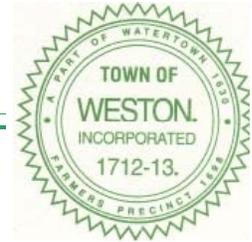


TOWN OF WESTON

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LEON A. GAUMOND JR.
TOWN MANAGER

January 26, 2021

The Honorable Select Board 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 2022 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.

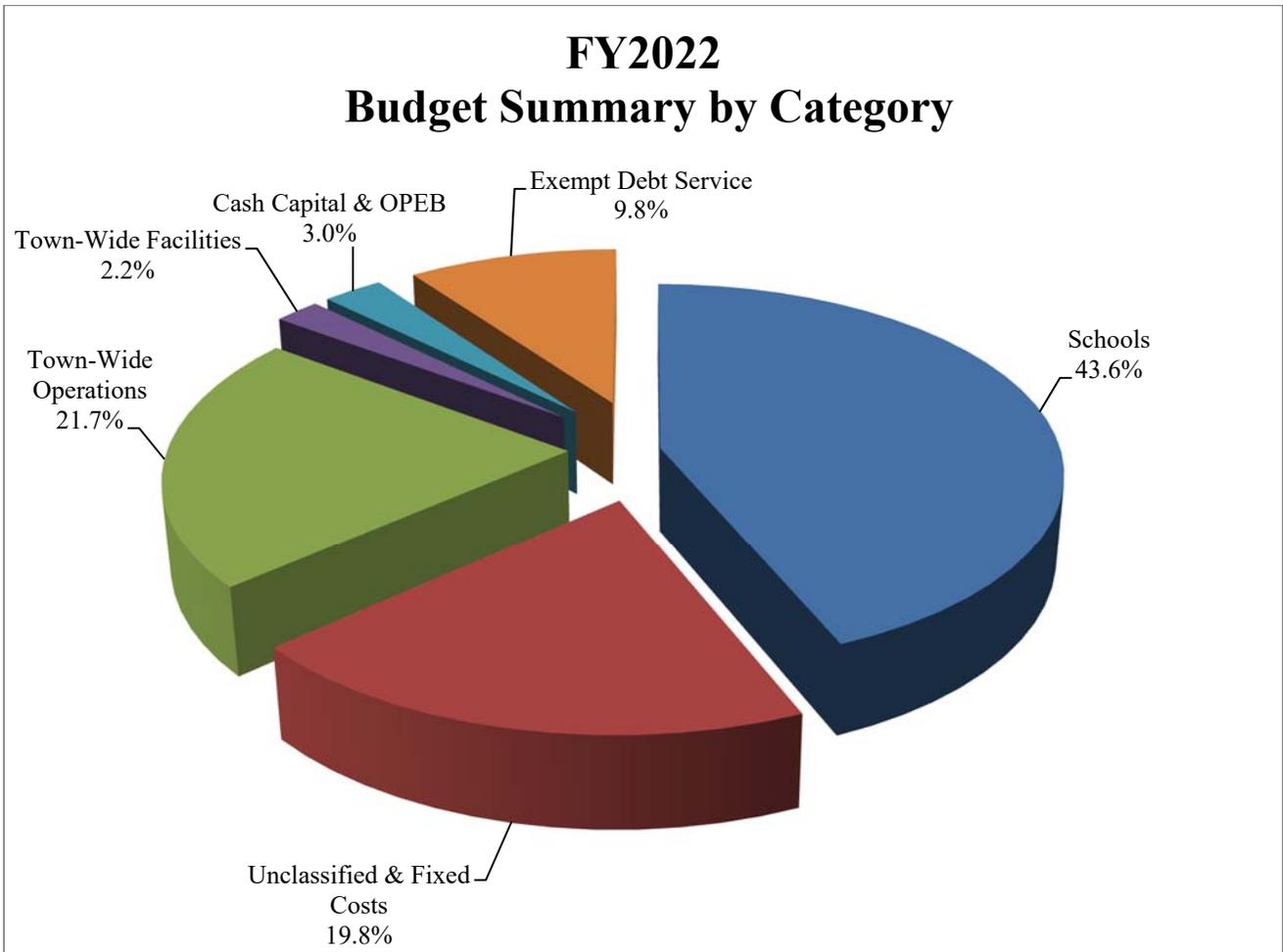
Proposed Operating and Capital Budget

The Fiscal Year 2022 recommended budget for Municipal Departments, Unclassified expenses, Reserves, the Superintendent's proposed School Department budget totals \$88,270,143 which is a \$2,560,902 or a 2.98% increase over the Fiscal Year 2021 appropriated budget.

The budget increase includes roughly \$1.2 million in additional school expenses, roughly \$776,000 in insurance/fringe benefit/non-excluded debt increases (i.e fixed costs), and roughly \$586,000 in additional town expenses. Please refer to the FY22 Town Manager's Recommended Budget for the line item explanation.

Summary of Recommended FY2022 Budget

	FY21 Budget	Recommended FY22 Budget	\$ Change	% Change
Schools- Operations	42,906,809	44,104,630	\$1,197,821	2.8%
Unclassified & Fixed Costs	19,240,708	20,017,106	776,398	4.0%
Town Wide Operations	23,561,724	24,148,407	586,683	2.5%
Separate Articles (OPEB & Cash Capital)	<u>1,023,254</u>	<u>2,859,491</u>	<u>1,836,237</u>	<u>179.5%</u>
Total Budget	\$86,732,495	\$91,129,634	\$4,397,139	5.1%
Gross Debt Service Exempt from Proposition 2 1/2	<u>10,233,342</u>	<u>9,951,617</u>	<u>-281,725</u>	<u>-2.8%</u>
Total Non Operating Budget	\$10,233,342	\$9,951,617	(\$281,725)	-2.8%
Grand Total Budget	\$96,965,837	\$101,081,251	\$4,115,414	4.2%



Proposed Revenue

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

As the Town's primary revenue source, the Fiscal Year 2022 property tax levy limit is expected to be \$75,819,959, which is an increase of \$2,104,192 or a 2.9% increase over FY2021. We have certified that the total available for appropriation to be \$91,129,634 which is comprised of property taxes, state aid, local receipts, other revenue, and the utilization of \$3,784,000 in free cash which will be used to support capital purchases in FY22.

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 2022 net exempt debt service is projected to be \$9,830,640, a decrease of roughly \$150,000 or minus 1.5% over Fiscal Year 2021 net exempt debt service. Debt service on proposed capital projects to be considered at Annual Town Meeting is not included in the FY2022 budget; because of the expected timing of the borrowing, it will not be an impact on the budget until FY2023. 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 FY2022 is \$2,151,600.

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** – The Revenue Projection Table includes the Fiscal Year 2022 detailed revenue projections to support this proposed budget.
- 3. Budget Summary** – The Budget Comparison Table provides a summary of budget recommendations for all Town departments. Detailed budget recommendations can be found as well.
- 4. Level Service Budget Requests** – In Budget guidance from the Select Board, Department managers were asked to submit "level service budgets" for Fiscal Year 2022. A level service budget is that amount of funding required to deliver the same level of services in Fiscal Year 2022 as was provided in Fiscal Year 2021. 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 \$529,677. These requests are included in the budget narrative for each departmental budget and in the budget column labeled “Town Manager’s Recommendation-New Requests.”
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** – Also included is the Fiscal Year 2022 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 the Budget Documents are those capital projects recommended for Fiscal Year 2022 that the Board of Selectmen will want to consider as debt exclusion questions.

FY2022 Budget Initiatives

Every year there are additions to level service proposed because of increased demand for services, and Fiscal Year 2022 is no exception. Below are some of the new budget initiatives found in the Fiscal Year 2022 budget.

DPW - Roadway Maintenance – \$318,000

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. Last year, due to COVID budget concerns, the road budget was reduced significantly in a budget compromise. This year sees an increase in funds but it is short of what would have been planned had it not been for the reductions last year. Improvement of roadways is a high priority of the Board of Selectmen.

DPW – Bombadier Sidewalk Plow – \$160,000

This piece of equipment was requested in last year’s budget however it was not funded in the compromised budget. This piece will allow the DPW to do a better job of plowing the Town’s sidewalks.

Information Technology – Network Administrator Hours – \$20,000

This is the only personnel addition in my FY22 recommended Town Manager Budget. With all the cyber threats and the set-up and upkeep of remote access for employees, added/updated software programs for various departments, IT needs additional help. To accomplish this I am proposing increasing the current .8 FTE Network Manager a 1.0 FTE next year to support the needs of the Town. This would allow for the currently benefit-eligible position to be salaried and will eliminate any need to pay overtime.

Information Technology – Software Maintenance – \$24,378

COVID/remote work/Security concerns has seen an increase in demand for IT software over last year. This request includes items such as GoToAssist, Zoom, Cerdant Network Monitoring, among other software and services.

Conservation – Case Estates/Legacy Trail Land Management - \$6,000

The Conservation Commission has made the case for additional resources for the maintenance of the Case Estates land. Since the Town acquired the property, we have struggled to keep up with the ongoing maintenance and vegetation controls.

Finance – Amazon Business Prime - \$1,299

While many suppliers were out of stock of crucial PPE and other related supplies, the Town was able to utilize Amazon's fast and often free shipping to save money and time ordering these products. Amazon Business Prime has been used across several Town departments for almost a full year and the Town will monitor the savings and benefits of this service to measure its value in future years. Even though this is a modest amount I felt it was important to detail this as an additional request.

Other FY2022 Budget Highlights

Salaries

The Town is in the process of finalizing our collective bargaining agreement with the Library employees. 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 \$359,284 or 3.0%. The increase for the Middlesex Retirement System is \$229,470 or 4.0%. Although the Town's pension liability is 47% funded, according to the most recent actuarial study, Middlesex Retirement System is required to fully fund the liability by 2037 (recently changed from 2035). The Town maintains a Pension Stabilization Fund with approximately \$434,700 that can be used to smooth extraordinary increases in this appropriation, if needed.

The Town's Other Post-Employment Benefits (OPEB) contribution was greatly reduced last year due to COVID budget concerns. This year we are proposing contributing the Annual Required Contribution (ARC) to the trust fund maintained for the purpose of funding this long term liability over 30 years for retiree health insurance. The amount to be funded is \$2,225,491.

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. The FY2022 recommended budget includes a conservative estimate of \$400,000 in anticipated savings as a result of the solar panels.

FY2022 Capital Budget

Included in the Budget Documents is the Town's Annual Capital Budget and Capital Improvement

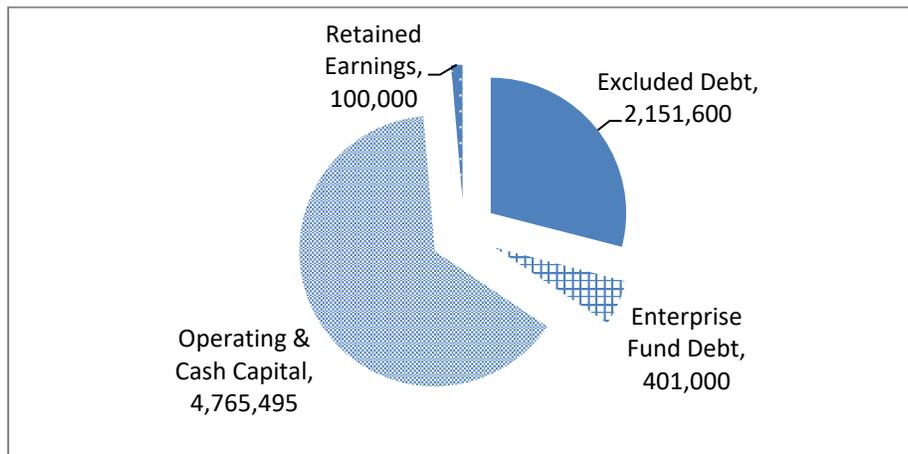
Program (CIP). The table below lists the capital requests being made for FY2022.

The recommended FY2022 Capital Budget totals \$7,418,095, of which \$2,151,600 will be proposed for borrowing with excluded debt, \$401,000 for borrowing with enterprise fund debt, \$100,000 from enterprise fund retained earnings, and \$4,765,495 from both general fund and cash capital. It should be noted that funding for all recommended FY2022 projects requiring borrowing must be approved through separate warrant articles that will be proposed at the Annual Town Meeting.

FY2022 Capital Budget

PROJECTS BY DEPARTMENT	FUNDING SOURCE	AMOUNT
DEPARTMENT OF PUBLIC WORKS		
Drainage Improvements	Excluded Debt	450,000
Roadway Improvements	Operating Budget	2,000,000
Departmental Equipment	Operating Budget	488,000
Sidewalk Reconstruction	Operating Budget	210,000
Guardrail Improvements	Operating Budget	50,000
Water Hydrant Rehab Program	Operating Budget	40,000
Water Storage Tank Program	Operating Budget	7,500
Large Meter Replacement Program	Operating Budget	17,500
Cherry Brook Culverts	Cash Capital	124,000
Sherburn Circle Over Bole Brook Culvert Design	Cash Capital	80,000
Water Main Rehab Program	Enterprise Fund Debt	401,000
SUBTOTAL		\$3,868,000
FACILITIES TOWN-WIDE		
High School F-Wing Roof Replacement	Excluded Debt	951,600
Town-Wide Facilities Improvements	Operating Budget	675,045
Middle School Rooftop Unit 3 Replacement	Cash Capital	350,000
SUBTOTAL		\$1,976,645
FIRE DEPARTMENT		
Engine (Pumper)	Excluded Debt	750,000
Shift Commander Vehicle	Cash Capital	80,000
SUBTOTAL		\$830,000
POLICE DEPARTMENT		
Vehicles, Equipment & Maintenance	Operating Budget	174,000
SUBTOTAL		\$174,000
SCHOOL DEPARTMENT		
School - Bus Replacement (3)	Operating Budget	284,160
SUBTOTAL		\$284,160
BROOK SCHOOL APARTMENTS		
Repairs & Replacements	Operating Budget	185,290
Capital Improvements	Retained Earnings	100,000
SUBTOTAL		\$285,290
TOTAL FY21 CAPITAL BUDGET		\$7,418,095

The below pie chart is a breakdown of funding sources by category for the proposed FY2022 Capital Budget.



How does the recommended FY2022 Budget support the Select Board's stated priorities?

Following are projects and priorities on which the Select Board is currently focusing that are addressed in the FY2022 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 \$318,000 is proposed over last year's reduced level to bring our appropriation for roadway improvements to \$1,800,000 which is still shy of our funding goal. This will help us greatly achieve 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 this Summer.

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

This project is in the construction phase. The project has been progressing well and we envision completion of the project sometime in the next year.

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

Consulting 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 Select Board'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

Due to concerns about a decline in some discretionary revenues lines, the budget being presented is certainly a conservative budget. 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.

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