

Weston Finance Committee
Meeting Minutes
July 9, 2020

A meeting of the Finance Committee of the Town of Weston, which was duly called and posted in compliance with the laws of the Commonwealth of Massachusetts, was held via Zoom Technology on Thursday, July 9th, 2020. There being a quorum present the meeting was called to order at 7:03pm.

Present for the meeting were:

Finance Committee: Lisa Reitano – Chair, John McDonald, James Jarrett, Karen Meslin, Jim Philipkosky, and Bharath Venkataraman.

Also Present: Leon Gaumond, Town Manager, Susan Kelley Finance Director, and resident Maryellen Sikes.

John McDonald was appointed to serve as Secretary pro-tempore and charged with keeping the minutes of the meeting. The Zoom video conference meeting was recorded by Weston Media and is available on-line.

- 1) The minutes of the meeting of June 25th were approved.
- 2) The Committee approved the FY20 Year-end Budget Amendments and Transfers and the FY20 Reserve Fund Transfers. See attached schedules from the Finance Director. The Town Manager requested a total of \$268,000 in transfers from the reserve fund to cover overages and noted we had over \$611,000 balance in the fund prior to these transfers. The largest item for \$170,000 is for snow & ice removal. He expects smaller amounts related to Board of Health and voting (among others) will be reimbursed to the Town under the Cares Act. A question was asked about the legal expenses, and the Town Manager indicated the overage primarily related to 4 affordable housing projects. Detail on these FY 20 legal fees were provided subsequently: 104 Boston Post Rd \$26,020, 751 Boston Post Rd \$32,410, 518 South Ave \$53,973 and 255 Merriam St \$24,380. Since the meeting was held via Zoom, the Committee authorized the Chair to sign the documents on behalf of all members later in the week.
- 3) The Committee discussed a memo written by Lee McCanne, Director of Technology, and Tracy Sullivan regarding a proposed town-wide network project. This will be a separate article at TM for approximately \$945K as a capital item. The updates will improve cyber security among other items (see attached memo). The Town Manager stated that he would have liked to have heard about the need for this project several years ago. The Committee noted that the Town should not have been surprised by this. In addition, it was suggested that if the

Town now believes this is a priority for FY21, other items should be trimmed as an offset.

- 4) The Town Manager stated that he would be presenting his thoughts on possible revisions to the budget at the next Select Board "SB" meeting the following Tuesday. He advised the Chair that he will send them to her before the meeting once they are completed. He further thought that the budget would be finalized and approved by the SB at their July 28th meeting.
- 5) The Committee discussed a potential town-wide mailing regarding the budget to be sent to residents in advance of Town Meeting. The Committee thought the revised draft was better because it was shorter, had more bullet points and was more concise and engaging. Discussion ensued around comparisons of peer towns' tax bills using average tax bills versus median tax bills. Unfortunately, median tax bills are difficult to find in statewide data bases. The town assessor was able to contact his counterpart at several of the peer towns to determine the prior year medians. However, one would have to contact each town individually for such historical data for each prior year. However average tax bills are readily available. Although the numbers have not yet been finalized, it appears that Weston's median tax bill may be 15% higher than peers, whereas Town's average tax bill is 34% higher. The Committee also discussed the benefits the Town offers its employees in the context of the Schools per pupil expenditures and in light of the upcoming contract negotiations regarding benefits for all Town employees. Based on feedback from a benefits consultant hired by the Town, the Town pays 84% of the health insurance premiums, whereas most of our peer towns pay only 72-75%. However, the Town Manager believed that at least for HMOs, both Lexington and Sudbury pay a higher % than 72-75% although he agreed we do pay more.
- 6) The Chair noted that the actuary is running various OPEB scenarios assuming different benefit rates. These should be available soon and should help the Town with respect to the upcoming benefit negotiations. Also the Town Manager indicated that most of the data is now available for the management reports which will provide performance metrics for various town departments for FY20, and he is working with some of the Fincom members on these reports.

The meeting adjourned at 8:20pm.

Respectfully submitted,

John McDonald

Transfer From	Transfer To	Amount	Reason	Total Budget
Water Enterprise- MWRA Water Assessment	Water Enterprise- Salaries	\$10,000	Greater need for overtime than anticipated	\$2,687,000

Note: MGL Ch. 44, Section 33B - 3% cap has been eliminated with Municipal Modernization Act. Must be approved by Selectmen with concurrence of Finance Committee.

Approved:

Board of Selectmen

Approved:

Finance Committee

**Town of Weston
Massachusetts**

Finance Committee

July 9, 2020

To the Town Accountant:

You are hereby notified that on July 9, 2020, the Finance Committee voted to authorize a transfer from the Reserve Fund to the following appropriation in the amount stated to cover expenditures which are extraordinary and/or were unforeseen:

<u>Title of Appropriation</u>	<u>Purpose</u>	<u>Amount of Transfer</u>
Snow & Ice Control- Salaries & Exp	Snow & Ice Deficit	\$ 170,000
Legal -Expenses	Affordable Housing & COVID expenses	50,500
Board of Health - Salaries	Overtime hours during COVID	25,000
Town Clerk & ROV - Expenses	Replacement Voting Booths	<u>22,500</u>
		\$ 268,000

By this order you are authorized to transfer the amount stated above from the Reserve Fund to the designated appropriation on the books of the Town in accordance with Massachusetts General Laws, Chapter 40, Section 6.

_____	_____
_____	_____
_____	_____
_____	_____

A majority of the Finance Committee



Memo:

To: Leon Gaumond, Town Manager
CC: Lisa Yanakakis, Asst. Town Manager & HR Director
From: Lee McCanne, Tracy Sullivan
Date: July 6th, 2020
Subject: Town-wide Networking project

Thanks for relaying the concerns of the finance committee. I've sat down with Tracy and Howard to discuss our current status and options and offer this document in response. I'd be happy to have a direct conversation with the finance committee if you feel it appropriate to do so.

We strongly advise against delaying this project a year. In this memo, we cover the baseline of the big picture project, where we are currently, the risk factors, and our recommendation.

The Big Picture: The vast majority of or Town-wide network switching and wireless hardware is in need of updating. Purchased between 2006 and 2010, we have squeezed a long and productive life from these electronics. Network security is also a significant portion of the update--risk management and mitigation.

Context: Just to be sure everyone is aware of the extent we are reliant on these network electronics, every form of communication and access to any and all documents transverse the network. All phone conversations (Police [not 911], Fire, Town Hall, DPW, all Schools and Town Buildings), all document access (Cloud-based and local), all security systems, Fire Radio systems, Police Radio Systems, School Radio systems, HVAC systems, Lighting Systems--all communications go through our network.

E-rate funding: The Schools are eligible to receive E-rate reimbursement (for Weston, that is up to 30%) for eligible electronics. We have applied for 74k in the funds assigned to Weston. If we do not use the funds this (2020 E-rate) year, we will forfeit them. It should be noted that we have not yet been awarded these reimbursements and have no guarantee of the actual award amount, but historically



this has been a solid program. A new E-rate program has been announced that should provide the schools with eligible reimbursements over the next five years.

Current Status of Network: We have noted a slow and steady increase in failures of switching and Access Points. It is highly likely this trajectory will continue and/or accelerate.

Risks: There are three main risks we currently face.

1. Network security risks. We are using a 2010 era network tools to defend against 2020 cyber threats. While our Firewalls are more current, we need more visibility into what is happening on our network and the means to defend and react to internal threats. Built into this project is work to ensure we harden our network to increase security and visibility.
2. Network failures have real costs and opportunity costs. The real costs are the loss of productivity for our employees unable to do their work. For the School Department alone, the labor costs are about 20k per hour. The opportunity costs are those of students not able to access materials and move their education forward. All told, there are about 2640 people in our Town/School buildings each workday relying on this network. We want to be sure the business of the Town and all the services provided by its employees are reliable.
3. We feel it is a waste of money to replace gear compatible with our current networking systems that would then be abandoned during an update. Even refurbished switches are thousands of dollars each.

For these reasons, we urge you to support this project at the September Town Meeting.

DRAFT

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**Weston Finance Committee
Does Not Support Recommended Budget**

A Stabilization Budget for a More Secure Future

From the Weston Finance Committee

WESTON FINANCE COMMITTEE

Lisa V. Reitano, Chair	James A. Jarrett
John F. McDonald	Karen L. Meslin
James D. Philipkosky	Ellen B. Richstone
John M. Sallay	Bharath Venkataraman

For Further Information, see: <https://www.weston.org/DocumentCenter/View/23341/FY21-Updated-Budget-Recommendation-Stabilization-Budget-PDF>

A Stabilization Budget for a More Secure Future

In this time of great economic disruption and uncertainty, the Finance Committee does not support increasing the Fiscal Year 2021 operating and cash capital budgets as recommended by the Select Board, which is an increase of \$6.2 million (6.6%) in expenses. In this unprecedented environment, we:

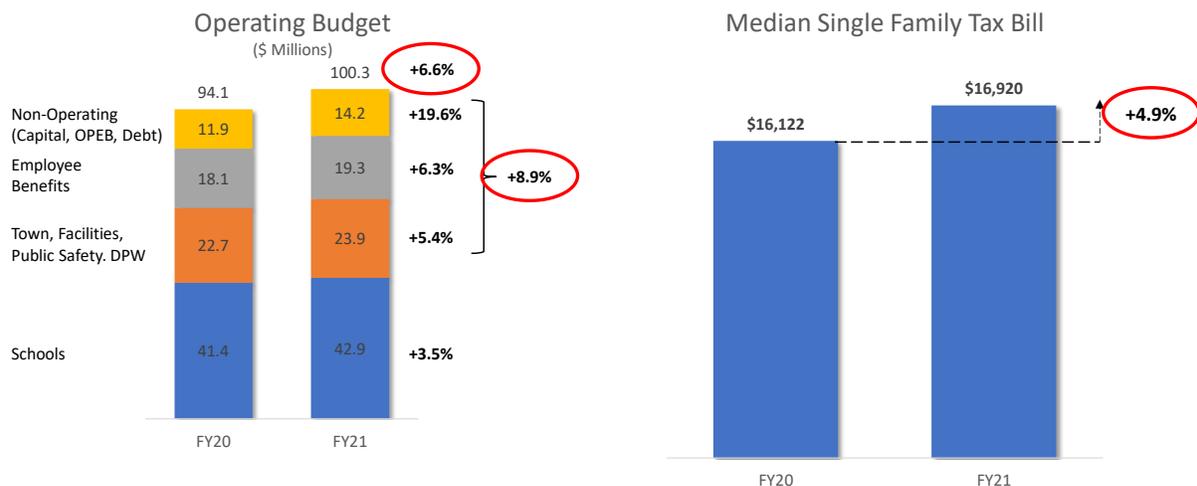
- Recommend a more modest total FY21 budget and capital expense of \$95.6 million
- Do not oppose the school budget of \$42.9 million
- Recommend maintaining level spending of \$52.7 million for the town budget & capital expense

Note that our proposal is still an increase of 1.6% (\$1.5 million) over FY20 due to the proposed school budget increase. We believe it is possible for us to honor all legal and contractual commitments and at the same time keep town side spending levels at current levels while maintaining existing public safety and municipal infrastructure. Specifically, we recommend that Weston:

- Spend \$1.2 million to maintain roadways rather than \$2.0 million including improvements
- Reduce by up to half this year's annual retiree health (OPEB) contribution of \$2.25 million¹
- Implement a hiring freeze for all new positions to save about \$350,000 per year²
- Defer capital expenditures for a total of about \$1.75 million³
- Remove an additional \$650K from other expenses and/or projects⁴

We recommend deferring all discretionary spending and all proposed budget increases which are not absolutely necessary until after the current crisis has subsided. At that point, we may be able to restore discretionary expenses and investments on which there is already broad agreement and debate other increases as may be prudent at that time.

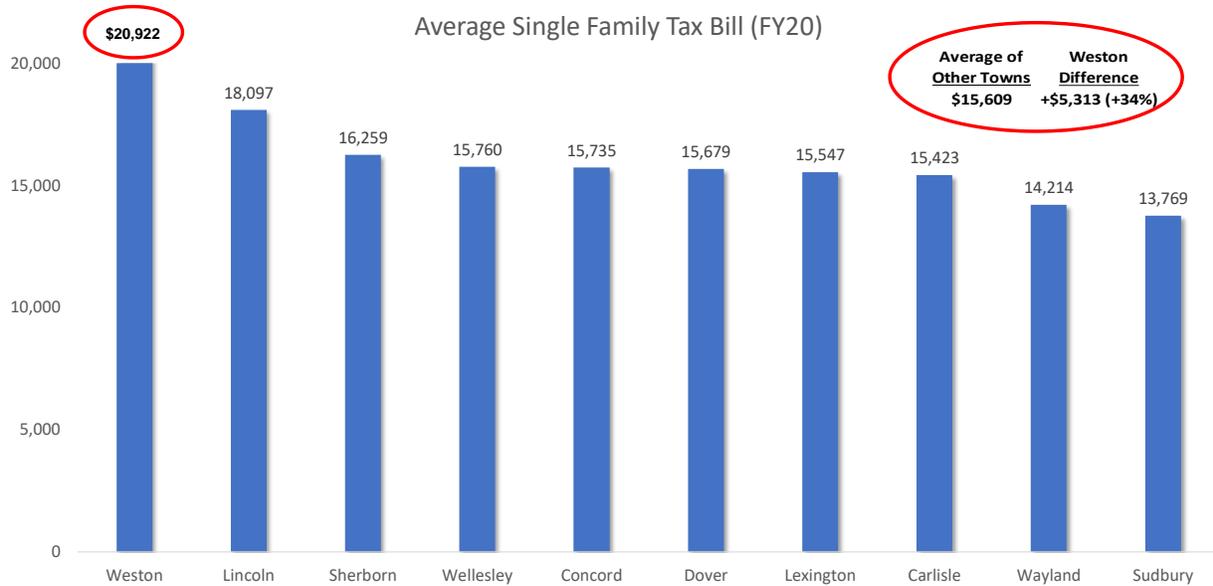
Budget and property taxes are up significantly



To be clear, we continue to have long term concerns about Weston’s level of taxes and spending, and would be recommending a fundamental review of the town’s budgeting principles even without the current crisis. The coronavirus crisis simply magnifies the issues. By every measure, Weston spends more for town services than other comparable, affluent communities do. In particular:

- Weston currently has the highest average single-family tax bill in Massachusetts, at \$20,922, or \$5,313 (34%) higher than the \$15,609 average of the next nine communities.
- School expenses are roughly two-thirds of our budget and we spend 27% more per pupil than these comparable towns (\$25,367 vs. an average of \$19,929). The School budget has grown in recent years despite continued and projected future declining enrollment. We are not recommending a reduction in the school budget this year in recognition of the planned cost-cutting measures and due to this year’s operating challenges.
- Our debt and unfunded retiree health and pension costs far exceed other towns, and are nearly twice as high per household. In part, our larger health costs are driven by the fact that we pay a significantly higher proportion of our employees’ premiums than comparable affluent towns.

Property taxes are far higher than similar towns



While all towns are different, many large costs – such as providing public safety for a certain number of homes, paving a mile of road, or educating a child to a high standard – should be roughly the same across similar affluent towns. In general, the municipal services required by a particular home in Weston, which is worth more than the identical home might be worth in another town, should not be higher just because the value of the home is higher.

Debt obligations are far higher than other towns

Total Debt and Unfunded Liabilities per Household (\$000)



Weston’s total level of debt and unfunded pension and retiree health care liabilities is now approaching a quarter of a billion dollars. In FY20, these totaled \$57,120 per household, up from FY18 where we were at \$52,100/household, far higher than the average of \$28,300/household in the other towns.

To enhance long term fiscal prudence and financial flexibility, we continue to recommend that Weston:

- Establish baseline measures of success for Town departments, to easily track services and costs, compared to objective measurable standards and neighboring comparable towns.
- Develop a long-range financial planning model, to better analyze the financial implications and tradeoffs associated with various policies, commitments, and large special projects over time.

To reiterate, we do not support increasing the Fiscal Year 2021 operating and cash capital budgets as proposed by the Town Manager and Select Board, and recommend voting against the proposed budget at Town Meeting. Just as we are all adapting to new social customs for our personal and community safety, it has become necessary now to work together to stabilize and secure Weston’s financial future.

¹OPEB funds are not legally obligated to be funded and rating agencies do not expect towns to fund them this year
²Hiring freeze includes the Sustainability Coordinator (\$104,000), the two additional firefighters on top of the two already added (\$191,000), the Assistant Town Planner, Conservation Assistant, and COA Coordinator increased staffing levels (\$64,000)
³Capital expenditures deferred includes the school/town networking equipment upgrade (\$953,000), ambulance and fire equipment replacements (\$550,000), fire and recreation vehicles (\$102,000), DPW equipment (\$41,000), and the \$100,000 school campus feasibility study
⁴Additional reductions could include reduced travel/conferences and drainage projects