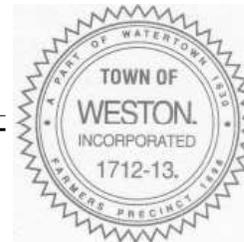


TOWN OF WESTON

TOWN HALL, 11 Town House Road
Post Office Box 378
WESTON, MA 02493-0002
(781) 786-5070
Fax (781) 786-5029
townmanager@westonmass.org



OFFICE OF TOWN MANAGER

January 18, 2018

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 2019 Proposed Budget and Financing Plan.

Proposed Operating and Capital Budget

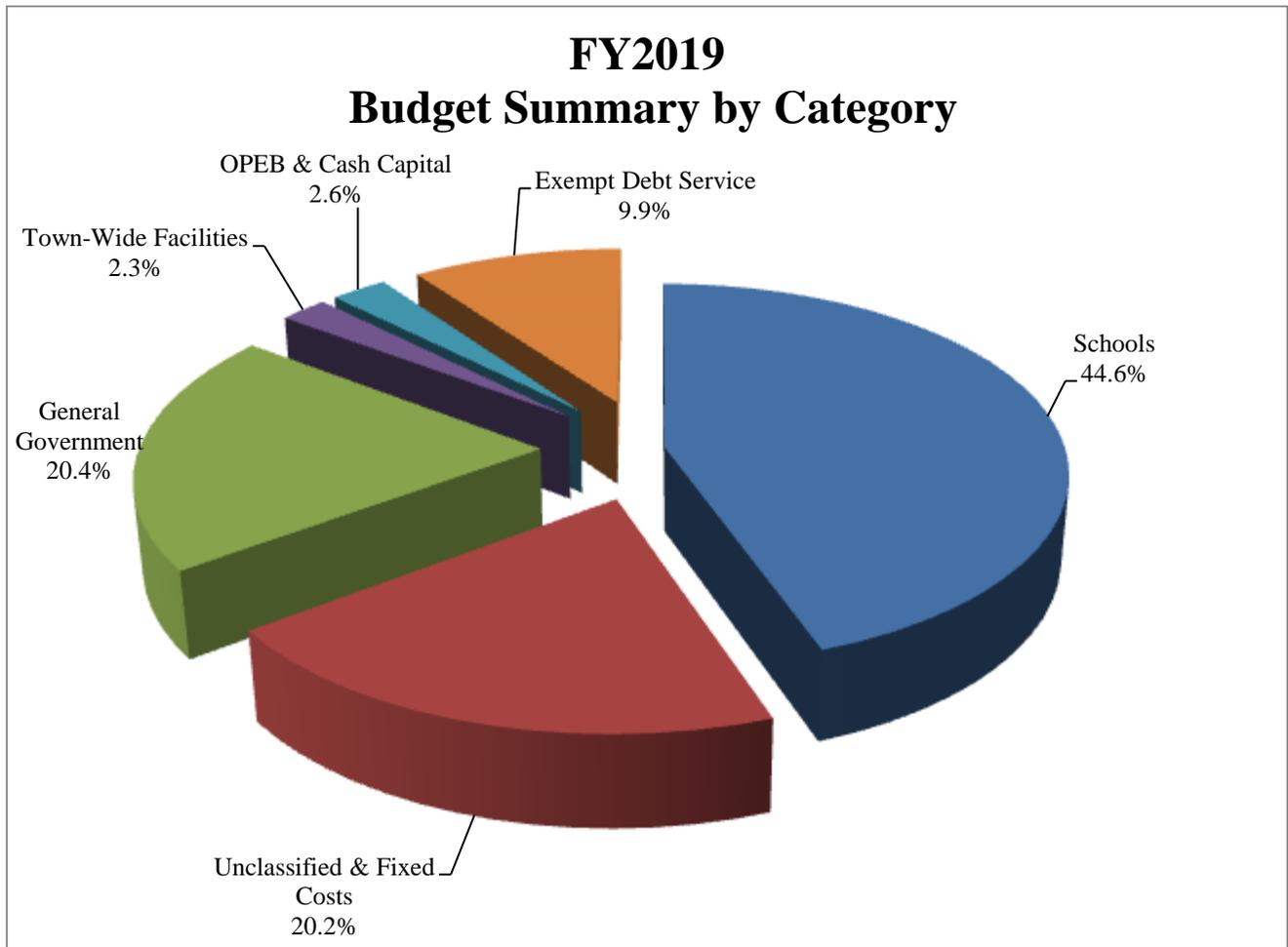
The Fiscal Year 2019 recommended budget for Municipal Departments, Unclassified expenses, Reserves, the Superintendent's proposed School Department budget and Capital projects totals \$81,498,671 which is a \$3,287,020 or 4.2% increase over the Fiscal Year 2018 appropriated budget.

The budget increase has the following major components:

School Department (Superintendent's Budget)	
Salaries	\$630,055
Program Improvements	399,464
Special Education	277,927
Offsets	153,775
Other Changes	(101,360)
Enrollment	<u>(158,109)</u>
Sub-total School Budget Increase	\$1,201,752
Health Insurance & Medicare Tax	448,433
Municipal Increases Above Level Service	398,779
Post-Employment Benefits Reserve	370,154
Middlesex Retirement System	322,149
Salaries (Municipal)	385,223
Cash Capital	260,000
Fire Equipment & Apparatus	(110,000)
Support for Weston Media Center	(110,000)
All other changes - Net	<u>120,530</u>
Total increase FY2018 to FY2019	\$3,287,020

Summary of Recommended FY2019 Budget

	FY18 Budget	Recommended FY19 Budget	\$ Change	% Change
Schools	\$39,079,529	\$40,281,281	\$1,201,752	3.1%
Unclassified & Fixed Costs	17,373,770	18,294,164	920,394	5.3%
General Government	18,196,485	18,489,108	292,623	1.6%
Town-Wide Facilities	1,715,387	2,052,484	337,097	19.7%
Separate Articles	1,846,480	2,381,634	535,154	29.0%
Total Budget	\$78,211,651	\$81,498,671	\$3,287,020	4.2%
Projected Revenue	\$78,211,651	\$81,498,671	\$3,287,020	4.2%
(Shortfall) Surplus	\$0	\$0	\$0	
Gross Debt Service Exempt from Proposition 2 1/2	\$8,905,759	\$8,920,548	\$14,789	0.2%
Grand Total Budget	\$87,117,410	\$90,419,219	\$3,301,809	3.8%



Proposed Revenue

Fiscal Year 2019 projected revenues are \$81,498,671, which is a \$3,287,020 or 4.2% increase over FY2018 revenues. Included is an increase of \$2,854,011 in the tax levy, which is comprised of \$1,246,222 in FY2018 growth in the tax base and a 2.37% increase, a little less than the allowable 2.5% increase under Proposition 2 1/2.

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 2019 net exempt debt service is projected to be \$8,920,548, an increase of \$14,789 or 0.2% over Fiscal Year 2018 exempt debt service. Debt service on proposed capital projects to be considered at Annual Town Meeting is not included in the FY2019 budget; because of the expected timing of the borrowing, it will not be an impact on the budget until FY2020. 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 FY2020 is \$400,905 and \$2,355,761 in FY2021.

Budget Principles

The development of the Fiscal Year 2019 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 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 2019 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 2019. A level service budget is that amount of funding required to deliver the same level of services in Fiscal Year 2019 as was provided in Fiscal Year 2018. 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 \$402,979. 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 and ranked in Section 5 of this document

with the understanding that the Board of Selectmen may change this ranking as it reviews Town-wide priorities.

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. Weston has made good progress 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 2019 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 2019 that the Board of Selectmen will want to consider as debt exclusion questions.

FY19 Budget Initiatives

Every year there are additions to level service proposed because of increased demand for services, and Fiscal Year 2019 is no exception.

DPW - Roadway Maintenance - \$100,000

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 two years, the amount of Town funding has been increased from \$400,000 to \$750,000. In FY19, \$850,000 is requested which, combined with State Chapter 90 funds of \$480,882, assumed to be the same amount in FY19 as in FY18, will increase the Town’s overall funding to about 89% of the \$1.5 million recommendation. We have been proceeding gradually in order to be sure the Department of Public Works can handle the additional work involved, and in FY18, we added a new position of capital projects engineer. Improvement of roadways is a high priority of the Board of Selectmen, and they have asked the DPW Director to analyze by the fall of 2018 the amount of funding and other resources needed to improve roadway maintenance so all roads can be rated at a score of 70 or greater by FY2028.

Facilities – Project Manager - \$137,815 (includes benefits)

A new Project Manager position is proposed to handle small and large capital projects. The Facilities Department has been understaffed nearly since its inception. A paid staff person in this role can relieve the pressure on the Director and Deputy Director and can also reduce outsourcing of work to develop plans and specifications and oversee smaller projects. This person could also apply for grant funds for certain projects. We have not been able to apply for a green communities grant for the last 2 years due to lack of time.

Fire – Two Additional Firefighters - \$134,342 (includes benefits)

Additional firefighters are recommended, with a goal to add one firefighter to each work group, or a total of four. This budget includes two firefighters, with the idea that an additional two will be added in a future budget. The cost of adding firefighters, including benefits, is offset by a reduction in overtime cost and an increase in ambulance revenue, because of the ability to staff the second ambulance more frequently. The net cost is \$97,342, which includes increases in salary, health insurance, OPEB, ambulance revenue, and decreases in overtime and the use of call firefighters.

Council on Aging – Additional Hours for Part-Time Van Drivers - \$16,622

Additional funding of is included for van driver hours to support the increased transportation needs of Weston seniors.

Land Use – Part-Time Land Maintenance Worker - \$5,000

A very part-time (2 hours/week) land maintenance worker for the Conservation Commission is proposed to handle basic trail maintenance and improvements, installation of kiosks/trail information, and other miscellaneous maintenance tasks related to conservation land.

Police – Domestic Violence Services Network Membership - \$5,000

Weston is served by the Domestic Violence Services Network, along with several other communities. A membership contribution of \$5,000 is included for the services received by this predominantly volunteer group.

Brook School Apartments – Additional Hours for Housing Certification Specialist - \$4,200 (Enterprise Fund)

An additional 3 hours/week is included for the Housing Certification Specialist to accommodate increased workload due to changing HUD regulations and additional units at the Warren Avenue property. The increase in cost is offset by the management fee received for management of the Warren Avenue units.

Other FY2019 Budget Highlights

Salaries

All twelve collective bargaining agreements for municipal and school unions are settled. Wage adjustments for FY2019 range from 1% to 2%. 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 insurance budget for all employees is \$444,611 or 4.3%, which is based on an expected 8% 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 8%, 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 \$322,149 or 6.7%. Although the Town’s pension liability is only 42% 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 \$414,000 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 \$385,154 or 22.2% as a result of an updated actuarial study. 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 \$317,000 in FY2017. The FY2019 recommended budget includes \$300,000 in anticipated savings as a result of the solar panels.

FY2019 Capital Budget

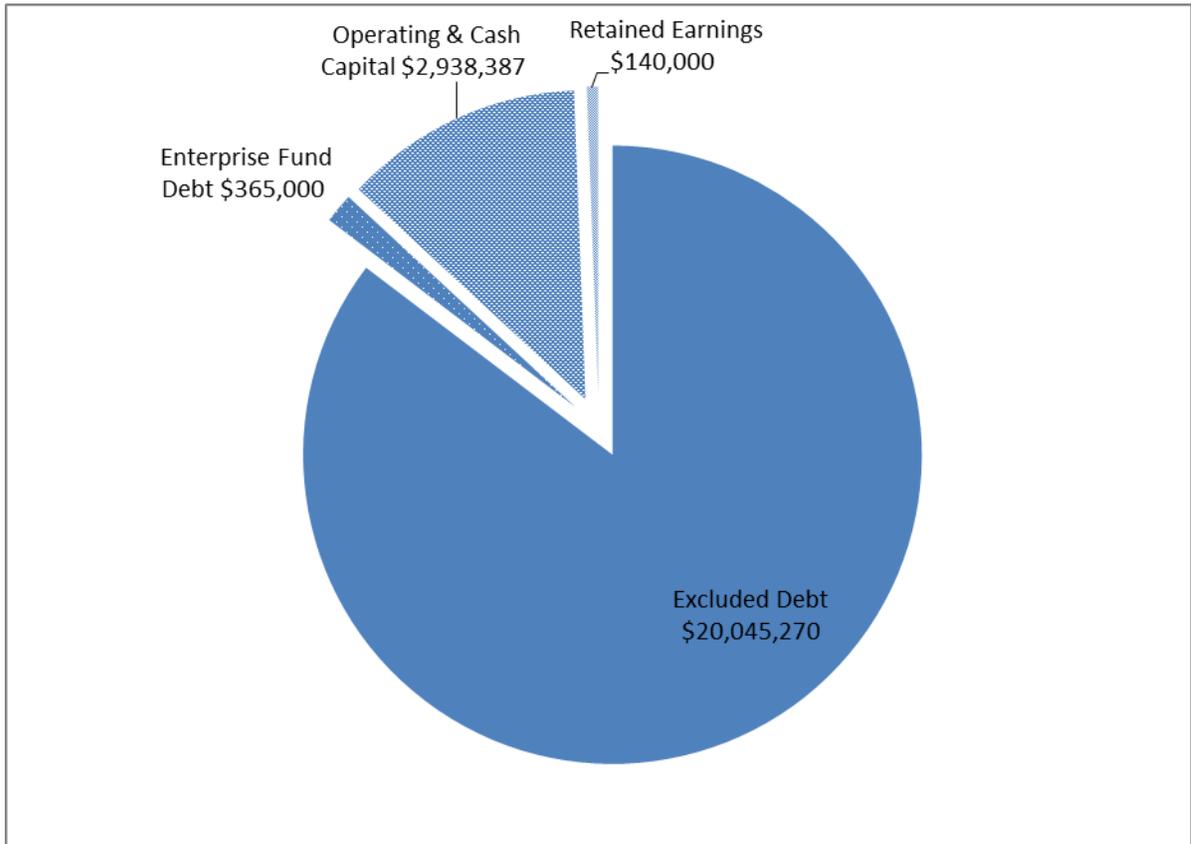
Included in Sections 17-22 of this document are the Town’s Annual Capital Budget and FY2019-2022 Capital Improvement Program (CIP). The table below lists the capital requests being made for FY2019.

The recommended FY2019 Capital Budget totals \$23,488,657, of which \$20,045,270 will be proposed for borrowing with excluded debt, \$365,000 for borrowing with enterprise fund debt, \$140,000 from enterprise fund

retained earnings, and \$2,938,387 from both general fund and enterprise fund operating budgets, as well as cash capital. It should be noted that funding for all recommended FY2019 projects requiring borrowing must be approved through separate warrant articles that will be proposed at the May 2018 Annual Town Meeting.

The pie chart below shows the breakdown of funding sources by category for the proposed FY2019 Capital Budget.

FY2019 Capital Funding Sources



FY2019 Capital Budget

PROJECTS BY DEPARTMENT		FUNDING SOURCE	AMOUNT
DEPARTMENT OF PUBLIC WORKS			
	Drainage Improvements	Excluded Debt	450,000
	Town Center Improvement Project Construction - Master Plan*	Excluded Debt	5,607,000
	Town Center Improvement Project Construction - Bury Utilities*	Excluded Debt	4,913,000
	Route 30 Roadway Reconstruction Transportation Improvement Program	Excluded Debt	937,700
	Roadway Improvements	Operating Budget	850,000
	Departmental Equipment	Operating Budget	255,000
	Sidewalk Reconstruction	Operating Budget	165,000
	Guard Rail Improvements	Operating Budget	50,000
	Route 20/Wellesley Street Transportation Improvement Program	Cash Capital	260,000
	Water Hydrant Rehab Program	Operating Budget	50,000
	Water Distribution Master Plan	Operating Budget	59,850
	Water Main Rehab Program	Enterprise Fund Debt	365,000
	SUBTOTAL		\$13,962,550
FACILITIES TOWN-WIDE			
	Town-Wide Facilities Improvements	Operating Budget	566,781
	Equipment	Operating Budget	46,000
	Irrigation Improvements	Operating Budget	85,000
	SUBTOTAL		\$697,781
FIRE DEPARTMENT			
	Equipment Replacement	Operating Budget	20,000
	Engine (Pumper)	Excluded Debt	750,000
	SUBTOTAL		\$770,000
POLICE DEPARTMENT			
	Vehicles, Equipment & Maintenance	Operating Budget	150,000
	SUBTOTAL		\$150,000
SCHOOL DEPARTMENT			
	Case House Rehabilitation	Excluded Debt	7,387,570
	School - Bus Replacement (3)	Operating Budget	225,182
	SUBTOTAL		\$7,612,752
BROOK SCHOOL APARTMENTS			
	Repairs & Replacements	Operating Budget	155,574
	Capital Improvements	Retained Earnings	140,000
	SUBTOTAL		\$295,574
	TOTAL FY19 CAPITAL BUDGET		\$23,488,657

How does the recommended FY2019 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 FY2019 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 \$100,000 is proposed. By October 2018, the Director of Operations, DPW has been asked to develop a plan with the resources required to improve roadway maintenance so all roads can receive a score of 70 or greater by FY2028. Funding for the resources required to implement the plan will be discussed at that time.

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

This project is in the design process; construction funds are included in the capital budget, pending a successful vote at the 2018 Annual Town Meeting.

Requests for or prior appropriations of Community Preservation Act (CPA) funding will support the following priorities of the Board of Selectmen:

3. Complete Case Estates planning process: a) develop legacy trail, b) determine future use of buildings, c) prepare for resale of certain parcels, d) evaluate opportunities to develop affordable housing, e) determine whether or not additional conservation restrictions should be placed on the property, and f) sell adjacent slivers of land to owners of 226 Ash Street.
4. Obtain construction funding for the Josiah Smith Tavern Re-Use project.
5. Plan for rail trail in Weston.

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. Special thanks to Finance Director/Town Accountant Susan Kelley for coordinating and overseeing the budget process, working with Financial Analyst Charles Young and Treasurer/Collector Peter Forcellese 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.

Conclusions

Exempt debt service has leveled off in FY2019, but large projects expected to be proposed at either the Annual Town Meeting or a fall Special Town Meeting, if approved, will cause exempt debt service to rise again in future years. 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.

Very truly yours,

A handwritten signature in black ink that reads "Donna S. VanderClock". The signature is written in a cursive style and is contained within a thin black rectangular border.

Donna S. VanderClock
Town Manager