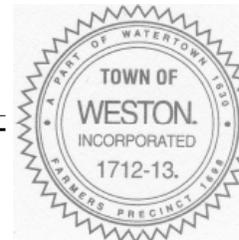


TOWN OF WESTON



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OFFICE OF TOWN MANAGER

January 21, 2016

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 2017 Proposed Budget and Financing Plan.

Budget Principles

The development of the Fiscal Year 2017 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 2017 recommended budget for Municipal Departments, Unclassified expenses, Reserves, the Superintendent's proposed School Department budget and Capital projects totals \$76,398,322 which is a \$1,438,463 or 1.9% increase over the Fiscal Year 2016 appropriated budget.

The budget increase has the following major components:

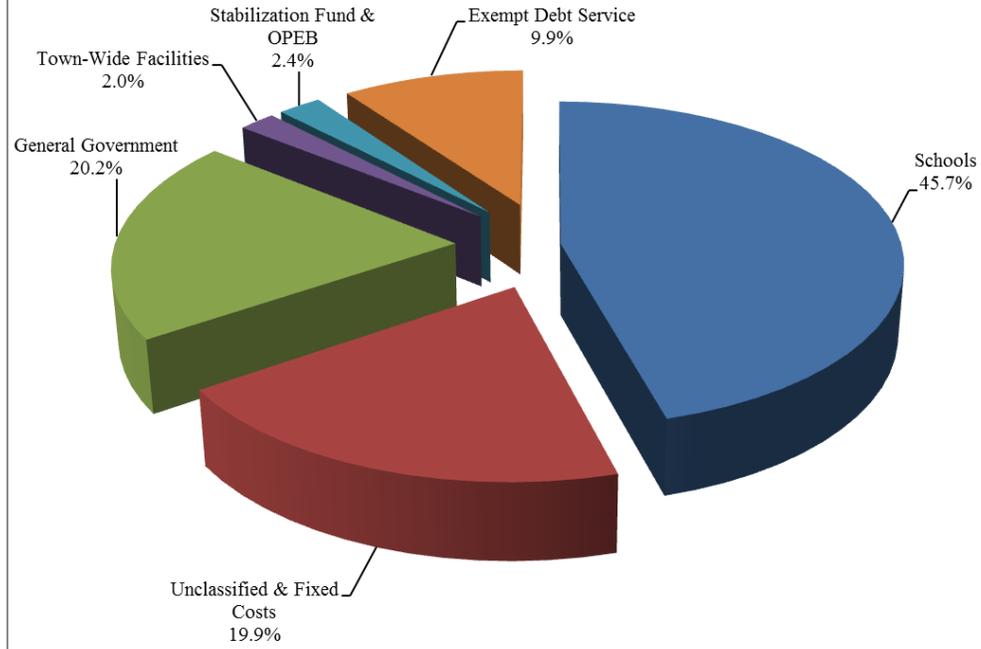
School Department (Superintendent's Budget)		
Salaries	\$754,872	
Program Improvements	315,048	
Offsets	(65,882)	
Other Changes	(2,343)	
Special Education	(65,349)	
Utilities (solar energy savings)	(175,000)	
Enrollment	<u>(195,818)</u>	
sub-total School Budget Increase		\$490,528
Municipal Increases Above Level Service		354,948
Middlesex Retirement System		287,644

Health Insurance & Medicare Tax	195,025
Facilities Improvements – Town wide	182,097
Salaries (Municipal)	168,491
Post Employment Benefits Reserve	45,592
Fire Equipment	(210,000)
All other changes - Net	<u>(75,862)</u>
Total increase FY16 to FY17	\$1,438,463

Summary of Recommended FY2017 Budget

	Recommended			
	FY16 Budget	FY17 Budget	\$ Change	% Change
Schools	38,220,429	38,710,957	490,528	1.3%
Unclassified & Fixed Costs	16,284,861	16,833,433	548,572	3.4%
General Government	16,953,606	17,125,280	171,674	1.0%
Town-Wide Facilities	1,534,038	1,716,135	182,097	11.9%
Stabilization Fund & OPEB	<u>1,966,925</u>	<u>2,012,517</u>	<u>45,592</u>	2.3%
Total Budget	\$74,959,859	\$76,398,322	\$1,438,463	1.9%
Projected Revenue	\$74,959,859	\$76,398,322	\$1,438,463	1.9%
(Shortfall) Surplus	\$0	\$0		
Debt Service Exempt from Proposition 2 1/2	\$7,926,753	\$8,394,077	\$467,324	5.9%
Grand Total Budget	\$82,886,612	\$84,792,399	\$1,905,787	2.3%

FY2017 Budget Summary by Category



Proposed Revenue

Fiscal Year 2017 projected revenues are \$76,398,322, which is a \$1,438,463 or 1.9% increase over FY2016 revenues. Included is an increase of \$2,525,954 in the tax levy, which is comprised of \$927,176 in FY16 growth in the tax base and 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 2017 exempt debt service is projected to be \$8,394,077, an increase of \$467,324 or 5.9% over Fiscal Year 2016 exempt debt service. Due to the many capital building reconstruction and renovation projects undertaken in the last decade or more, this jump in exempt debt service has been predicted. The expected peak has shifted each year based on the timing of the permanent bonding for these projects. Currently, the peak is anticipated to be in Fiscal Year 2018.

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 2017 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 2017. A level service budget is that amount of funding required to deliver the same level of services in Fiscal Year 2017 as was provided in Fiscal Year 2016. 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 \$354,948. 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 adopted by the Board of Selectmen. 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 2017 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 2017 that the Board of Selectmen will want to consider as debt exclusion questions. If the voters do not approve the funding of these projects through debt exclusion, the non-exempt debt service budget would need to be increased by \$36,031 in Fiscal Year 2017 and \$328,144 in Fiscal Year 2018.

FY17 Budget Initiatives

Every year there are additions to level service proposed because of increased demand for services, and Fiscal Year 2017 is no exception.

Roadway Maintenance

It has become clear that the Town is not keeping up with roadway maintenance and repaving efforts that often become more complicated projects because of the need to upgrade drainage systems and adjacent sidewalks at the same time. A recently completed Pavement Management Study concluded that about \$1.5 million is needed annually to keep up with proper maintenance of Town roadways. The FY16 appropriation of \$400,000 combined with State Chapter 90 funds of \$479,968 provides about 59% of the amount that is needed. In FY17, an additional \$250,000 in Town funding is proposed to bring that amount up to about 75%. With no assumption of additional State funding, we still need to make more progress to get to a sufficient annual allocation of funds. We are choosing to proceed gradually in order to be sure the Department of Public Works can handle the additional work involved. Improvement of roadways is a priority of the Board of Selectmen.

Council on Aging Salaries

For many years, the Friends of the Council on Aging has supported the salaries of certain Council on Aging staff positions. In FY17, we have been notified that the Friends will no longer support the Nurse position, choosing to use its funds for other purposes. This means an additional \$7,200 is needed to maintain the level of services currently provided by the Council on Aging to senior residents of Weston. The Nurse currently works 19 hours per week, and with this increase, the Town budget will fund 15 of those hours, the remaining 4 being paid by a grant.

Assistant Planner with Support for Historical Commission

In the last several years, it has become clear that it is difficult for the Town Planner to keep up with the day to day activities of site plan review and other Planning Board regulatory processes while at the same time attending to the bigger picture planning issues. A new position of Assistant Planner is proposed at 19 hours per week in order to do the lower level work of the Town Planner, such as writing decisions, taking minutes of meetings and other related tasks. In addition, the Historical Commission has requested staff assistance for its work. Since it seems possible to find one person with the skills and interest to handle all of this work, we are proposing that one position handle both areas of responsibility, which would also provide a more consistent presence in the office for residents seeking regulatory relief from both the Historical Commission and Planning Board. The cost of this part-time position is estimated to be \$30,000.

Addition of a K-9 Unit to Police Department

There is a grant available to Police Departments to provide a K-9 unit to Cities and Towns for three years with all costs covered except the cost of a vehicle for use by the person who becomes the K-9 officer. The cost of the dog, training, dog facilities, food, etc. are all covered by the grant for three years. Chief Goulding has requested consideration of such a position in order to assist with tracking of missing persons and suspects and patrolling wide open areas, which would be helpful in Weston. This would provide an additional area of growth and responsibility for a member of the department, and the resource could be made available to other towns, just as we received support in other ways from surrounding towns. The cost of keeping one of the existing vehicles we might normally trade in is simply the cost of insurance, approximately \$1,000. Future annual costs for food and veterinary services for the dog, after the grant ends, are estimated at \$3,500. This proposal does not increase staff.

Tree Inventory & Assessment

Some concern has been raised by residents about the health and well-being of the Town's public shade trees. DPW Director Tom Cullen, who also serves as the Town's Tree Warden, uses the services of a certified arborist through the Town's tree contractor. He is proposing that a study be done of all public shade trees to take inventory and assess the condition of each one. A database of trees would be created that can be included in the Town's Geographic Information System (GIS) and maintained by staff. This study is estimated to cost \$100,000 and is proposed to be conducted over a period of four years, making \$25,000 the request for FY17.

Increase Hours for Part-Time Office Assistant – Town Manager’s Office

Because of the increasing demand by the public for information, the Assistant to the Town Manager has really become the Town’s Public Information Officer, whose responsibilities include managing the Town’s website, creating and posting content on not only the website, but on Facebook and Twitter, and developing strategies for keeping residents informed in the most effective and efficient way possible. This has meant that she does not have the time for some of the more routine work in the Town Manager/Board of Selectmen’s office. There is currently employed an Office Assistant for 16 hours per week to do this work. An increase of 3 hours per week for \$3,300 is proposed in order to better meet the need for help.

Open Library at Noon on Sundays

In studying the utilization of services at the Library, the Director, Susan Brennan, has determined that opening one hour earlier on Sundays at noon instead of 1:00 p.m. would be beneficial to the public. This additional hour will cost \$8,448.

Contribution from Council on Aging Budget to Maintenance of Community Center

The Council on Aging occupies the ground floor of the Community Center and also uses some of the space upstairs for programs. The budget for maintaining and operating the building is in the Recreation Enterprise Fund, which must raise 70% of its revenue through fees, the other 30% being provided by the General Fund. In recent years, it has become a little more difficult to meet the revenue target, requiring some contribution from the Enterprise Fund’s retained earnings. The Council on Aging currently makes no contribution to the Recreation Enterprise Fund, although its programs, traffic and activities have increased in recent years. The portion of the Recreation Department’s FY17 budget requested specifically for the Community Center is \$81,750. In order to take some of the pressure off the Enterprise Fund, a \$30,000 contribution from the Council on Aging’s General Fund budget is proposed.

Other FY17 Budget Highlights

Salaries

The collective bargaining agreements for all but one of the Municipal and School departments’ twelve unions expire on June 30, 2016. This means there are no negotiated salary increases yet for union employees, which comprise 77% of the Town’s workforce. Amounts have been included in this proposed budget in anticipation of those negotiations, which 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 \$195,025 or 1.9%, which is based on an expected 5% increase in premium rates from the Group Insurance Commission. The actual increase will not be known until March. Although the premiums are expected to rise by 5%, the overall impact to the Town is less, because we are finding that new employees are opting for lower cost plans, more employees are switching to their spouse’s plan, and there is an increase in the number of employees who are “opting out” of the Town’s health insurance.

The increase for the Middlesex Retirement System is \$287,644 or 6.7%. Although the Town’s pension liability is significantly underfunded at this time, Middlesex Retirement System is required to fully fund the liability by 2035. The Town maintains a Pension Stabilization Fund with approximately \$400,000 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 \$45,592 or 2.8% 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 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 having been installed on the Town's landfill, which are expected to produce savings to the Town in electricity costs for Town buildings of approximately \$250,000 in FY17.

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. Assistant Town Manager/Human Resources Director Lisa Yanakakis prepared, analyzed and confirmed amounts needed for costs related to employee benefits and salary changes. Financial Analyst Christina Hansberry, Town Accountant Susan Kelley and Finance Director Sarah Johnson assisted in preparing the budget spreadsheets, debt service and revenue projections. Finally, I would like to acknowledge Taylor Field for her assistance in the production of this document.

Conclusions

Long-term outstanding debt and projected debt service have increased substantially over the past decade or more as Town buildings have been rebuilt or rehabilitated, but these levels of debt 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,

Donna S. VanderClock
Town Manager