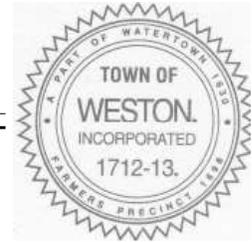


TOWN OF WESTON

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OFFICE OF TOWN MANAGER

January 25, 2017

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 2018 Proposed Budget and Financing Plan.

Proposed Operating and Capital Budget

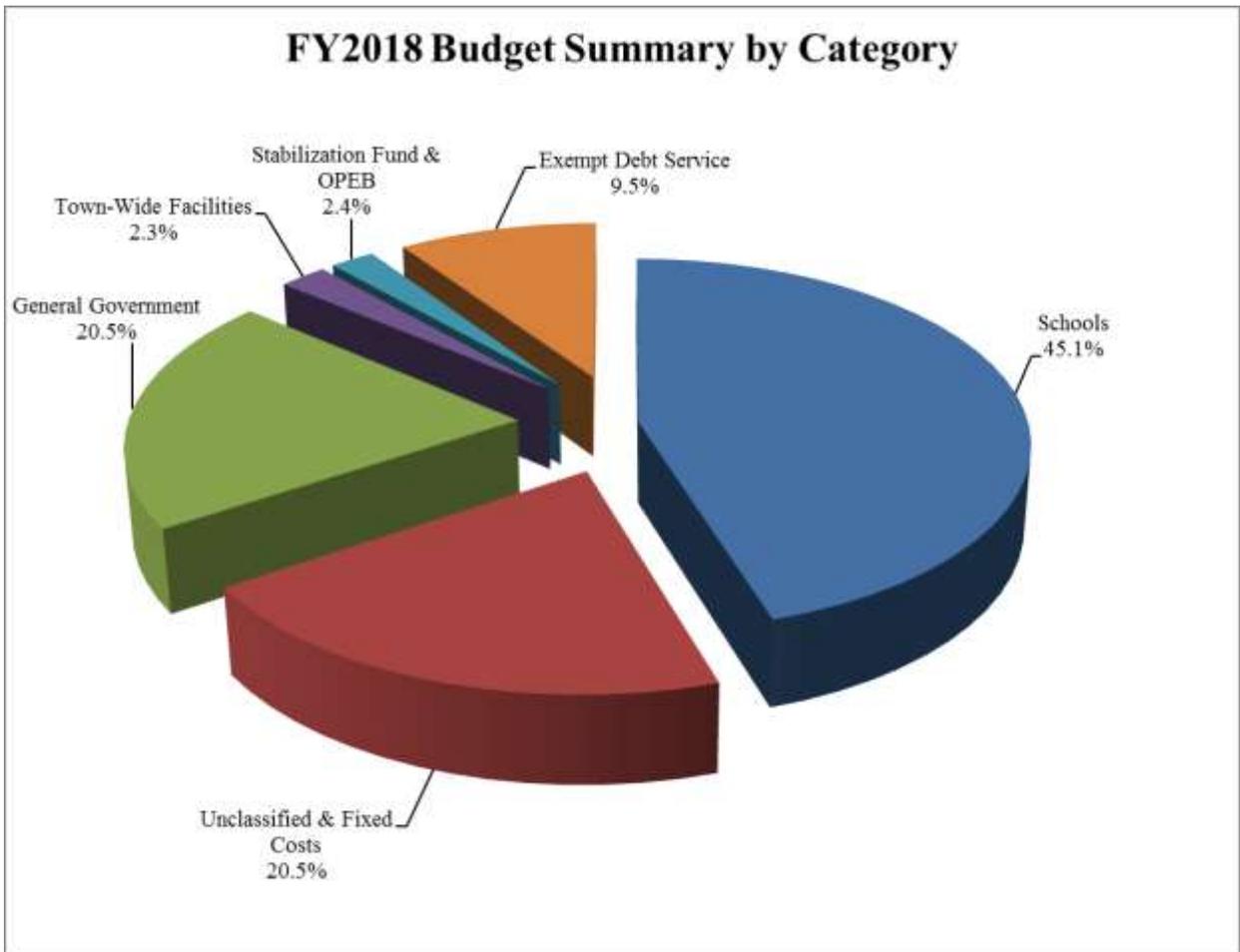
The Fiscal Year 2018 recommended budget for Municipal Departments, Unclassified expenses, Reserves, the Superintendent's proposed School Department budget and Capital projects totals \$78,972,283 which is a \$2,648,548 or 3.5% increase over the Fiscal Year 2017 appropriated budget.

The budget increase has the following major components:

School Department (Superintendent's Budget)	
Salaries	\$966,964
Program Improvements	164,380
Offsets	(89,783)
Other Changes	(118,098)
Special Education	140,699
Utilities (solar energy savings)	(17,868)
Enrollment	<u>(418,333)</u>
Sub-total School Budget Increase	\$627,961
Health Insurance & Medicare Tax	579,747
Municipal Increases Above Level Service	560,044
Salaries (Municipal)	420,902
Middlesex Retirement System	234,595
Facilities Improvements – Town wide	84,641
Post-Employment Benefits Reserve	73,963
All other changes - Net	<u>66,695</u>
Total increase FY2017 to FY2018	\$2,648,548

Summary of Recommended FY2018 Budget

	FY17 Budget	Recommended FY18 Budget	\$ Change	% Change
Schools	\$38,746,641	\$39,374,602	\$627,961	1.6%
Unclassified & Fixed Costs	16,999,884	17,866,046	866,162	5.1%
General Government	17,099,306	17,906,127	806,821	4.7%
Town-Wide Facilities	1,715,387	1,979,028	263,641	15.4%
OPEB & Weston Media Center	1,762,517	1,846,480	83,963	4.8%
Total Budget	\$76,323,735	\$78,972,283	\$2,648,548	3.5%
Projected Revenue	\$76,323,735	\$78,972,283	\$2,648,548	3.5%
(Shortfall) Surplus	\$0	\$0		
Net Debt Service Exempt from Proposition 2 1/2	\$8,084,603	\$8,250,171	\$165,568	2.0%
Grand Total Budget	\$84,408,338	\$87,222,454	\$2,814,116	3.3%



Proposed Revenue

Fiscal Year 2018 projected revenues are \$78,972,283, which is a \$2,648,548 or 3.5% increase over FY2017 revenues. Included is an increase of \$2,566,579 in the tax levy, which is comprised of \$1,192,004 in FY2017 growth in the tax base and a 2.1% increase, which is 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 2018 net exempt debt service is projected to be \$8,250,170, an increase of \$165,567 or 2% over Fiscal Year 2017 exempt debt service.

Budget Principles

The development of the Fiscal Year 2018 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 2018 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 2018. A level service budget is that amount of funding required to deliver the same level of services in Fiscal Year 2018 as was provided in Fiscal Year 2017. 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 \$582,044. 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 2018 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 2018 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 \$85,000 in Fiscal Year 2018 and \$802,142 in Fiscal Year 2019.

FY18 Budget Initiatives

Every year there are additions to level service proposed because of increased demand for services, and Fiscal Year 2018 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 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. In FY17, the annual appropriation was increased by \$250,000 to \$650,000, which combined with State Chapter 90 funds of \$479,968, provides about 75% of the amount that is needed. In FY18, an additional \$100,000 in Town funding is proposed to bring that amount up to about 82%. 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 proceeding 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.

DPW - Capital Projects Engineer - \$96,680

There has been a gradual increase in the workload for the Town Engineer to the point that additional staff hours are needed. Between sidewalk and other traffic projects proposed by the Traffic and Sidewalk Committee and approved by Town Meeting, gas relay projects, the upcoming Town Center Improvement project, and increased funding for roadway maintenance, as well as ongoing water main and drainage projects, a new full-time position is justified. The amount requested in the budget also includes the anticipated cost of benefits.

DPW – Vehicle Maintenance Co-op Student - \$11,184

Funding is proposed for a co-op student from a local high school to work in the Vehicle Maintenance Division of the DPW. The student would work during the school year (3 days per week for 4 hours per day or 12 hours per week) and during the summer months for a total of 932 hours at \$12.00/hour. Students in this program could be considered for future employment when there are vacancies.

Finance - Procurement Officer - \$91,680

The Town Manager serves as the Chief Procurement Officer, but all departments purchase goods and services, and some manage horizontal (public works) and vertical (facilities) construction projects, all of which are subject to state laws governing procurement processes. Currently, all departments must have a little bit of knowledge, which is challenging, especially when the laws change. This position is proposed as a joint position between municipal departments and the School department, and the person in the position will ensure that the Town is in compliance with Massachusetts General Laws as well as following best practices to effectively and efficiently manage purchasing processes. The addition of this full-time position will relieve some of the workload of several major, very busy departments. The amount requested in the budget also includes the anticipated cost of benefits.

Land Use - Additional Hours for Conservation Commission Staff - \$5,000

The Conservation Stewardship Program Coordinator currently works 12 hours/week, of which 2 hours/week are funded from the Wetland Protection Act fund. This position was established to assist the Conservation

Commission in overseeing a number of land management program needs, particularly monitoring conservation land boundaries. Because the Commission is experiencing an increase in land management project administration as well as an increase in permitting, enforcement, and construction near wetlands, there is a greater demand for staffing. For that reason, an additional 3 hours/week is requested.

Land Use - Additional Inspection Hours for Potential Large Projects - \$12,000

There are two large housing developments proposed for the entry to Weston on Boston Post Road – one at the current Biogen/Monster site and the other across the street. If either or both of these developments are proposed, additional temporary hours for building, plumbing, and electrical inspectional services will be required.

Facilities - Fields Maintenance - \$179,000

An increase in the fields maintenance budget of \$89,000 is requested by the Fields Steering Committee and recommended to improve the maintenance of Town and School fields, in which significant investment has been made in recent years with private donations and CPA funds. In addition, \$90,000 is recommended to upgrade the field irrigation control systems town wide to better manage water usage related to irrigating these fields.

Health - Feasibility Study for Sewage Treatment Plant at Case Campus - \$15,000

The Massachusetts Department of Environmental Protection has determined that no further expansion can take place on the Case Campus or other surrounding municipal and school properties, due to the large amount of municipally owned property in that area and the number of septic systems currently in place. The only possible solution is to construct a sewage treatment plant to serve these buildings. The Board of Health will oversee the work of a consultant to explore the feasibility of constructing such a plant.

General Government - Electronic Voting Devices for Town Meeting - \$45,000

In order to ensure more efficient and accurate voting at Town Meeting, hand-held, electronic voting devices are proposed. These devices will be rented, and the cost will include advance preparation and support during Town Meeting, assuming one Annual Town Meeting and one Special Town Meeting with typical attendance.

General Government - Cultural Council - \$4,500

The Weston Cultural Council is a volunteer committee that oversees the distribution of approximately \$4,400 in grant funds from the Massachusetts Cultural Council. Typically, there are 12 recipients of these funds for an average of \$367 each. A Town match is recommended, in order to expand the local cultural opportunities available to Weston residents.

Recreation – Purchase of Smithco Tractor - \$22,000 (Enterprise Fund)

A Smithco Tractor is a small tractor used to maintain the dirt areas of baseball and softball infields by dragging them with a chain-like device hooked onto the back. The purchase of this equipment will allow maintenance workers to drag baseball infields after mowing grass on the rest of the fields. This will help keep the dirt areas in safe playing conditions by smoothing any small bumps or crevices, also preventing weed growth by regularly disturbing those areas. The School Department also has one of these tractors, but it would be difficult to share because the need for it on School fields overlaps with the need on Recreation fields.

Other FY2018 Budget Highlights

Salaries

Eight of twelve collective bargaining agreements for municipal and School unions are settled. The remaining four agreements (all municipal unions) are still in the process of negotiation. Of the settled agreements, wage adjustments for FY2018 range from 1.25% to 2%. For the remaining unions, amounts have been included in this proposed budget in anticipation of completing 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 \$613,107 or 5.6%, 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 \$234,595 or 5.1%. 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 \$409,000 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 \$83,963 or 5.1% 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 recently installed on the Town’s landfill, which produced savings to the Town in electricity costs for Town buildings of approximately \$306,000 from April – November 2016. In addition, solar panels will soon be installed on the roof of the DPW building, producing an estimated annual savings of approximately \$21,000.

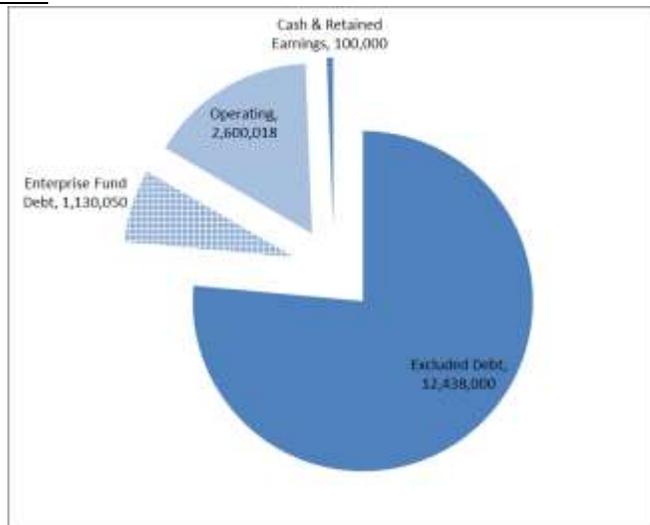
FY2018 Capital Budget

Included in Sections 17-22 of this document are the Town’s Annual Capital Budget and FY2018-2022 Capital Improvement Program (CIP). The table below lists the capital requests being made for FY2018.

The recommended FY2018 Capital Budget totals \$16,268,068, of which \$12,438,000 will be proposed for borrowing with excluded debt, \$1,130,050 for borrowing with enterprise fund debt, \$100,000 from enterprise fund retained earnings, and \$2,600,018 from both general fund and enterprise fund operating budgets. It should be noted that funding for all recommended FY2018 projects requiring borrowing must be approved through separate warrant articles that will be proposed at the May 2017 Annual Town Meeting.

The pie chart below shows the breakdown of funding sources by category for the proposed FY2018 Capital Budget.

FY2018 Capital Funding Sources



FY2018 Capital Budget

PROJECTS BY DEPARTMENT		FUNDING SOURCE	AMOUNT
DEPARTMENT OF PUBLIC WORKS			
	Drainage Improvements	Excluded Debt	300,000
	South Side Drainage Improvements	Excluded Debt	500,000
	Town Center Improvement Project	Excluded Debt	5,638,000
	Roadway Improvements	Operating Budget	750,000
	Departmental Equipment	Operating Budget	245,000
	Sidewalk Reconstruction	Operating Budget	120,000
	Guard Rail Improvements	Operating Budget	50,000
	Water Hydrant Rehab Program	Operating Budget	50,000
	Water Main Rehab Program	Enterprise Fund Debt	271,000
	Water Wireless Meter Reading	Enterprise Fund Debt	859,050
	SUBTOTAL		\$8,783,050
TRAFFIC AND SAFETY IMPROVEMENTS			
	Case Campus Master Plan	Excluded Debt	1,500,000
	SUBTOTAL		\$1,500,000
FACILITIES TOWN-WIDE			
	Town-Wide Facilities Improvements	Operating Budget	534,699
	Equipment	Operating Budget	135,000
	Irrigation Improvements	Operating Budget	90,000
	SUBTOTAL		\$759,699
FIRE DEPARTMENT			
	Equipment Replacement	Operating Budget	50,000
	Car 3	Operating Budget	60,000
	SUBTOTAL		\$110,000
POLICE DEPARTMENT			
	Replacement Vehicles	Operating Budget	136,000
	SUBTOTAL		\$136,000
SCHOOL DEPARTMENT			
	School - Bus Replacement (3)	Operating Budget	232,551
	Proctor Field Construction	Excluded Debt	4,500,000
	SUBTOTAL		\$4,732,551
BROOK SCHOOL APARTMENTS			
	Repairs & Replacements	Operating Budget	146,768
	Capital Improvements	Retained Earnings	100,000
	SUBTOTAL		\$246,768
	TOTAL FY18 CAPITAL BUDGET		\$16,268,068

How does the recommended FY2018 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 FY2018 budget:

1. Accelerate roadway maintenance.

An additional \$100,000 is proposed, as well as a new position of Capital Projects Engineer to support DPW infrastructure projects.

2. Complete Case Campus Master Plan.

Funds are included in the capital budget for the final phase of traffic and parking improvements, pending a successful vote at the Annual Town Meeting.

3. Plan for improvements to Town Center.

Design funds were approved at the fall Special Town Meeting; construction funds are included in the capital budget, pending a successful vote at the fall 2017 Special Town Meeting.

4. Complete Case Estates purchase and: a) determine future use of buildings, b) prepare for resale of certain parcels, c) evaluate opportunities to develop affordable housing; and d) determine whether or not additional conservation restrictions should be placed on the property.

Although much of this work is being funded through the original 2006 appropriation, the FY2018 budget includes increased funds in the Conservation Commission's budget for land management and additional staff hours to recognize the increased workload, which includes this property. In addition, the consulting funds included for the Board of Health to explore the feasibility of a sewage treatment facility will help determine future use of the buildings.

5. Explore alternative voting methods for Town Meeting.

Funds for the rental of hand held voting equipment for Special and Annual Town Meeting are included.

6. Evaluate placement of solar panels on Town buildings and on parking lots.

The FY2018 budget recognizes \$250,000 in revenue from solar panels on the Town landfill. Additional offsetting revenue will be recognized later in the budget process when more information about actual experience is available.

7. Complete and submit Housing Production Plan to DHCD.

This plan was completed, and one of the housing production goals was for 200 units to be developed on private property through a "friendly 40B" process. At this time, two possible large scale developments are being proposed on private property. If either or both are approved, additional inspectional services hours will be required, and those funds are being requested.

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, Treasurer/Collector Pete Forcellese and Finance Director/Town Accountant Susan Kelley prepared the budget spreadsheets, debt service and revenue projections. Finally, I would like to thank Taylor Field for her assistance in the production of this document.

Conclusions

The budget for municipal departments, including municipal and school employee benefits and other unclassified costs, constitutes 76% of the FY18 budget increase and can be categorized as follows:

	FY18
<u>Municipal and Unclassified Increase</u>	Change
Employee Salaries & Benefits	1,309,207
Increased demands for DPW Infrastructure & improved Playing Fields	386,864
Other Increased demands	108,680
All other Municipal Increases above Level Service	64,500
Facilities Town-Wide	84,641
All Other Changes - Net	66,695
Total Increase from FY17 to FY18	<u>\$2,020,587</u>

In addition, exempt debt service continues to rise as final borrowing has taken place for a number of completed facilities projects, and other new projects are proposed and approved by Town Meeting. 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,

Donna S. VanderClock
Town Manager