative to the fiscal 2021 budget originally proposed before the coronavirus pandemic by the Town Manager and supported by the Select Board, pursuant to conversations initiated by members of the Select Board and Finance Committee on account of the pandemic and other concerns, and the Select Board is pleased to note that Finance Committee has also indicated its support for this compromise budget. Highlights of the proposed budget include the following:

Unclassified

The Unclassified portion of the Town budget represents those fixed costs that are not generally attributed to any one department or service and includes insurance and employee benefits for all Town departments, including the School Department.

The category of **Insurance**, which totals \$878,194, and is increasing by \$53,616 for fiscal 2021, includes **Workers' Compensation, Unemployment Compensation, Property, Liability, and Motor Vehicle Insurance**. Workers' Compensation and Property & Liability insurance are remaining level in fiscal 2021. Unemployment Compensation is increasing by \$48,616 based on increasing claims. Insurance for public safety employees injured on duty is increasing by \$5,000.

The category of **Fringe Benefits** is increasing overall by 6.4% and includes:

- **Insurance, Group Health/Life, Medicare - \$11,788,064:** Town employees and retirees are enrolled in the health insurance plans managed by the Commonwealth of Massachusetts' Group Insurance Commission (GIC). Also, this budget includes the Town's share of the Medicare tax paid for most employees. This budget is increasing by \$658,314 or 5.9%.
- **Contributory Retirement - Middlesex - \$5,668,652:** The Town is part of the Middlesex Retirement System (MRS), which serves 39 municipalities and many special governmental districts. Both employees and the Town contribute to a fund that is used to pay current and future pension benefits. For fiscal 2021, the Town's pension assessment is increasing by \$380,765 or 7.2%. As of January 1, 2018, an actuarial study determined that the Town's pension liability was underfunded by approximately \$61.4 million. The funding schedule adopted by MRS must provide for payment in full of the unfunded liability by 2035.

Remaining line items in the Unclassified budget include:

- **Reserve Fund - \$616,718:** The Reserve Fund is available for use by the Finance Committee for extraordinary and unforeseen expenses during the year. A summary of reserve fund transfers for fiscal 2017 through fiscal 2020 to date can be found in Appendix 2.
- **Debt Service - \$29,080:** This only represents debt service within the tax levy and is a reduction of \$380. Proposition 2½ excluded gross debt service is estimated at \$10,233,342, including proposed capital projects and assuming passage of the Proposition 2½ debt exclusion question, which is an increase of \$608,861 or 6.3%.

General Government

This category includes the Town Manager's Office (which staffs the Select Board and includes the Human Resources function), Legal Expenses, Facilities Maintenance (Town Hall, Josiah Smith Tavern, Old Library), Town Clerk and Registrars of Voters, Information Systems, and Town Meeting Committees. Overall, this category is increasing by \$83,953 or 3.4%. Budget highlights include:

- **Town Manager's Office - \$753,077:** This budget is increasing by \$5,811, due to salary increases.

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- **Salary Reserve & Merit Pay (Transfer Account) - \$183,000:** This amount includes the recommended budget for fiscal 2021 salary and merit pay increases for non-union employees.
- **Legal Expenses - \$183,000:** This account is for Town Counsel and municipal Labor Counsel services and is being level-funded in fiscal 2021.
- **Facilities Maintenance - \$184,743:** This recommended budget amount covers the cleaning, utilities, and custodial support for the Town Hall and minimal costs related to the Josiah Smith Tavern. All costs for repairs and maintenance are included in the Town-wide Facilities budget.
- **Town Clerk/Registrars of Voters – \$252,044:** This budget includes funding for municipal, state, and presidential elections.
- **Information Systems - \$980,041:** This budget supports the technology and information systems for all municipal departments and is increasing primarily to cover the increasing number of software packages used to conduct departmental business.
- **Weston Veterans Memorial Education Fund Committee- \$3,000:** This budget is used to assist in fundraising efforts of the Committee who is charged with making financial aid awards to members of the graduating class or recent graduates of Weston High School based on the fund that was established in 1953 in honor of Weston men and women who served in the armed forces.
- **Weston Service Program - \$15,600:** The Weston Service Program allows qualified veterans, as well as elderly and disabled property owners to work for the Town. Individuals are paid up to \$1,200, which is applied to their property tax bill. A total of 13 qualified taxpayers may participate in this program.

Facilities Town-Wide

Facilities Town-Wide - \$2,180,080: This budget includes the repair, maintenance, and oversight of all municipal and school buildings and facilities. It includes the salaries for the Director, Deputy Director, Facilities Coordinator, and Fields Coordinator, as well as the repair and maintenance costs for all buildings (except the Community Center, Brook School Apartments, and Water Division facilities, which are budgeted in enterprise funds), and the Facilities Improvements Town-wide continuing balance account. Utilities, supplies, and the cost of other personnel (custodial, maintenance, school grounds) remain in departmental budgets for each building. Energy improvements to comply with requirements of the Green Communities program are being handled within this budget. The amount for the Town-wide Facilities Improvements account is increasing by \$111,047, or 18.5%. This increase includes the 6% increase each year that is recommended by the Town's comprehensive reserve policy as well as a \$75,000 increase for fire station extraordinary repairs needed this upcoming year.

Finance

Finance - \$953,183: This category includes the Finance Committee, Finance Director, Board of Assessors and Assessors' Office, Town Accountant's office, and Treasurer/Collector's office. Overall, this budget is increasing by \$33,978 or 3.7%, primarily due to salary increases.

Planning, Land Use & Inspectional Services

Planning, Land Use & Inspectional Services - \$913,978: This category includes Inspectional Services, Zoning Board of Appeals, Planning Board, Conservation Commission, Historical Commission, and Crescent Street Historic District Commission. The budget includes the salaries for the staff that support these boards and commissions. The Inspector of Buildings has been designated Land Use Coordinator and is responsible for overseeing all land use functions in this category except the Planning Board. Overall, this budget is increasing by \$69,601 or 8.2%. This increase is a combination of land use salary increases, including making the Assistant Town Planner a full-time position, and increases in the Conservation budget for Case Estates land management and trails/fire road maintenance.

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Public Safety

This category includes Police/Animal Control and Fire, and it is increasing by \$254,294 or 3.3%. Budget highlights include:

- **Police Department & Animal Control - \$4,088,059:** This budget is increasing by \$146,163 or 3.7%. This increase is primarily due to salary increases.
- **Fire Department - \$3,765,890:** This budget is increasing by \$108,131 or 3.0%. This increase includes a new firefighter position as well as contractual salary increases.

Public Works

Public Works - \$6,074,939: The recommended budget for Public Works is decreasing by \$329,442 or 5.1% and includes Administration, Highways, Storm Water Management, Recycling and Solid Waste, Vehicle Maintenance, Parks and Cemeteries, Snow and Ice Control, and Tree Warden. The primary reason is due to a decrease in the funding level for roadway maintenance of \$268,000 and a decrease in equipment funding scheduled for next year due to concerns about the coronavirus pandemic.

Water Division (Enterprise Fund) - \$3,659,988: The Water Division budget is approved separately at the Annual Town Meeting as an enterprise fund. Overall, the recommended budget is decreasing by \$245,768 or 6.3%, primarily because of the decrease in Weston's water consumption affecting the MWRA assessment.

Health and Human Services

This category includes the Board of Health, Mosquito Control, Council on Aging, and Veterans' Services, and it is increasing by \$51,427 or 6.1%. Budget highlights include:

- **Board of Health - \$326,905:** The Board of Health provides services related to public health, enforcement of the State Sanitary and Environmental Codes, and emergency preparedness. Also, \$25,000 is included for mental health services and is paid to Human Relations Service (HRS) in Wellesley to serve as a resource to Town departments and provide direct services to Weston residents.
- **Mosquito Control, E. Middlesex Project - \$44,000:** The E. Middlesex Mosquito Control Project conducts a program in Weston consisting of mosquito and wetland surveillance, larval and adult mosquito control, ditch maintenance, wetland surveys, and public education. The project also participates in the state's West Nile Virus surveillance program and a plan to prevent Eastern Equine Encephalitis.
- **Council on Aging - \$479,246:** \$45,889 is included in this budget as a contribution to the Recreation Enterprise Fund to support the cost of operating the Community Center, in which the Council on Aging is housed. Hours worked by volunteers constitute the equivalent of six full-time positions. Weston's residents aged 60 and older constitute 26% of the town's total population. Supplemental funding for staff is provided by the Friends of the Council on Aging and the Formula Grant from the Commonwealth.
- **Veterans' Services - \$48,501:** Weston participates in a Veterans' Services District with the towns of Wellesley, Needham, and Wayland. This allows Weston to share the services of a full-time Veterans' Services staff.

Cultural and Leisure Services

This category includes the Public Library and Recreation Department. Budget highlights include:

- **Public Library - \$1,526,061:** An additional \$71,651 or 4.9% is recommended, primarily due to anticipated salary increases. Approximately 65% of the annual funding for materials is provided from trust funds for the benefit of the Library.
- **Recreation (Enterprise Fund) - \$1,937,044:** Program fees cover approximately 70% of the

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salaries and expenses for this department; the remaining 30% is funded by property taxes. For fiscal 2021, a contribution of \$45,889 from the Council on Aging budget to the Recreation Enterprise fund is recommended to support the cost of operating the Community Center, in which the Council on Aging is housed.

Brook School Apartments

Brook School Apartments (Enterprise Fund) – \$1,148,758: Rental income covers all operating costs of this facility, and Community Preservation funds cover a portion of the debt service. A payment in lieu of taxes of \$25,162 is included in recognition of Town services provided to the residents of the Brook School Apartments. A capital improvement account is funded annually by transfers from retained earnings.

Schools

Voters are referred to the School Budget report, which is on the School’s website at www.westonschools.org. The total budget for the School Department is \$42,906,809, which is an increase of \$1,465,418, or 3.5%, over the fiscal 2020 budget.

The budget for Minuteman Regional Vocational Technical School District increased by 50% to \$150,000. This amount is based on projected student enrollment in fiscal 2021. Weston withdrew from membership in the Minuteman School District as of fiscal 2018. This budget includes the cost of tuition, transportation, and debt service for previously approved capital projects.

Separate Warrant Articles

Following each warrant article, you will find a brief explanation of the article. If you require additional information or have further questions, please feel free to contact the Town Manager’s Office at 781-786-5020.

The Select Board wishes to acknowledge the efforts of the Finance Committee, School Committee, other Town Boards, and Department Managers in developing the fiscal year 2021 budget. We appreciate that the voters of Weston have consistently supported the budget to maintain the quality of Weston’s schools and the level of Town services. We do not take that voting record for granted. We will continue to spend your tax dollars prudently and deliver the services and programs that you expect as efficiently as possible.

Laurie A. Bent
Harvey R. Boshart
Christopher E. Houston
Select Board Members of the Town of Weston