

*Town of Weymouth  
Massachusetts*

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Dear Councilors,

I hereby submit my proposed operating budget for Fiscal Year 2010 to the Town Council.

Before I provide you with an overview of the FY10 budget, I would like to review the FY09 budget.

I was informed on January 28 that Weymouth, like all other cities and towns, would be subject to cuts in state aid for this fiscal year and next. The governor had announced those cuts in accord with authority given to him by the Legislature. For the current fiscal year, the Town experienced a reduction of \$1,057,525 in its local aid. We are fortunate that we, with the assent of Council, have been able to survive the impact of this reduction with the use of funds from the sale of the Fulton School. That reduction was solely due to a reduction in state funding. It is an approach I do not normally support however, we are in unique times.

There are those who sought for me to begin making budgetary cuts in February prior to the establishment of clear objectives and careful planning. The appropriation of the Fulton School funds permitted the time to carefully analyze our finances for the period FY09 through FY11 and to plan accordingly. We must not act in haste or without all the facts being known.

Fiscal year 2010 presented the Town with a different challenge. The Governor has declared that he will not cut aid to schools but that the communities and its citizens should anticipate cuts in aid for general government including police, fire and other services provided to our citizens. In fact, the total impact on our fiscal 2010 budget is over \$3.6 million in reductions from state aid. The reduction amounts to a nine percent decrease in state aid to the Town of Weymouth. I have been planning for revenue reductions since October of 2008 when we learned of the possibility of cherry sheet cuts.

In addition, the Governor stated that he would supplement cuts in state aid with increases in both the meals and room taxes. Upon analysis and advice from our State delegation, I

have taken the position that both these taxes may not receive legislative approval. As a result, I have not included them in the revenue stream for FY10. I have also asked that each element of local receipts be reviewed and be conservatively projected in FY10. This review revealed the possibility of an eight percent reduction (approximately \$700,000) in this revenue stream, one that I could not ignore. There are fee increases for use of our waterways to bring them in line with other communities. Again, reliance on one time cash reserves has been eliminated. It has been my philosophy that the Town should live within its means and this approach mirrors that philosophy.

On the positive side, my successful negotiations with the Public Employees Committee on health insurance coverage proved to free up approximately \$2 million for FY10 and helped the Town to absorb the significant loss of state revenues.

After a careful review of the projected revenues for FY10, my stated goal was to fund every position which is currently filled. I also did not want to adversely impact the current level of services we provide our citizens but to be mindful of the fact that what we propose in FY10 will have an impact into FY11. The Department Heads have played a critical role in that process.

Over the past two months, each department head presented to me plans which would help me achieve this goal. To a significant extent my goal was achieved.

There has been much discussion on the stimulus package. The details of the package are unclear as the regulations are ominous. We do know that the federal stimulus package has three components: (a) additional funding for special education (b) school construction and (c) "supplement funding for a range of governmental services". We do not believe that the federal stimulus package will not have any impact on the non-school budgets as the regulations clearly require us to match any funds we receive for up to 5 years after the federal funding has been exhausted.

There may be impacts on the School Department deliberations. With that in mind, the School Department has advanced a budget which is \$2M over level funding. The difference between level funding and their request is a reliance upon revenues contained in the Federal Stimulus Package recently passed by the Congress.

Both the Superintendent and I are monitoring available sources of information. Congressman Delahunt's office has been very helpful in keeping me apprised of what funds may be available to the Town and the conditions under which we might receive those funds. We know that the education appropriations for Weymouth have survived and we will keep you informed as we proceed through the budgetary process.

The School Committee and the Superintendent are working cooperatively with me. We are in constant communication. I am hopeful that this spirit will continue throughout the next few months. I believe that it will.

The total appropriation request is \$127,872,126 a decrease of \$1.3 million from the appropriation FY09 level.

All but 3 positions which existed in general government budget in FY09 are funded in this budget. There are no new general government positions.

The following vacant positions have not been funded in the non-school general fund budgets: the Assistant Town Accountant, a clerk in the Town Clerk's Office and a clerk in the Department of Public Works.

Three departments have funding levels below that found in the FY09 budget: Town Council, Mayor's Office and Municipal Finance. Salary adjustments for existing contractual obligations and step increases for those entitled have been included in my proposal.

Three departments will show an increase over the FY09 levels. They are the Police Department, Fire Department and Veteran's Services.

I wanted to insure that we have adequate police and fire protection for the Town. For this Town to reduce the number of active police and fire fighters below this year's level is intolerable despite a bleak financial picture. This budget preserves those positions and, as a result, show increases totaling \$205,000. Veteran's Services budget has also been increased to reflect the dramatic increase in the application for state mandated benefits. This increase is made despite a dramatic decrease in state reimbursement.

I do not plan on requesting a supplemental appropriation until the Legislature and the Governor develop and enact a FY10 budget and that the Department of Revenue has announced the impact of that budget on Weymouth. Normally, this process is completed in July.

Fixed cost increases continue to dominate the expense side of the budget. On the positive side and as a result of the employees and administration entering into discussion, it is projected that the Town of Weymouth will see a savings of approximately \$2 million in health insurance expenses. We have experienced an increase in our appropriation for our unfunded retirement liability. We are projecting a decrease in our use of unemployment funds but have made provisions for the use of those funds in the event of more 9-c cuts from the Commonwealth.

Finally, the Massachusetts Department of Revenue has cautioned the Town of Weymouth to budget its revenues conservatively given the state of the economy.

Free cash for FY11 is estimated to be \$1,100,000 primarily from accelerated receipts from various tax title properties and unexpended line items contained within the FY09 budget.

The Capital Improvement Plan has been submitted to Council and lists identified priorities for the next five years. Investing in our capital needs is critical for the long term health of our community. However, under the current circumstances, there will be no requests for new capital projects despite several needs, due to current fiscal constraints.

I have included the Community Preservation Committee budget and funding requests. I have made no changes from what was presented to me by the Committee. This budget reflects a potential reduction in state reimbursements for this program and the contingent liability for \$220,000 in expenditures approved by Council for the Fogg Library project.

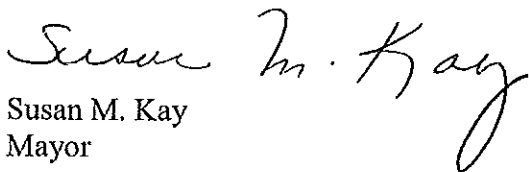
Overall, I am pleased that the General Fund FY10 proposed budget is able to provide funding to maintain our current staffing levels.

I must caution the Council however, that we have not seen the final accounting for the FY09 snow removal deficit which today is projected at \$820,000. I have submitted requests to address the expenditures in this program. We are also carefully monitoring the expenditures in the health claims trust fund. In addition, we must also address the 16 labor contracts up for negotiations along with non-union wage increases.

The Sewer Department budget will remain level funded for FY10 despite a projected increase in MWRA charges. The Water Department budget on the other hand, will increase due to escalating costs associated with utilities, chemicals for the treatment of raw water and debt service associated with the new water treatment plant. There will be an increase in water rates which will become effective in July.

As always my staff will be available to assist in your deliberations.

Sincerely,

  
Susan M. Kay  
Mayor