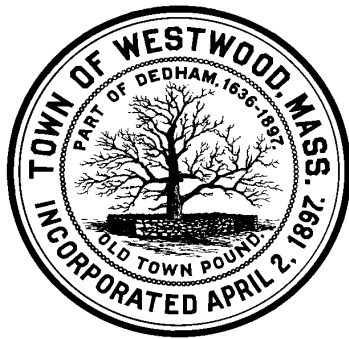


WESTWOOD FINANCE COMMISSION 2006 ANNUAL REPORT

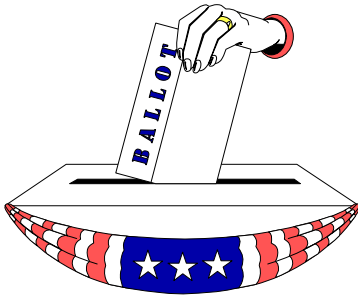


**FINANCE COMMISSION SUBCOMMITTEE REPORTS
TOWN COMPARISON DATA
WHAT GOES ON AT TOWN MEETING?**

**TOWN MEETING – MAY 1, 2006 – 7:30 P.M.
THURSTON MIDDLE SCHOOL GYMNASIUM
850 HIGH STREET**

**WESTWOOD'S TOWN ELECTION
TUESDAY, APRIL 25, 2006**

POLLS OPEN FROM 7:00 A.M. TO 8:00 P.M.



Precinct One – Senior Center
Precinct Two - William E. Sheehan School
Precinct Three - Paul R. Hanlon School
Precinct Four - Downey School

ONE ASSESSOR FOR THREE YEARS
ONE HOUSING AUTHORITY MEMBER FOR FIVE YEARS
TWO LIBRARY TRUSTEES FOR THREE YEARS
ONE MODERATOR FOR ONE YEAR
TWO PLANNING BOARD MEMBERS FOR THREE YEARS
ONE SCHOOL COMMITTEE MEMBER FOR THREE YEARS
ONE SELECTMAN FOR THREE YEARS
ONE SEWER COMMISSIONER FOR THREE YEARS
ONE TOWN TREASURER FOR THREE YEARS

QUESTION:

Non-Binding: Should the Board of Selectmen be authorized to grant licenses for the sale, at retail, of all alcoholic beverages, not to be consumed on the premises?



The Official Town Seal

Did You Know?

At Town Meeting June 30, 1899 it was voted to procure a Town Seal. A local artist suggested the Town Pound be the central feature, and this the Town adopted. The First official use of this Seal was on the 1902 Town Report.

The huge oak tree which stood in the middle of the Town Pound and is the central portion of the seal design was destroyed in the 1938 hurricane.

Finance Commission Membership

Terms Expiring in 2006

James Connors
George Hertz
Daniel Lehan
John Lynch, Jr.
Ann Wood

Terms Expiring in 2007

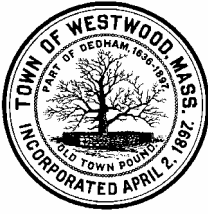
Andrew Ferren
John Grady
Kevin McManus
Mark Passacantando
Lisa Pisano

Terms Expiring in 2008

Peter Cahill
Brian London
Gerald Mitchell
Bruce Montgomery
Michael Raftery

Sheila E. Nee, Administrator

Appointments to the Finance Commission are made by the Town Moderator.



WESTWOOD FINANCE COMMISSION

A MESSAGE TO RESIDENTS FROM CHAIRMAN JAMES CONNORS

The Finance Commission (FinCom) is a fifteen member volunteer board appointed to three year terms by the Town Moderator. The FinCom is charged with conducting a thorough review of the town's finances, including: school and general government (municipal) budgets, existing debt – exempt and non-exempt, and any proposed borrowing. The FinCom also reviews and publishes an opinion on all of the warrant articles presented at Town Meeting.

FinCom meets regularly beginning in August. The FinCom started this year understanding that the voters had rejected last year's three override requests and any tax increase. The FinCom approached the budget process with the intent to probe all requests and challenge the underlying assumptions of each department's proposal. FinCom found most department personnel eager to answer questions and work with the FinCom to achieve the current proposed budget.

Economic Climate

The economic climate in Westwood is similar to many communities across the Commonwealth of Massachusetts. There is very little growth in the business base, leaving the tax burden squarely on the residential property tax base. Residential taxes are limited to a maximum increase of 2 1/2 % of assessed value each year. Nevertheless, fixed costs – including health benefit premiums, pension costs and Special Education (SPED) expenses – do not have a cap and have increased greatly. This year, we all also saw the cost of fuel (home heating oil, natural gas, and gasoline) rise dramatically. These increases have exceeded tax revenue and added pressure on the budget.

The FinCom approved and recommended the final municipal and school budgets presented here. The budget changed over the course of our review, as the School Department eliminated some programs and imposed additional fees. The Town may consider fees as part of the municipal budget next year. The final budget should suffice this year barring unforeseen developments. The FinCom does remain concerned about staffing levels in the Fire, DPW, and Police Departments. The FinCom is also concerned about staffing levels at the High School.

Warrant Articles

The FinCom considered 43 warrant articles and the detailed opinions are given after many of the articles. Of those, three sets of warrant articles merited considerable discussion and debate.

Request to borrow \$1,950,000 to supplement High School costs: The High School must be completed. Officials explained the construction delays, and the FinCom is satisfied with the explanation and the solutions proposed and urges support for this article.

Three petition articles regarding Senior Residential Development: A group of residents have proposed three separate articles in response to a potential Senior Residential Development project abutting their neighborhood. Town Meeting Members previously recognized the need for senior residential housing and have authorized a specific process for development of senior

housing. These articles, however, confuse and change the intent and operation of approved bylaws and discourage senior residential housing development. In recommending rejection of these articles, the FinCom considered the recommendation of the Planning Board, which also unanimously opposes these articles.

Petition article seeking legislative approval to establish a school capital fund: A petitioner proposes to add a 2% tax to the sale of homes in Westwood – effectively imposing a transfer tax – to fund school capital needs. This article raises many unanswered questions. Although the FinCom commends the petitioner for proposing a creative funding solution in lieu of a Proposition 2 1/2 override, the FinCom opposes this tax as a way to fund capital needs.

Stabilization Fund

The Selectmen propose a \$25,000 increase in the Stabilization Fund, the Town's emergency fund. The financial community uses the condition of this fund as a major factor in determining a town's creditworthiness and the interest rate towns pay to borrow money. Westwood's Stabilization Fund is still much smaller than it should be, and the FinCom commends the Selectmen for their prudent commitment to this Fund. If and when tax revenues do increase, the FinCom recommends greater appropriations to this Stabilization Fund.

Westwood Station/University Avenue

The redevelopment of University Ave presents a significant opportunity for Westwood to address both its current and future financial needs. Cabot, Cabot and Forbes (CC&F), a well respected developer, has acquired 135 acres of land on University Ave and is formulating plans for a Retail, Office and Residential Mixed Use Development project. This project offers the chance to substantially increase the commercial tax base for Westwood. These potential tax benefits will not come without some challenges as well. As the Town seeks to improve and diversify its tax base, it intends to do so with development that also provides solutions to traffic, environmental, school and infrastructure needs. The FinCom supports and encourages these efforts.

It has been an honor to serve as FinCom Chair this past year. I would like to thank the members of FinCom for their time and effort, especially the subcommittee chairs for their dedication to completing their tasks. The Fincom's review could not be completed without the support of all of the municipal and school department heads. We appreciate the fact that Pam Dukeman, Finance Director and John Antonucci, Superintendent of Schools are always available to us. We further appreciate the fact that the Board of Selectmen continually encourages our efforts. I personally want to thank Dan Lehan, Vice-Chair for his support and friendship. None of this work could be accomplished, however, without Sheila Nee, Finance Commission Administrator. Sheila brings selfless devotion and unmatched knowledge to her job. A true public servant, Sheila exemplifies professionalism. The Town of Westwood is lucky to have her.

Introduction

In FY 06 the debt picture improved due to the acceleration of payments from the state School Building Assistance Program.

Debt

The review of the Town's debt involves looking at all outstanding debt, exempt and non-exempt, and all debt authorized by the Town but not yet issued. Debt service (principal and interest on bonds) which is exempt from Proposition 2 1/2 is paid from taxes raised over and above the allowable annual increase of 2 1/2%. Non-exempt debt service is paid from the general revenues of the Town, including taxes raised within the allowable 2 1/2%. Non-exempt projects must be analyzed as to how they fit into the Town's overall operating budget. Exempt projects must be analyzed in terms of their tax rate impact.

Exempt Debt: There were no new exempt debt issues in FY06. The outstanding bonds are for the renovation projects at the Thurston Middle, Downey and Martha Jones schools and for the new construction of the High School. The Thurston Middle School bonds run until FY09; Downey and Martha Jones through FY12. Residents saw the initial effect of the High School bond in their FY03 tax bills. This issue continues through to FY23.

The average tax bill in FY06 was approximately \$5,873 down from \$6,107 in FY05 or -3.84%. Of the \$5,873, \$271 or 4.6% went to pay exempt debt service. In fiscal 05, \$618 or 10.1% of the bill went to pay exempt debt service.

In FY06, total exempt debt service declined by about \$2.4m. In FY05, Governor Mitt Romney and the state dramatically overhauled the School Building Assistance (SBA) program. In FY05, Westwood received reimbursement payments on the Middle School, Downey and Martha Jones Schools which total \$1,566,775 per year (\$1,318,043 through FY12 and \$248,732 through FY10). In FY06, the Town began receiving reimbursement on the High School project and will receive \$1,626,254 per year through FY23. In addition to the High School reimbursement, there was a further reduction of about \$385,000 in exempt debt service due to the retirement of the 1994 road bonds and general declines in other exempt debt.

In September 2005, the Town retired a \$5,033,000 short term BAN outstanding for the High School Project. This BAN was fully retired by a lump sum payment from the State school building authority. The state provided a payment of \$5.4 million in Sept 2005, which represented the full amount of the ban and interest, plus an additional \$407,000 which was the state's share of previous interest paid on High school BANS. Not having to issue this debt long term saved the Town over \$1m in interest cost over the life of the bond.

There are currently two pieces of non-exempt debt approved, but not yet issued. These are the High Street construction project for \$1m approved at the May 2005 Annual Town Meeting; and the \$275,000 for an eminent domain land purchase approved in May 2001 and finalized in FY06. These 2 items will need to be issued as long term debt during FY07, with repayments to begin in FY08.

DEBT SUBCOMMITTEE REPORT (CONTINUED)

There are two borrowing articles before Town Meeting this year. The first is a request to borrow \$195,000 to purchase street lights to complete the High Street project; the second is a request to borrow \$1,950,000 to finance the additional costs related to the completion of the construction of the High School.

The Town's Financial Policies call for non-exempt debt service not to exceed 8% of General Fund Revenues. The Town is well within this policy at about 1.5% in FY06. The Policies also call for total debt service, exempt and non-exempt, to be maintained in the range of 10-12% of general fund revenues. In FY 07 the Town is projected to be at approximately 12.5%.

Overview

The Finance Commission recommends approval of the FY07 School Department budget as approved by the School Committee on March 16th 2006.

The School Department's FY 2007 proposed operational budget is \$27,269,125. This represents an increase of \$1,209,030 or 4.6% over the prior year's operational budget. This increase covers projected increases in utilities, special education costs, and teacher salaries. The 4.6% increase compares to a 0% increase in the FY 06 budget, a 4% increase in the FY05 budget, and a 0% increase in the FY04 budget. Please note that the Town budget includes \$136,932 for the Blue Hills Vocational School and \$95,034 for crossing guards. The operational budget is net of fees and grants and does not include the cost of health and other benefits.

The Town expects to fund the \$1,209,030 increase in the operating budget through a combination of sources. Approximately \$544,000 is available from Proposition 2 ½ funding. In addition, Chapter 70 state aid is projected to increase \$490,000 (a combination of \$350,000 of increased aid relative to FY05, plus the one-time impact of \$140,000 of unanticipated aid, which was received, but not allocated in FY06.) The Town will fund the remaining \$175,000 budget increase through free cash. The free cash will be put into an energy reserve account earmarked for projected increased utility costs. If utility costs are less than projected, the cash will not be spent on other school expenses.

The schools are also relying on increased fees, as well as, reimbursements from the state to generate an additional \$272,500, approximately, for a total increase in budgeted expenditures of \$1,481,530.

While the budget has been balanced this year without an override, it has been done through a reliance on increased fees for the third year in a row, and some one-time revenues and cost savings. In addition, a net of 6.34 positions have been eliminated, library books have been budgeted at zero, and text book and supply budgets have been reduced for the fourth year in a row. As a result, some class sizes will increase, class offerings will be reduced, and some elementary school start times will be staggered to save transportation costs. Furthermore, many requests have gone unfunded. It is important to note that there is no contingency built into the budget, so if enrollment or costs should increase, or if fees do not generate projected revenues, the schools will need to make more cuts if the Town does not have more funds to provide.

The School Department's FY07 capital budget request is \$746,000. Through the annual Town meeting warrant process, \$406,000 is expected to be appropriated, the same amount as FY06. Also, the Town is proposing to supply \$340,000 from the overlay surplus account to repair the middle school roof resulting in \$746,000 of capital requests funded for the schools. Even with the additional funding, there will remain over \$4 million dollars of unfunded requests for the last four years.

Future budgets show continued projected increases. Enrollment is projected to continue to rise especially in the middle school and high school, resulting in higher class sizes -unless staff is added. Historically, teacher salaries, the largest expense, have increased more than the revenue generated by Proposition 2 ½. In total, the cost of education for an average family in Westwood

EDUCATION SUBCOMMITTEE REPORT (CONTINUED)

is greater than the tax income generated from the average home. In addition, as health insurance and pension costs for all Town employees continue to rise faster than state aid or taxes, the Town will have limited revenues to fund the increasing municipal and school needs. It is likely that more cuts will need to be made to balance the budget, or major changes made to the current teaching models, unless either the salary increases in the impending teacher contract can be reduced, or future overrides are passed.

Given that budget pressures will continue, the citizens of Westwood need to decide the quality level of the school system it wants or can afford to provide for the children of Westwood and how to fund it over the long term. Westwood has a strong school system. Westwood has the fourth highest MCAS scores out of our peer group of 8 of the top school systems in the Commonwealth of Massachusetts. Westwood has the highest percentage of graduating seniors going to four year colleges. (Please see Appendix A.) However, Westwood is the third highest out of our peer group of 8 school systems in regular education cost per student. (Please see Appendix B.)

As a Town, we need to clearly define and reach consensus on our goals for the schools. It would be helpful to review and gain consensus on our standards for class size and other key educational parameters using state guidelines and other Town models to inform our analysis. We must review all programs, all educational models and expenses to ensure they are essential to achieve our quality and other goals and that they are cost effective. We need to continue to eliminate less essential items. Again, we should look at both state guidelines and our peers to help inform this analysis. We need to continue to challenge ourselves to find creative solutions to reduce costs and increase revenues.

After the review process, if expenses still outstrip revenues, the Town needs to work together to identify long-term funding solutions so the schools do not continue to budget on just a yearly basis and to minimize the extent that programs are created or reinstated one year, only to be eliminated during the next budget year.

Budget Discussion

Impact of State Aid

Historically, Westwood had experienced annual operational state aid increases ranging from \$250,000 to \$400,000 with large increases in FY 01 and FY 02. FY 2003 was the first year in recent memory that our operational state aid did not increase. In FY 2004, total operational state aid decreased by approximately \$827,000. In FY 2005, total operational state aid was level funded relative to FY 2004. In FY 2006 and FY 2007 operational state aid has increased with Chapter 70 funds increasing by \$350,000, supplying \$2,600,000 of funds for our FY07 budget, and exceeding FY 01 levels. It is uncertain if these recent increases will continue.

Reliance on Activity Fees

Fees, grants, and tuition offsets generate \$3,500,000 of funds for the FY07 budget. Approximately \$1,800,000 is from federal and state grants. The remaining funds are comprised of fees and tuition generated by the Westwood school system. Fees have increasingly supplemented the school budget. We are concerned about the societal consequences of imposing significant fees in a public school system. As fees become material to family income, fewer students may choose not to participate in activities for economic reasons. As fees are imposed for academic programs, the choices become even harder to make. A public school system must offer equal opportunities and services for all students, regardless of family income.

EDUCATION SUBCOMMITTEE REPORT (CONTINUED)

As our dependence on activity fees grows, it will be harder to wean our system off this revenue. The FY07 budget proposes to continue to increase fees.

Major fee generating measures are listed below:

	<i>FY05</i> Total Fee	<i>FY07</i> Total Fee
Busing Fee of \$180 (FY05), \$235, Elem and MS, \$385, HS (Maximum \$587.50) (FY 07)	\$216,000	\$347,500
Athletic Fees of \$225 per sport (FY05) \$300/\$900 maximum (FY07)	120,000	259,758
High School Parking Lot Fee of \$200	26,000	30,000
Full Day Kindergarten Fee of \$950 (FY06), \$1450 (FY07)		289,691
Activity Fees of \$30 Elem/MS, \$100 HS (FY07)		58,000
Totals	\$362,000	\$984,949

Although fees have increased, except for busing, the fees do not cover the cost of offering the programs and some of our programs, such as athletics, are the largest in our TEC area. It is also worth noting that many of our peer schools also impose fees for the above noted activities. Also, the FY07 budget assumes a participation rate for these programs. For example, the schools assume that 80% of the kindergarteners will pay for the full time program in FY 07, similar to FY 06. The FY07 budget assumes 250 high school students will pay for the bus versus 306 in FY 06 and that athletic fees will generate the same revenue in FY07 as in FY06. We are also relying on an increase in the projected state aid (the circuit breaker offset) of \$42,000. If these projections do not come to fruition, further cuts will need to be made or programs eliminated to balance the budget.

The schools have continued to show creativity in generating sources of funds. This year, Westwood will open a third pre-school room, generating net funds of \$20,000.

Sources of Funds for FY07 Budget

Source	Amount	Percent of Total
Fee/Grants	\$3,532,000	11.5%
Chapter 70 State Aid	\$2,600,000	8.4%
Free Cash	\$175,000	0.6%
Taxes	\$24,494,000	79.5%
Total Gross Budget	\$30,801,000	

Special Education (SPED)

The FY07 budget includes out-of-district SPED tuition and transportation expenses, as well as services to students who are integrated into the school system. These SPED related expenses total \$6,869,484, or 25.2% of the total operational budget. Under Massachusetts State Law, Towns must bear the cost of providing the educational needs for all students identified as requiring special education. The service provision is borne by each Town with no significant state subsidy for students between the ages of 3 and 22. In FY07 Westwood is projecting to provide assistance to 404 in-district students and 40 out-of-district students. This is an increase of 7% over the prior year when there were 379 in-district students and 36 out-of-district students.

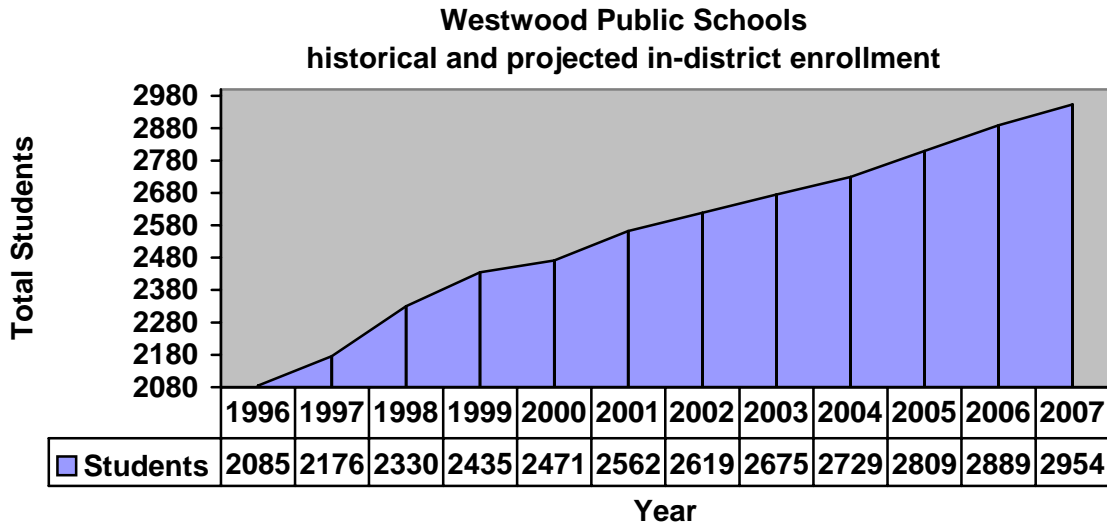
EDUCATION SUBCOMMITTEE REPORT (CONTINUED)

From FY06 to FY07, total SPED expenditures increased by \$646,185 or 10.4%. This takes into account that another new in-house program has been developed to avoid placing students in more costly programs outside of the Westwood system. Major factors driving the cost increases include increases in residential tuitions, new placements in residential and day centers, and increases in the cost of transportation.

We commend the School Department for their effort to manage SPED costs by making services available within the system, and by instituting early intervention screening and monitoring programs and changing teaching models when appropriate.

In District Student Enrollment

The Westwood School System is a victim of its own success. The excellent reputation of our schools attracts families with young children into Westwood, resulting in enrollment increases while the population of Westwood as a whole has remained fairly constant. The schools have been experiencing over 2% increases in enrollment per year over the last five years resulting in a 12.8% total increase in enrollment since 2002. The School Department projects an anticipated net increase of 2.2% or 65 students next year. Future years continue to show enrollment increases, particularly at the middle school and high school. Below, we have graphically illustrated historical and projected school enrollment from 1996 through 2007. The source of the growth projection is the Superintendent’s report to the School Committee.



In-District		'99	'00	'01	'02	'03	'04	'05	'06	'07
Enrollment Increase										
# of Students		105	36	91	57	56	54	80	80	65
% Increase	4.5%	1.5%	3.7%	2.2%	2.1%	2.0%	2.9%	2.8%	2.2%	

Collective Bargaining / Salary Contracts

Salaries represent 75.8% of the proposed operating budget (exclusive of insurance costs). Union salaries represent 69.4% of the proposed budget (exclusive of insurance costs). The teachers’

EDUCATION SUBCOMMITTEE REPORT (CONTINUED)

contract expires in June 2006. In the last three-year contract, the teachers received aggregate increases averaging about 5.4 % per year. Approximately 2.6% is due to negotiated cost of living increases. Approximately 2.8% of the increase is due to step increases. The step increases ranged from 0% for the more experienced teacher (approximately one third of our teachers) to 6.3% for a less experienced teacher going, for example, from step 1 to 3. (Step 2 was eliminated several years ago.) Therefore the average total increase for a teacher could have ranged from 2.6% to 8.9% in a year. As contractually negotiated salaries are the school's single biggest cost driver, unless increases are cut significantly, the operating budget of the school will require more funding than Proposition 2 ½ can supply. Westwood is ranked 7th out of 8 among its peer group in average teacher salary. (Please refer to Appendix B.) Smaller increases to help reduce budget overages must be balanced with providing competitive salaries to attract the appropriate teachers. The FY 07 budget has assumed a negotiated increase. If the contract negotiations result in a higher rate, further cuts will need to be made by the schools if no other funds are available.

Head Count

In FY 2007, the school department's full time employment ("FTE") is projected to decrease by 6.34 positions. In FY06, staffing increased slightly. Details of FY 07 staff changes follow:

	Increases	Decreases	Net Decreases
Net Professional Staff	4.00	9.55	5.55
Clerical Staff	0.00	1.95	1.95
Other Staff	4.35	3.19	(1.16)
Net Staff Decreases	8.35	14.69	6.34

 = 1.6%

Professional and other staff has been increased to reduce class sizes to guidelines in the k-5 schools, to meet SPED requirements and nursing coverage requirements.

Decreases in professional staff have been accomplished by eliminating advanced placement courses, business courses, a reading program, and music courses at the high school and by reducing the librarian staff to one at the high school. Technology courses have been eliminated at the middle school and the library staff reduced. The number of times that art, music and physical education will be offered at the elementary schools has also been reduced. The model for delivering SPED services at the elementary and middle school has been changed to decrease the number of teachers needed. Aides, in consultation with SPED teachers, will provide in-class support at the middle school.

Decreases in clerical and other staff are due to reductions in secretaries at the high school and in central administration, and reduction in custodians.

The resulting savings are \$334,228.

Class Sizes

Given the increase in enrollment and reductions in staff, some class sizes are projected to increase in FY 07, mostly in the high school.

Elementary class sizes are being reduced by the addition of a fifth grade teacher at the Hanlon School and a second grade teacher at the Downey School. While, 14% of the elementary classes are projected to remain over Westwood School Committee guidelines in FY 07, over 44% of the elementary classes are projected to be under Westwood School Committee guidelines. Due to

EDUCATION SUBCOMMITTEE REPORT (CONTINUED)

Westwood's five neighborhood, k-5 school model, there will be a continual tension between redistricting to better balance class sizes and having a range of both under and over guideline classrooms. We urge the School Committee to continually assess the cost/benefit of the k-5 model.

Middle school class sizes are mostly within or below Westwood School Committee guidelines with the exception of physical education and art classes due to cuts in FY 04. Guidance counselor student load is above state guidelines.

High school enrollment has increased by 54% over the last ten years, while regular education classroom teachers have increased by 28%. Correspondingly, class sizes have increased with 29% having 25 students or more, which is over Westwood School Committee guidelines, versus 4% in 1996. Given staff cuts and continued enrollment increases, class sizes will continue to increase in FY 07.

Review of Staffing Growth Relative to Student Growth

We analyzed the growth of system-wide staffing relative to student growth over the most recent 8-year period. The data was supplied by the School Department. The results of this analysis follow:

Year	In-District Students	Total FTEs	Pupil/FTEs
2000	2471	374.82	6.59
2001	2562	343.60	7.46
2002	2613	380.86	6.86
2003	2675	397.99	6.72
2004	2729	386.24	7.07
2005	2809	398.98	7.04
2006	2889	402.61	7.18
2007	2954	396.27	7.45
FTE = Full Time Equivalent Employees			

Proposed

Our pupil to staffing ratio is almost at an eight year high. As enrollment increases, the ratio will increase unless staff is added. However, Westwood has one of the better student to teacher and student to total staff ratios in its peer group. Westwood is 3rd out of 8 in student to teacher ratios and 3rd of 8 in student to staff ratios. (Please refer to Appendix B.) One of Westwood's challenges is to redeploy staff to minimize additional hires, so that the high school classes can be brought closer to guidelines without overly impacting the elementary and middle school class sizes.

Utilities

Utilities (fuel, electricity and telephone) have increased by \$487,450 over the FY06 budget. Despite belonging to a greater than forty school bargaining consortium, the school's fuel and electricity costs are projected to increase by 50%. Relative to the FY06 budget, oil prices are projected to double, natural gas prices to increase 25% and electricity prices to increase as well. The new high school is projected to use more electricity due to air conditioning and other new systems. However, in FY07 there are some indications that oil and electricity prices may be bid at a lower amount than projected. Also, the high school fuel projections are based on the old high school usage. It is possible that the high school projections may decrease as the building is new

EDUCATION SUBCOMMITTEE REPORT (CONTINUED)

and can use either gas or oil depending on which is less expensive. The Town will put approximately \$175,000 into an energy reserve account to fund some of the projected increases in utility costs. If utility costs are less than projected, the cash can not be spent on other school expenses. The Town is also planning on forming a citizen energy group to help advise Westwood on how best to control these escalating costs.

Other Expenses

The textbooks, supplies and materials budgets have been reduced since FY 03 about 6%, on average, per year for a total cumulative reduction of over 32%. For the second year in a row there is no budget to purchase library books or audio visual materials. Transportation costs have been reduced by \$131,760 by eliminating four busses. This will result in staggered start times at the elementary schools. When turnover occurs, the schools are also planning on hiring teachers at lower steps than previously. Turnover is projected to reduce salary costs by \$180,000 in FY07 versus \$130,000 in FY06, resulting in projected additional savings of \$50,000.

Capital Investment

In FY07, \$406,000 of capital expenditures is expected to be funded along with \$340,000 to repair the middle school roof. In FY06, \$406,000 of capital was committed to building maintenance and modular leasing costs. In FY 05, only \$51,000 of capital was committed to building maintenance (this is above and beyond routine cleaning). There are over \$4 million dollars of unfunded requests for the last four years. This includes over \$400,000 of technology requests that have gone unfunded. Given the fiscal challenges the school system is facing, this short-term lack of investment is understandable. However, this capital investment deficit must inevitably be made up. This is particularly important given the significant investment the Town continues to make in school facilities. Additionally, the operational complexity of newer facilities necessitates a greater level of maintenance cost than older facilities.

Budget Warning Flags

We are hopeful that our economic environment will improve. However, the Educational Subcommittee believes that the budgetary warning flags listed below strongly indicate that our school department will continue to be faced with a fiscally challenging environment.

- **Limited Growth In Local Tax Revenue**
- **Limited Growth in State Aid**
- **Increasing Health Insurance and Pension Costs**
- **Increasing SPED Costs**
- **Increasing Enrollment**
- **Increasing Salaries**
- **Deferred Expenditure**
- **Inadequate Capital Investment**
- **One Time Revenue Sources and Cost Reductions in FY 07**

Peer Group Comparison

We believe that it is important to gauge how efficiently and wisely our school dollars are spent. One measure is how well our schools perform relative to our peers. We continue this year to use several metrics to compare our school system to peers and statewide averages. This data has been gathered from sources such as the MA Dept. of Education, MA Dept. of Revenue and The Boston

EDUCATION SUBCOMMITTEE REPORT (CONTINUED)

Globe. The peer group was chosen based on MCAS scores, geographic proximity and socio-economic similarity to Westwood. Please refer to Appendices A and B at the end of the report.

Westwood ranks in the top half of the peer group in combined MCAS scores and has the highest percentage of graduating seniors going on to 4 year colleges.

Westwood does rank 3rd highest in the peer group for per pupil spending on regular education but it has the lowest 5 year cumulative growth rate in per pupil spending of the peer group. School spending as a percentage of the total Town budget has declined over the 5 year period analyzed. Westwood has the greatest average annual percentage decline of any Town in the peer group.

Westwood ranks 7th of the 8 Towns in the peer group in average teacher salary and lowest in teacher salaries as a percentage of the total school budget. However the 5 year cumulative growth rate in average salaries of over 4.5% is not sustainable within the limits of Proposition 2 ½, fixed costs and other mandated spending without impacting spending in other areas.

Westwood ranks 3rd out of 8 of the peer group in lowest student to teacher ratios although there are pockets of classes in all of the schools where actual class sizes exceed the guidelines recommended by the school committee.

Westwood ranks high in quality measures within the selected peer group and spending metrics fall within the range of the group. Westwood is neither the highest nor the lowest in any spending measure.

The School Committee and the superintendent should continue to analyze spending in order to achieve the best value for the cost without sacrificing quality more than the Town wants. The School Committee should use the peer group to inform the analysis. Improvements may be possible. For example, one of the Towns in the peer group, Winchester, has the second lowest spending per pupil, but higher cumulative MCAS scores, higher average teacher salaries and lower student to teacher ratios.

Summary

We would like to express our gratitude to Superintendent John Antonucci, Assistant Superintendent Edward Kazanjian, Finance Director Pam Dukeman, Finance Commission Administrator Sheila Nee, and the members of the School Committee for their cooperation, assistance and availability during the budget review process.

For the reasons outlined in this report, the schools and Town will fund the requested 4.6% increase in the operational budget through increased revenue sources, both one time and ongoing. The Town and schools will also rely on increased fees, and cost cutting measures, both one time and ongoing.

The foundation of the Town of Westwood is its excellent school system. It is a critical component of the fabric of the community. The citizens of Westwood have historically invested considerably in their schools and have been rewarded with one of the top school systems in the Commonwealth.

Next year, it is likely that the budgetary pressures mentioned above, (limited growth in state aid, limited commercial tax revenue growth, increasing salaries, increasing special education costs, increasing health and pension costs, increasing enrollments and deferred expenditures), will

EDUCATION SUBCOMMITTEE REPORT (CONTINUED)

continue and may prevent the school department from budgeting within the constraints of Proposition 2 ½ . The citizens may again be asked to weigh the benefits of maintaining a quality educational system against the cost of an increased tax burden through a potential Proposition 2 ½ over ride.

For at least the next several years, all Town departments (School, Fire, Police, Public Works, and Municipal Government) will continue to be adversely impacted by rising costs and the lack of significant revenue growth. Westwood's continuing fiscal challenges are apparent, and it is critical that they be addressed and that the citizens are fully informed of the issues well in advance. We urge all leaders of the Town to creatively address these problems as soon as possible and identify solutions for the next several years. We urge the citizens of our Town to be actively involved in this process so that they may collectively determine Westwood's priorities.

MUNICIPAL SUBCOMMITTEE REPORT

The Town of Westwood's municipal budget for fiscal year 2007 ("FY07") includes the budgets for the various municipal departments, including Police, Fire, Department of Public Works, Human Services, Library, and General Government. The Finance Commission's Municipal Subcommittee ("Subcommittee") reviews and analyzes all of these proposed municipal department budgets and makes a recommendation.

This Subcommittee compared the proposed budgets with the actual revenue and expenses from prior years as well as year-to-date actual revenues and expenditures. Several department heads attended Finance Commission meetings to discuss the operation of their departments and their current and projected budgetary concerns. Subcommittee members worked with department personnel to understand daily operations and expenses and to explore and justify any variances or increases in budgets from FY06.

This proposed municipal budget reflects the appropriate and necessary municipal services for the residents of Westwood. Town officials and the Subcommittee considered the strain additional taxes have placed on many of the Town's residents.

Current Challenges

The state-wide trend of tight fiscal constraints continues to direct the Town's budgetary process. Employee benefit costs such as medical benefit expenses and retirement assessment costs continue to increase sharply and affect expenses. Health insurance premiums are expected to rise by 11.7% and the Town's pension assessment for retirees will increase by 13.8%. Utility cost increases add to the Town's budget for 2007. At the same time that Proposition 2 ½ limits the budget, there have been only minimal increases in state aid which reduces the Town's principal sources of revenue. Early receipt of state school building reimbursement provided some relief triggering a drop in the average tax bills adjusted for recent property revaluations required by state law.

Municipal Operating Budget

The municipal budget for FY07 is \$13,253,967 which represents a \$565,685(4.5%) increase over FY 2006. This amount is to be spent as follows:

Function	Amount	% of Total
General Government	\$2,215,612	16.7
Public Safety	5,256,142	39.6
Public Works	\$4,026,688	30.4
Human Services	\$549,059	4.1
Culture & Recreation	\$1,153,266	8.7
Operating Equipment	\$53,200	.4

Seventy percent of the total municipal budget is allocated to public safety and public works. These services – police and fire protection, trash removal, road services, and field maintenance – reflect the priorities of the municipal government. The category of culture and recreation spending includes expenditures for the Town's library system and recreation programs. General government figures reflect the budgets for all the financial, information systems, tax assessment and collection, and general governance needs for the Town. The FY07 municipal budget assures continued services in all of these areas.

The significant components of the \$565,685 increase in municipal spending are:

MUNICIPAL SUBCOMMITTEE REPORT (CONTINUED)

Function	Amount	% Increase
General Government	\$74,537	3.5
Public Safety	\$328,222	6.7
Public Works	\$117,882	3.0
Human Services	\$20,871	4.0
Culture and Recreation	\$24,173	2.1
Operating equipment	\$ 0	0
Total	\$565,685	4.5

Fire Department

The Fire Department (“FD”) continues to provide a high quality of comprehensive fire protection services and prevention measures available as well as excellent paramedic and ambulance services. Services are provided all day everyday. The FD operates out of two central locations to respond effectively to all calls. The FD budget is affected by:

- Increasing resident base, concentrated senior housing, traffic volume, commercial base and major roadway development and coverage.
- Continuing terrorism-related coverage and manpower availability around key events or heightened threat levels including training in chemical, biological and nuclear threats.
- Increasing FD response volume, 2793 responses compared to 2660 responses for 2004 and 2003.
- Increasing cost of gasoline, ambulance supplies (e.g. life support units, drugs, etc.) and HAZMAT supplies.

The FD currently provides comprehensive public safety services to the residents of Westwood. The current risk level has been increasing and remains high and below national standards because of existing staffing levels. Applicable standards consulted include OSHA, ISO and National Fire Prevention Association. Increasing staffing levels would increase response time.

We agree that the Town should allocate the necessary resources to the FD given the current and changing public safety concerns facing the Department.

Police Department

The Westwood Police Department (“PD”) operates under a fairly consistent budget on a year-to-year basis. Salaries and fixed costs are predictable with no unusual actual expenses. The current budget proposal increases by 6% for uniforms and gasoline costs and also includes an officer upgrade to get closer to meeting the standard measure of 2 officers per 1,000 residents. The PD operates to protect the public safety and faces the following challenges:

- Increased PD response volume from 18,551 in 2004 to 18,858.
- Increased terrorism precautions often in conjunction with the Federal Department of Homeland Security.
- Improved technology (911 call response and location ID), monitoring and education initiatives.

The PD aggressively pursues federal and state funding grants on items such as a motorcycle, bullet proof vests and HAZMAT suits, and provides programs in public safety to Westwood residents. The PD also reduced costs recently when prisoners were brought in to paint the PD garage. Of note, the PD is pursuing a professional 5-year strategic planning initiative to assess and optimize the PD’s future organization, goals and infrastructure.

Department of Public Works “DPW”

The DPW is responsible for the tasks listed below. Some of these tasks are outsourced to private contractors with the DPW providing oversight and management.

- public building maintenance, including utilities (non-school buildings)
- street lighting*
- traffic control signals
- solid waste collection*, disposal* and recycling*
- sewer
- cemetery maintenance and internment
- municipal engineering (construction and inspectional services)
- highway maintenance including: road and sidewalk repair and cleaning
- municipal landscaping including: mowing, tree trimming and cleaning drainage for public properties (fields, roads, sewers)
- management of major road repair work done by contractors
- municipal vehicle repair and maintenance (both DPW personnel and contracted services.)
- snow removal (DPW personnel and contracted services)

* reflects outsourced contracts

The FY07 DPW budget calls for a 4.3% increase over FY06. The staffing level remains unchanged. Salaries are increased three percent for most positions. The employees belong to a union but are currently working without a contract. The DPW has reduced expense items to achieve a level funded budget. The building maintenance category has increased by \$100,000 primarily due to increasing energy costs. Waste collection/disposal service contracts are expected to increase \$43,000.

For FY07, the DPW requested \$607,000 of capital items, including two dump trucks, two pick-up trucks, a three yard loader, eight garage doors, and a cemetery storage garage. The Town intends to purchase only the two heavy duty pick-up trucks with plows costing \$94,000 this year.

Waste collection and disposal are managed by two separate companies operating under contracts that both expire in 2007. Both contracts contain escalator clauses and increase based on market conditions for fuel costs and disposal costs which include tipping fees and collection fees. These costs have steadily increased during the terms of contracts. When the contracts end, the DPW estimates that these costs will decrease.

Conclusion

The Subcommittee recommends the adoption of the budget as presented. The Town faces significant budget pressure and this budget should meet residents’ expectations that the Town will maintain quality services and facilities. The Town continues to produce award winning financial material to assist residents in making these difficult choices. We urge residents to review these materials so they can make informed decisions.

The Municipal Subcommittee thanks all of the Town employees and officials who gave their time to respond to the Subcommittee and show a genuine commitment to make Westwood a better place to live. We want to specifically acknowledge and thank Sheila Nee, Finance Commission Administrator, and Pamela Dukeman, Finance Director, for their assistance.

EDUCATION SUBCOMMITTEE REPORT (CONTINUED)

Appendix A: Comparative Trends

PPX = Per Pupil Spending

District	FY	Demographic & Quality Measures			
		MCAS Rank Statewide (adjusted)	Average Enrollment Total	% Going to 4-year College	School User Fees?
		Boston.com	MA DOE	MA DOE	Town Web
BEDFORD	FY00		2,160		
BEDFORD	FY01		2,273		
BEDFORD	FY02		2,270		
BEDFORD	FY03	25	2,280		
BEDFORD	FY04	32	2,279		
BEDFORD	FY05	24		79.7%	Yes
Avg. Annual % Increase			1.35%		
LEXINGTON	FY00		5,836		
LEXINGTON	FY01		5,900		
LEXINGTON	FY02		5,999		
LEXINGTON	FY03	14	6,196		
LEXINGTON	FY04	5	7,079		
LEXINGTON	FY05	2		88.2%	Yes
Avg. Annual % Increase			4.95%		
MEDFIELD	FY00		2,830		
MEDFIELD	FY01		2,907		
MEDFIELD	FY02		3,004		
MEDFIELD	FY03	8	3,054		
MEDFIELD	FY04	6	3,030		
MEDFIELD	FY05	7		90.6%	Yes
Avg. Annual % Increase			1.72%		
NEEDHAM	FY00		4,292		
NEEDHAM	FY01		4,344		
NEEDHAM	FY02		4,452		
NEEDHAM	FY03	15	4,597		
NEEDHAM	FY04	20	4,716		
NEEDHAM	FY05	14		90.6%	Yes
Avg. Annual % Increase			2.38%		
WAYLAND	FY00		2,880		
WAYLAND	FY01		2,896		
WAYLAND	FY02		3,017		
WAYLAND	FY03	5	2,937		
WAYLAND	FY04	8	2,985		
WAYLAND	FY05	8		89.8%	Yes
Avg. Annual % Increase			0.90%		
WELLESLEY	FY00		3,795		
WELLESLEY	FY01		3,908		
WELLESLEY	FY02		4,006		
WELLESLEY	FY03	1	4,182		
WELLESLEY	FY04	10	4,229		
WELLESLEY	FY05	4		90.1%	?
Avg. Annual % Increase			2.74%		
WESTWOOD	FY00		2,577		
WESTWOOD	FY01		2,689		
WESTWOOD	FY02		2,733		
WESTWOOD	FY03	3	2,789		
WESTWOOD	FY04	7	2,766		
WESTWOOD	FY05	5		93.1%	Yes
Avg. Annual % Increase			1.79%		
WINCHESTER	FY00		3,208		
WINCHESTER	FY01		3,328		
WINCHESTER	FY02		3,563		
WINCHESTER	FY03	1	3,577		
WINCHESTER	FY04	3	3,608		
WINCHESTER	FY05	3		83.1%	Yes
Avg. Annual % Increase			2.98%		

Data Source: DOE = Dept. of Education DOR = Dept. of Revenue Schoolmatters.com is S & P Data Calc = Calculation

Appendix B: Comparative Trends

PPX = Per Pupil Spending

District	FY	Spending Metrics			Teacher Costs & Metrics						
		PPX Regular	Peer Rank 1=Highest	School Spending as % of Town Budget	Avg. Teacher Salary	Peer Rank 1=Highest	Salary / Benefits as % Spending	Student Teacher Ratio	Peer Rank 1=Lowest	Student Total Staff Ratio	Peer Rank 1=Lowest
		MA DOE	Calc	MA DOR	MA DOE	Calc	School matters.com	Calc	Calc	School matters.com	Calc
BEDFORD	FY00	7,578		42.72	49,858			12.13			
BEDFORD	FY01	8,417		42.16	49,431			12.09			
BEDFORD	FY02	8,123		44.50	52,709			12.27			
BEDFORD	FY03	8,621	1	45.32	54,580	5	77.3 / 7.7	12.26	2	6.60	4
BEDFORD	FY04	9,546	1	45.12	58,567	4		12.06	1		
BEDFORD	FY05										
Avg. Annual % Increase		5.94%		1.38%	4.11%						
LEXINGTON	FY00	6,777		63.70	53,490			12.80			
LEXINGTON	FY01	7,291		61.69	52,895			12.29			
LEXINGTON	FY02	7,960		63.42	54,564			12.14			
LEXINGTON	FY03	7,988	5	63.68	55,436	3	75.1 / 15.4	11.96	1	5.50	1
LEXINGTON	FY04	7,684	5	64.64	57,766	5		13.21	4		
LEXINGTON	FY05										
Avg. Annual % Increase		3.19%		0.37%	1.94%						
MEDFIELD	FY00	5,131		52.77	43,385			15.05			
MEDFIELD	FY01	5,181		55.64	44,324			14.54			
MEDFIELD	FY02	5,490		55.26	45,386			14.73			
MEDFIELD	FY03	5,970	8	54.81	49,747	8	78.8 / 7.1	15.12	8	9.30	8
MEDFIELD	FY04	6,078	8	52.70	51,949	8		14.92	8		
MEDFIELD	FY05										
Avg. Annual % Increase		4.33%		-0.03%	4.61%						
NEEDHAM	FY00	6,795		46.46	47,363			12.59			
NEEDHAM	FY01	6,752		44.03	53,689			13.70			
NEEDHAM	FY02	7,040		44.26	55,702			14.00			
NEEDHAM	FY03	7,235	6	45.40	55,093	4	73.9 / 11.9	13.72	6	8.00	6
NEEDHAM	FY04	7,511	6	43.14	55,759	6		13.55	5		
NEEDHAM	FY05										
Avg. Annual % Increase		2.54%		-1.84%	4.16%						
WAYLAND	FY00	6,278		54.43	49,204			13.40			
WAYLAND	FY01	6,882		53.58	60,233			14.41			
WAYLAND	FY02	7,416		53.99	61,020			14.79			
WAYLAND	FY03	8,058	2	54.49	63,320	1	77.8 / 7.8	14.12	7	7.30	5
WAYLAND	FY04	8,272	2	54.06	65,877	1		13.88	7		
WAYLAND	FY05										
Avg. Annual % Increase		7.14%		-0.17%	7.57%						
WELLESLEY	FY00	7,109		55.36	53,277			12.95			
WELLESLEY	FY01	7,357		53.50	54,281			12.61			
WELLESLEY	FY02	7,903		52.94	58,809			13.81			
WELLESLEY	FY03	8,009	4	52.80	59,577	2	80.7 / 9.4	13.62	5	6.30	2
WELLESLEY	FY04	7,967	4	51.18	63,523	2		13.82	6		
WELLESLEY	FY05										
Avg. Annual % Increase		2.89%		-1.94%	4.50%						
WESTWOOD	FY00	7,590		58.36	45,653			12.76			
WESTWOOD	FY01	7,287		55.44	51,689			13.12			
WESTWOOD	FY02	7,604		56.60	50,680			13.08			
WESTWOOD	FY03	8,040	3	55.19	51,045	7	72.6 / 8.8	12.85	4	6.40	3
WESTWOOD	FY04	8,173	3	49.79	54,437	7		12.99	3		
WESTWOOD	FY05										
Avg. Annual % Increase		1.87%		-3.89%	4.50%						
WINCHESTER	FY00	6,572		42.81	49,461			13.04			
WINCHESTER	FY01	6,842		41.51	55,487			13.64			
WINCHESTER	FY02	6,544		41.54	50,976			12.72			
WINCHESTER	FY03	6,776	7	41.75	54,152	6	75.6 / 12.1	12.78	3	8.90	7
WINCHESTER	FY04	7,174	7	43.35	58,865	3		12.66	2		
WINCHESTER	FY05										
Avg. Annual % Increase		2.22%		0.31%	4.45%						

Data Source: DOE = Dept. of Education DOR = Dept. of Revenue Schoolmatters.com is S & P Data Calc = Calculation

How Does Westwood Compare with Other Communities?

In determining the list of communities with which to compare Westwood, three factors were considered: location, population, and per capita equalized valuation (EQV).

Location - Communities within a 30 mile radius of Westwood were considered.

Population - Towns with a population significantly smaller than Westwood probably do not have similar service demands; one larger in population will have increased service delivery demands.

Source: MA Department of Revenue

Per Capita Equalized Valuation (EQV) - This factor measures the relative "wealth" of a community by dividing property valuations by population. Per capita valuation is directly related to the amount of revenue that a community can raise via the property tax. It offers some comparison of a community's "ability to pay."

Municipality	1999 Median Family Income	2004 Estimated U.S. Census	2004 EQV Per Capita	1999 Income Per Capita
Canton	\$82,904	21,505	\$164,732	\$33,510
Concord	\$115,839	16,919	\$285,814	\$51,477
Holliston	\$84,878	13,919	\$133,628	\$32,116
Medfield	\$108,926	12,397	\$169,463	\$42,891
Needham	\$107,570	29,022	\$216,568	\$44,549
Sharon	\$99,015	17,847	\$147,209	\$41,323
Sudbury	\$130,399	17,164	\$218,708	\$53,285
Wayland	\$113,671	13,063	\$231,391	\$52,717
Wellesley	\$134,769	26,515	\$309,710	\$52,866
Weston	\$181,041	11,595	\$401,644	\$79,640
Westwood	\$103,242	14,020	243,613	41,553

Fiscal Year 2006				
Municipality	Residential Tax Rate	Commercial Tax Rate	Tax Levy	Taxes As % of Total Revenue
Canton	9.33	19.39	\$44,103,411	62.9
Concord	10.23	10.23	\$53,273,087	84.5
Holliston	14.16	14.16	\$27,913,207	65.2
Medfield	12.66	12.66	\$28,346,678	66.3
Needham	8.80	17.14	\$68,981,920	69.1
Sharon	15.11	15.11	\$41,234,357	69.7
Sudbury	13.55	21.71	\$55,432,935	78.7
Wayland	12.54	12.54	\$42,135,219	75.1
Wellesley	8.32	8.32	\$71,783,641	69.4
Weston	9.95	9.95	\$48,312,623	77.4
Westwood	10.37	18.85	\$42,197,020	76.9

Municipality	Fiscal Year 2006			Fiscal Year 2004	5-05
	Average Single Family Tax Bill	State Hi-Lo Rank	Free Cash	Stabilization Fund	Moody's Bond Rating*
Canton	\$4,445	70	\$1,518,847	\$935,476	Aa2
Concord	\$9,271	6	\$3,994,445	\$2,147	Aaa
Holliston	\$5,548	41	\$758,141	\$1,125,215	A1
Medfield	\$7,290	18	\$1,761,225	\$817,580	Aa2
Needham	\$5,917	36	\$3,260,346	\$2,632,154	Aa2
Sharon	\$6,839	23	\$1,594,240	\$6,320	Aa3
Sudbury	\$8,956	7	\$1,475,243	\$1,515,170	Aa1
Wayland	\$8,693	8	\$1,125,228	\$153,378	Aaa
Wellesley	\$8,213	10	\$892,543	\$1,227,706	Aaa
Weston	\$12,865	1	\$1,467,051	\$12,160	Aaa
Westwood	\$6,770	24	\$1,154,408	\$782,142	Aa1

Other Financial Comparisons*

Fiscal Year 2004

	Canton	Concord	Holliston	Medfield	Needham	Sharon	Sudbury	Wayland	Wellesley	Weston	Westwood
Population 2004 (Estimated)	21,505	16,919	13,919	12,397	29,022	17,847	17,164	13,063	26,515	11,595	14,020
Total General Fund Expenditures	\$51,982,479	\$55,201,538	\$39,244,710	\$36,557,638	\$77,050,832	\$53,101,919	\$61,146,297	\$47,184,920	\$75,124,196	\$50,581,113	\$52,029,298
Police Expenditures	\$3,305,266	\$2,814,862	\$1,777,716	\$1,709,575	\$4,077,168	\$2,207,672	\$2,141,380	\$2,022,066	\$4,383,143	\$2,477,850	\$2,492,334
% of Total Budget	6%	5%	5%	5%	5%	4%	4%	4%	6%	5%	5%
\$ Spent Per Resident	\$154	\$166	\$128	\$138	\$140	\$124	\$125	\$155	\$165	\$214	\$178
Fire Expenditures	\$3,609,426	\$2,717,312	\$502,897	\$516,407	\$5,110,573	\$1,268,738	\$2,489,378	\$1,771,960	\$3,798,853	\$2,157,287	\$2,171,737
% of Total	7%	5%	1%	1%	7%	2%	4%	4%	5%	4%	4%
\$ Spent Per Resident	\$168	\$161	\$36	\$42	\$176	\$71	\$145	\$136	\$143	\$186	\$155
Education Expenditures	\$23,378,057	\$21,383,328	\$24,731,898	\$19,198,399	\$33,353,795	\$29,094,020	\$35,128,731	\$25,496,841	\$38,447,695	\$24,576,813	\$26,855,862
% of Total	45%	39%	63%	53%	43%	55%	57%	54%	51%	49%	52%
\$ Spent Per Resident	\$1,087	\$1,264	\$1,777	\$1,549	\$1,149	\$1,630	\$2,047	\$1,952	\$1,450	\$2,120	\$1,916
Public Works Expenditures	\$3,414,628	\$2,670,492	\$2,469,252	\$2,225,929	\$3,476,777	\$2,253,322	\$2,293,988	\$1,705,662	\$6,983,966	\$2,882,248	\$3,753,829
% of Total	7%	5%	6%	6%	5%	4%	4%	4%	9%	6%	7%
\$ Spent Per Resident	\$159	\$158	\$177	\$180	\$120	\$126	\$134	\$131	\$263	\$249	\$268
Debt Expenditures	\$2,818,790	\$3,595,048	\$6,010,865	\$7,489,132	\$4,343,543	\$7,570,118	\$7,900,686	\$3,833,235	\$4,371,932	\$6,414,943	\$6,722,778
% of Total	5%	7%	15%	20%	6%	14%	13%	8%	6%	13%	13%
\$ Spent Per Resident	\$131	\$212	\$432	\$604	\$150	\$424	\$460	\$293	\$165	\$553	\$480
Fixed Costs Expenditures	\$8,465,641	\$5,207,243	\$1,211,667	\$2,436,729	\$10,653,226	\$6,757,631	\$6,694,750	\$5,751,268	\$8,566,882	\$7,696,382	\$4,823,477
% of Total	16%	9%	3%	7%	14%	13%	11%	12%	11%	15%	9%
\$ Spent Per Resident	\$394	\$308	\$87	\$197	\$367	\$379	\$390	\$440	\$323	\$664	\$344
All Other Expenditures	\$6,990,671	\$16,813,253	\$2,540,415	\$2,981,467	\$16,035,750	\$3,950,418	\$4,497,384	\$6,603,888	\$8,571,725	\$4,375,590	\$5,209,281
% of Total	13%	30%	6%	8%	21%	7%	7%	14%	11%	9%	10%
\$ Spent Per Resident	\$325	\$994	\$183	\$240	\$553	\$221	\$262	\$506	\$323	\$377	\$372
Stabilization Fund (FY04)	\$935,476	\$2,147	\$1,125,215	\$817,580	\$2,632,154	\$6,320	\$1,515,170	\$153,378	\$1,227,706	\$12,160	\$782,142
Free Cash (FY06)	\$1,518,847	\$3,994,445	\$758,141	\$1,761,225	\$3,260,346	\$1,594,240	\$1,475,243	\$1,125,228	\$892,543	\$1,467,051	\$1,154,408
Moody's Bond Rating (5/05)	Aa2	Aaa	A1	Aa2	Aa2	Aa3	Aa1	Aaa	Aaa	Aaa	Aa1

Source: MA Department of Revenue, Division of Local Services.

The purpose of the Warrant Article Subcommittee is to augment the work of the two budget subcommittees covering the municipal and school budgets. This subcommittee addresses non-budgetary warrant articles, such as those presented by the Planning Board, Economic Development Advisory Board, as well as petition articles submitted by residents for Town Meeting. This is achieved by attending many meetings and holding public hearings to solicit input for review.

This year numerous warrant articles were presented to the Finance Commission ranging from new zoning articles, changes to existing zoning bylaws including some directed at changes in zoning impacting University Avenue and the overlay districts established at last year's Annual Town Meeting, and "housekeeping changes". There are articles proposing zoning changes to: protect the residential abutters in the Whitewood neighborhood near University Avenue; guide the development of comprehensive projects of appropriate scale; provide a desirable mix of land uses; and promote creative and appropriate solutions that enhance redevelopment opportunities.

The Board of Selectman put forth a borrowing article to borrow up to \$1,950,000 to complete the Westwood High School Project. These additional costs are beyond the previous appropriations and collected liquidated damages. The Finance Commission voted unanimously in favor of this article. We are especially pleased that the borrowing will be matched with the High School Bonds and paid within Proposition 2 ½. Residents will not see a tax increase to meet the obligations of this borrowing article.

In addition to those warrant articles noted above, there are six warrant articles with substantial consequences and we chose to include them in this report.

Allied Drive

Two petition warrant articles are before us to change the zoning of three parcels of land located on Allied Drive (#40, 100, & 122). One article proposes changes to rezone the three parcels from Highway Business District to Industrial District", which will allow for a greater floor area ratio and a taller maximum height. The only less restrictive provision in rezoning these parcels is allowing for "motels or hotels on 5 acres or more" which would require a Special Permit from the Board of Appeals.

The second article proposes a change to Section 4.1.1 of the Zoning Bylaw that would allow lots located partially in Westwood and partially in another town to use the portion of the lot in the other town to satisfy the requirements of the Westwood Zoning Bylaw. Recognizing the unique challenges to developing a parcel split between two towns, the Planning Board unanimously supports these zoning changes. They will allow for the highest and best use of the parcels, resulting in an estimated \$224,750 increase in tax revenue for the town of Westwood.

Westwood Education Capital Purchase Fund

If enacted, this petition warrant article would allow for the establishment of an Education Capital Fund for projects and maintenance of school facilities, to be controlled by the School Committee. Two percent of the purchase price on all real estate sales in the town of Westwood would be collected and put into an Education Capital Fund, for the sole purpose of the "Westwood School Committee and school superintendent to use for the maintaining and improving permanent school buildings in Westwood". This petition article generated a lot of discussion and our subcommittee

WARRANT ARTICLE SUBCOMMITTEE REPORT (CONTINUED)

feels this article should be closely scrutinized. There is a detailed list of concerns noted with this article in the enclosed materials.

Senior Residential Development

Petition warrant articles were proposed by the abutters of a proposed Senior Residential Development that would make substantive changes to the Senior Residential Development and the Major Residential Development bylaws previously approved at Town Meeting.

- Residential “lots” to residential “units”.
- All land in the development lot or parcel not reasonably suited for residential development shall be excluded.
- Application for a permit for a SDR shall also be subject to the MRD Bylaws.

The Planning Board is unanimously opposed to these proposed changes because the changes will greatly confuse the intent and operation of Major Residential Development and Senior Residential Development. The Planning Board presented a separate warrant article for Annual Town Meeting to clarify that these types of developments are different and require separate special permits independent of each other.

What Goes On At Town Meeting?



A Message from the Moderator

Our Town Meeting is conducted in accordance with the Town Bylaws (Article 3) and Massachusetts Law. Some major matters of procedure are summarized below.

General Information

- The moderator presides at the meeting and is responsible for ruling on procedural matters, overseeing orderly debate and preserving decorum.
- One hundred and seventy-five (175) registered voters constitute a quorum.
- Registered voters are entitled to attend, address the meeting and vote. Guests may attend the meeting, but can address the meeting only with the approval of the meeting.
- Warrant articles are presented in numerical order. A motion to take an article out of order requires a 2/3 vote of those present and voting.

Motions, Motions to Amend, and Votes Required

- An article in the warrant states a question for the town meeting to answer. A motion is a proposed answer to the question and must be within the scope (intent) of the article.
- The recommendation of the Finance Commission is the first motion under an article and is considered the main motion.
- The motion of the Finance Commission is open for discussion by the voters.
- Motions to amend the main motion, which are within the scope of the warrant article, may be made on town meeting floor.
- Ordinarily motions require a majority vote of the voters present and voting to pass. Certain motions require a 2/3, 4/5 or even a 9/10 due to provisions of Massachusetts law or the Town Bylaws. The moderator will announce the voting requirement before each vote is taken.

Motions for Indefinite Postponement and Motions to Reconsider

- A motion for indefinite postponement is equivalent to a motion that no action be taken under the article and such motion may not be amended.
- If the voters defeat the motion for indefinite postponement, favorable action on the subject matter of the article requires a motion to that effect.
- A motion to reconsider a prior vote of the meeting must carry by a 2/3 vote and may only be made once concerning any single prior vote.

Rules of Debate and Vote Counting

- A voter desiring to speak should rise, await recognition by the moderator, identify themselves when recognized and stand while speaking.
- All votes are taken in the first instance by voice vote and the moderator determines whether the motion carried or was lost. If the moderator cannot decide by the sound of voices, or if his announcement of the vote is doubted by seven (7) or more voters raising their hands for that purpose, the moderator shall without debate determine the vote by ordering a standing vote, or he may order a vote by secret written ballot.

**Summary of 2006 Annual Town Meeting
Financial Articles**

Article No.	Article Description	Amount	Description
1	FY06 Supplemental Operating Budget	\$178,727	Article will only transfer funds from one FY06 budget account to another. No increase in cost to residents.
2	FY06 Supplemental Operating Budget	\$159,433	Article will utilize additional FY06 available funds. No increase in cost to residents.
3	FY06 Supplemental Budget – Stabilization Fund	\$25,000	Article transfer funds from free cash to stabilization. No increase in cost to residents.
4	Unpaid Bills of Prior Years	None at this time	Article would transfer funds from one budget account to another; no increase in cost.
5	Operating Budgets	\$57,566,185	The FY2007 maximum tax levy within Proposition 2 ½ will result in a 3.11% increase or \$182 to the average home.
6	Municipal Capital	\$417,000	
7	Sewer Capital	\$355,000	
8	School Capital	\$406,000	
	Total FY2007 Appropriation Requests Within Proposition 2 ½	\$57,984,108	
9	Other Capital	\$450,000	Article will utilize one-time property tax payments made in FY04 by telecommunications companies. No increase in cost to residents.
10	Appropriation for High Street Lights	\$195,000	Article will be borrowing article. Future debt to be paid from debt budget within Proposition 2 ½.
11	Appropriation – High School project supplemental appropriation for current project	\$1,950,000	Article will be borrowing article. Bond to be issued to coincide with terms of current high school borrowing. Future debt to be paid from debt budget within Proposition 2 ½.

Westwood Ranked America's 13th Best Place To Live



In August, 2005 *Money Magazine* ranked Westwood 13th on its list of America's 100 "Best Places to Live." Their search began with an initial database of 40,000 places. It narrowed that list to 1,100 by focusing on places with more than 14,000 residents, above-median household incomes, growing populations and real estate prices.

Removed from that list were places that were not within 60 miles of a major airport or 30 miles of a major teaching hospital, that had low education scores, or that received low scores on at least two of our categories: unemployment, income growth, crime, and arts resources. The remaining 850 communities were compared based on economic, education, and safety data; and, to a lesser extent, on arts, leisure, and park space.

The magazine then reached its list of 100 places by limiting any metropolitan area to two places. Additional data was considered in picking the top 10 places.

Westwood ranked the highest among four Massachusetts communities which numbered 36th, 80th, and 89th. Westwood obtained its highest marks in the categories of crime and education.

Some town officials believe the ranking will help attract businesses that are looking for quality of life for their work forces and their potential work forces. Some other comments included:

- "The ranking could help nudge homebuyers to consider Westwood."
- "It's an affirmation of the focus the town has taken on both education and quality of life."