

*Town of Weymouth
Massachusetts*

Robert L. Hedlund
Mayor

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Dear Councilors,

I hereby submit my proposed operating budget for Fiscal Year 2018.

The FY18 budget is a responsible budget with modest growth to address primarily personnel obligations and needs. We have been able to continue our practice of using recurring, predictable sources of revenue to fund the budget. The Fiscal Year 2018 general fund operating budget totals \$162,171,975. This budget reflects an increase of \$6,665,703 or 4.3% over Fiscal Year 2017. While the overall increase is similar to FY17, which was 4.0%, the factors involved are different and were more challenging than FY17.

Some of the factors that made crafting the FY18 budget more challenging include:

- Several Collective Bargaining Agreements (CBA) being settled with various town unions, including Library, DPW, SEIU and Traffic Supervisors. All of these CBAs reflected two (2) years' worth of increases, as they had expired at the end of FY16 (June 30, 2016). The budget also includes a 1.5% COLA increase for non-union employees.
- While health care costs were less than original estimates from GIC, the increase was still significantly more than we saw in FY17. In total, our health care costs are budgeted to increase by \$435,177 or 2.0% in FY18.
- The increase to our pension appropriation doubled from FY17 to FY18, due in large part to our Retirement Board reporting that investment income was \$14.8 million less than their original forecast for the period between January 1, 2014 and December 31, 2015. The budget increase requested by the Retirement Board for FY18 is \$647,752 or 6.5%.
- State Assessments are increasing by over \$1.5 million in FY18, accounting for almost a quarter of our total increase in expenses for FY18. This increase is almost entirely attributed to the increase in charter school sending tuition.

To help address these needs and fiscal realities and still provide improved services to the taxpayers of Weymouth, we analyzed every line-item of the budget looking for ways to save money and better utilize the limited resources we have. In doing so, **we identified over \$1 million in savings and adjustments to help balance the budget.**

These savings helped us provide some modest growth to address some key needs, including:

- Funding for two (2) additional police officers.
- Funding for one (1) additional fire fighter. We have also applied for a “SAFER” grant in hopes of obtaining funding for additional fire fighters.

These public safety positions are critical to addressing our growing needs resulting from the continuing development of Union Point and other areas of town, including Weymouth Landing. These developments have and will continue to result in increased revenue through building permits and new tax levy growth.

- Funding for two (2) additional DPW workers **dedicated to field and park maintenance.**

With the approval of our \$10.4 million park and field improvement plan, we are keeping our pledge to ensure we have the needed level of funding and staff to properly maintain and improve our parks and fields, both new and old.

- **Additional funding for schools**, beyond submitted level services budget. We have included funding for a Curriculum Leader as well as a half-time Special Education teacher, both of which are on the school’s FY18 needs list.

On the revenue side, the three main factors that annually determine the level of increase include the tax levy, state aid, and local receipts. These three areas account for 95% of total general operating revenue.

Tax Levy: The largest factor in increasing operating revenues is our tax levy. For FY18, we are budgeting an increase in the amount of \$4.1 million, which reflects the allowable 2.5% property tax increase plus an estimated \$1.45 million in new growth.

State Aid: Our projections, based on the House of Representative’s state budget proposals, include an increase in state aid of about \$1.23 million over the budgeted amount for FY17. This includes general government aid, Chapter 70 education aid, and veterans’ benefits.

Local Receipts: Primarily made up of collected fees and excise tax revenue, we are projecting a \$1 million increase in FY18 local receipts, driven largely by expected continued growth from building permit fees.

As we know, personnel cost is the primary driver of expense increases in the budget. That has been exacerbated in FY18 by the settlement of several collective bargaining agreements. Even still, with the offset of budget saving adjustments, **we have been able to keep overall non-school department spending to just a 2.1% increase over FY17.** It should be noted that, as of the submittal of the FY18 budget, there are several other ongoing collective bargaining negotiations to be settled, which will impact the FY18 budget.

The total proposed FY18 school department appropriation is \$68,069,237, which is an increase of 4.5% or \$2.9 million over the FY17 operating budget level. As we did for FY17, the school budget is fully funded with recurring operating revenue and will not rely on an infusion of mid-year supplemental free cash. By doing so, we have a more fiscally responsible school budget that will allow for better planning and consistency of services starting at the beginning of the fiscal and school year. I continue to be committed to and encouraged by the ongoing collaboration between my office and school administration. We continue to work together to identify ways in which the town and schools can achieve savings and more efficiently spend our limited resources, particularly with IT and maintenance expenses.

In addition to the proposed operating budget, we are developing a capital budget that will invest in technology, infrastructure, and equipment needs of our departments and schools.

The budget submission includes a measure recommending a Community Preservation Committee budget of \$806,000, increase of \$30,000 over FY17. We recently submitted a request for \$800,000 in Community Preservation funds to restore Weymouth's Veterans' Memorial Wall next to Town Hall. The request was unanimously approved by the Community Preservation Committee.

The Sewer Department budget will increase by about \$402,874, largely due to an anticipated 2.4% increase to our annual assessment by MWRA. The Water Department budget will increase by \$58,853. We have determined these increases can be supported with our existing rates, so **there will be NO Water/Sewer rate increase in FY18.**

Also included with my FY18 budget are measures to reauthorize the traditional revolving and gift accounts.

I am confident we have presented a responsible, progressive budget that factors in much deliberation with town departments and input from our taxpayers and community leaders. I look forward to continued discussion and collaboration. As always, my staff and I are available to assist in your deliberations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Hedlund', written over a horizontal line.

Robert L. Hedlund
Mayor

1/10/05