



Town of Westwood

- Annual Town Meeting
- May 7, 2012



Warrant Article Overview

- Financial Articles.
 - Operating and capital budgets.
- Reserve Accounts.
 - Stabilization and OPEB funding.
- High School Litigation.
- Planning Board – Zoning Changes.
- Town Policy Articles.

University Avenue Update



Improved situation since last Town Meeting.

- All taxes paid, with interest, to date.

- Ownership change occurred.
 - New England Development/Eastern Real Estate/National Development.

- Revised development plans ongoing.
 - Remain mixed use development.
 - Office/retail/residential.
 - Wegmans still interested.

Financial Articles



Improved financial conditions since last year.

- Westwood Station taxes paid.
- Increased State aid.
- Debt retiring/refinanced.
- Significant changes to health insurance.

Improvement allows us to address reserves and capital needs.

School Issues Update



- Refunded the High School bond.
 - Took advantage of historic low interest rates.
 - Total savings of \$2.7M shared between Town and State.

- High School litigation.
 - Litigation ongoing between the Town and bond company for incomplete items. Town is looking to bring resolution.
 - Article 5 requests appropriation for litigation.
 - We are determined to continue to protect the vital interests of the Town.

- Important capital - Deerfield School roof - \$935K.



Financial Articles



Responsible and disciplined spending plan.

- Operating budgets.
 - Modest 3% increases.

- Significant progress on reserves.
 - Utilize one-time revenue and savings to fund OPEB and Stabilization reserves.

- Capital.
 - Maintain base capital for school and municipal.
 - Increase capital through new borrowing to replace debt drop off.

Town Policy Articles



- Ability to buy and sell vehicles at auction.
- Adoption of Stretch Code.
- Exempt Deputy Police Chief position from civil service.

Various Bylaw improvements:

- Motel/hotel bylaw.
- Door-to-door solicitation.
- Regulation of taxi cabs.
- Parking regulations.
- Second hand dealer bylaw.
- Civil fingerprinting.



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Financial Summary

FY13 financial situation slightly improved.

Allows for Town Meeting action:

- FY13 operating budgets – 3% increase - municipal and school.
- Continuation of critical base capital - \$823K for school and municipal needs.
- Funding for additional capital through new bonds to replace retiring debt.
- Significant progress on reserves through both one-time and ongoing revenue sources.

Why is FY13 Better?

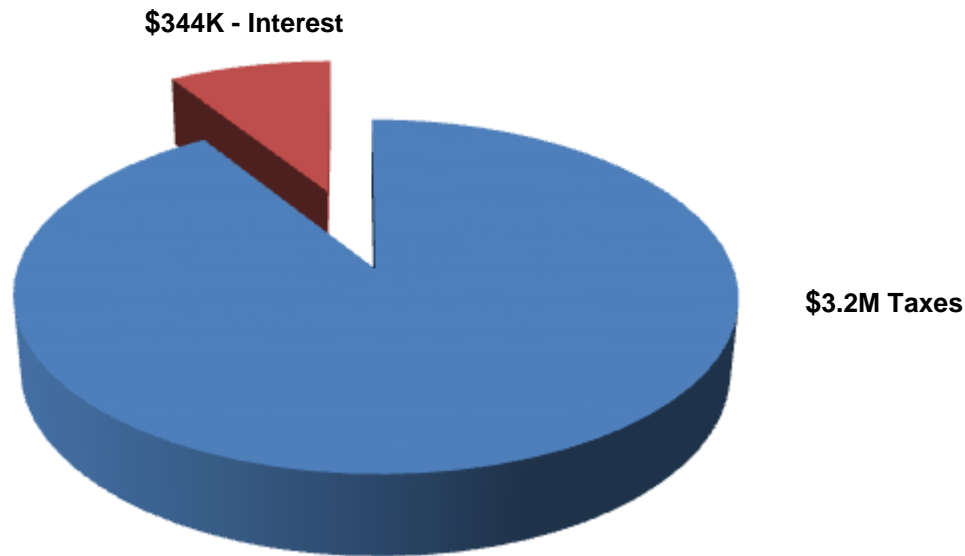


- Improved revenue after several years of decline.
 - State Education Chapter 70 aid increased.
 - State Municipal local aid level funded.
 - Increase in motor vehicle and permit receipts.
- Benefits of responsible budget decisions.
 - Limited operating budget increases.
 - Responsible labor contracts.
 - Significant changes to health insurance.
 - Aggressive debt repayment terms.
- Other improvements over prior years.
 - Westwood Station taxes fully paid.
 - No snow.

Westwood Station Taxes – Fully Paid to Date



- At time of Town Meeting last year, project had outstanding taxes.
- In August 2011, Town received full payment of \$3.5M:
 - Expected \$3.2M budgeted taxes.
 - \$344,000 in interest and penalties – one time only.



Town Meeting Action:

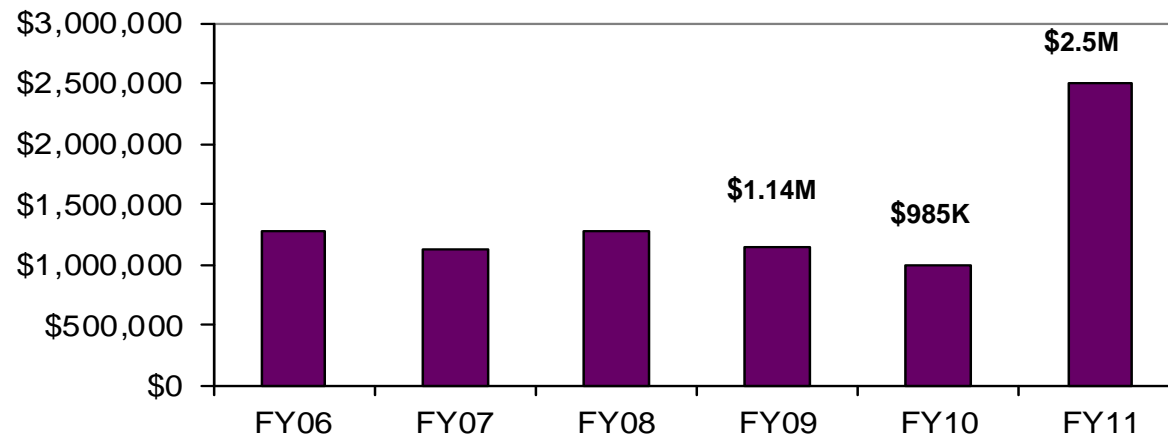
- Article 4 appropriates the \$344,000 to the Stabilization Fund.

Free Cash – Improved Position



- Free cash – unreserved fund balance available for appropriation.
- Certified annually by Department of Revenue in the fall.
- Requires Town Meeting vote to spend.
- \$2.5M certified in 2011, approximately 3% of budget.

Certified Free Cash



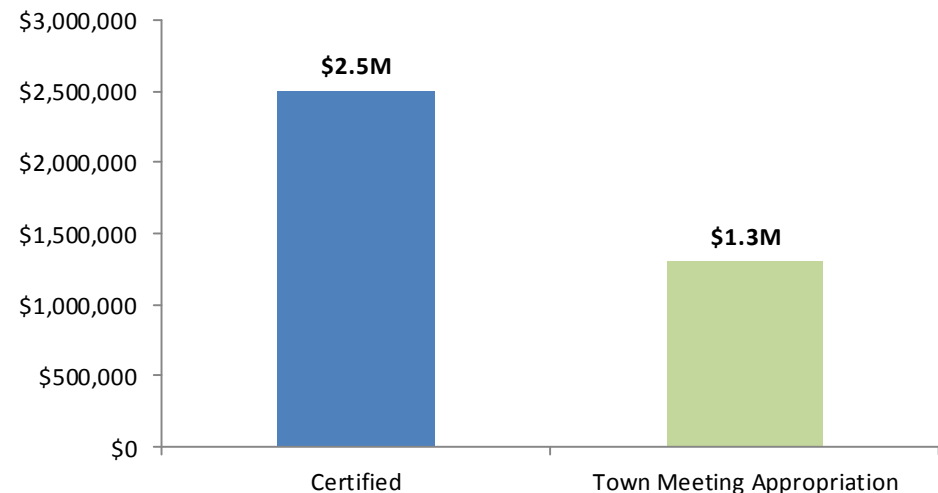
- Last Town Meeting – discussed potential problem if Westwood Station taxes not paid now **RESOLVED**.



Free Cash – Town Meeting Action

- Should not be used for operating budgets.
- Town Meeting action - \$1.3M.

- Balance of \$1.2M available for unforeseen events.
- Highest unappropriated balance in many years, about 50% of target.
- No snow helps!



Town Meeting Action – Appropriating \$1,364,000:

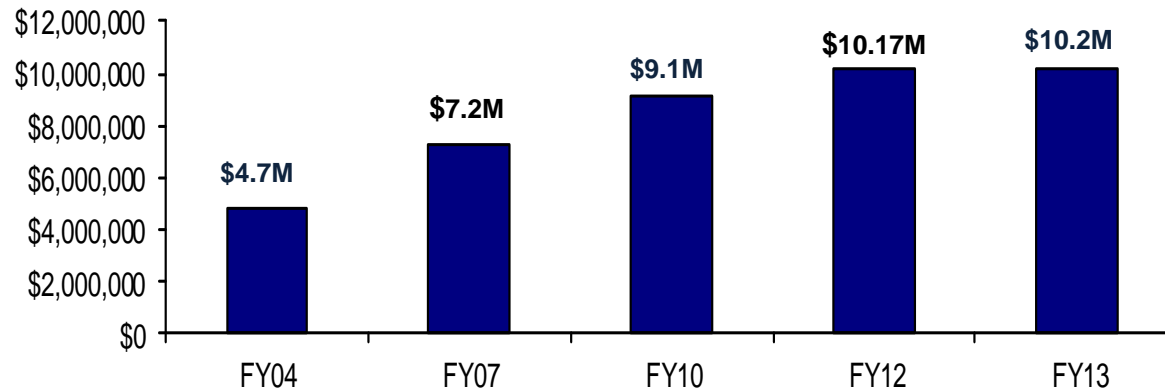
- Article 4 – appropriate \$344K to the Stabilization Fund.
- Article 5 – appropriate \$290K to the High School litigation.
- Articles 7, 8 – appropriates \$700K to capital – annual amount.
- Article 16 – appropriate \$30,000 to storm water study.

Fixed Costs – Significant Positive Turnaround



- Had been fastest growing area of budget.
 - Average annual growth 7% last 5 years.
- FY13 – approximately level funded – remarkable turnaround!

Total Fixed Costs Budget



FY13 - Increase .5%, or \$50K

Vs.

FY12 Increase 5% or \$540K.

Allows us to spend \$ on other priorities.

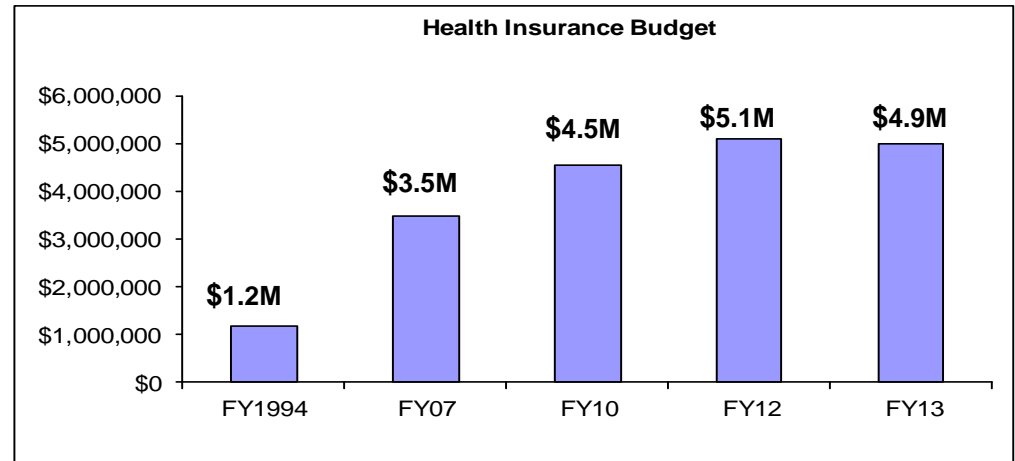
Health Insurance – Progress/Significant Savings



- Major changes to plan design.
 - Higher copays, lower premiums.
 - FY13 – 0% rate increases.
- Significant savings for Town and employees.

Budget savings:

- FY12 - \$400K.
- FY13 - \$435K.



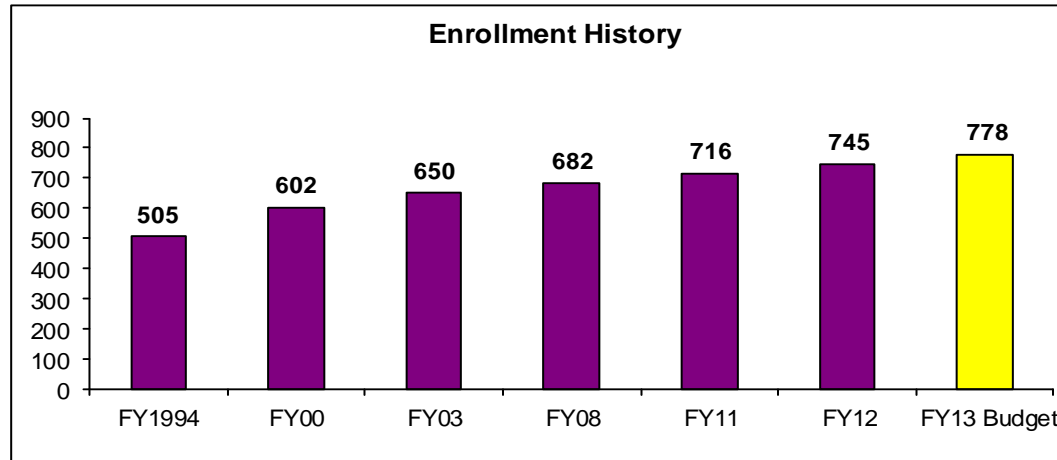
Town Meeting Action:

- Article 4 – FY12 \$400K savings to Stabilization Fund.
- Article 12 – FY13 \$435K savings to OPEB Liability Trust.

Health Insurance – Enrollment Trends



- Continual increase in number of enrollees.
- As retirees live longer, trend will continue.

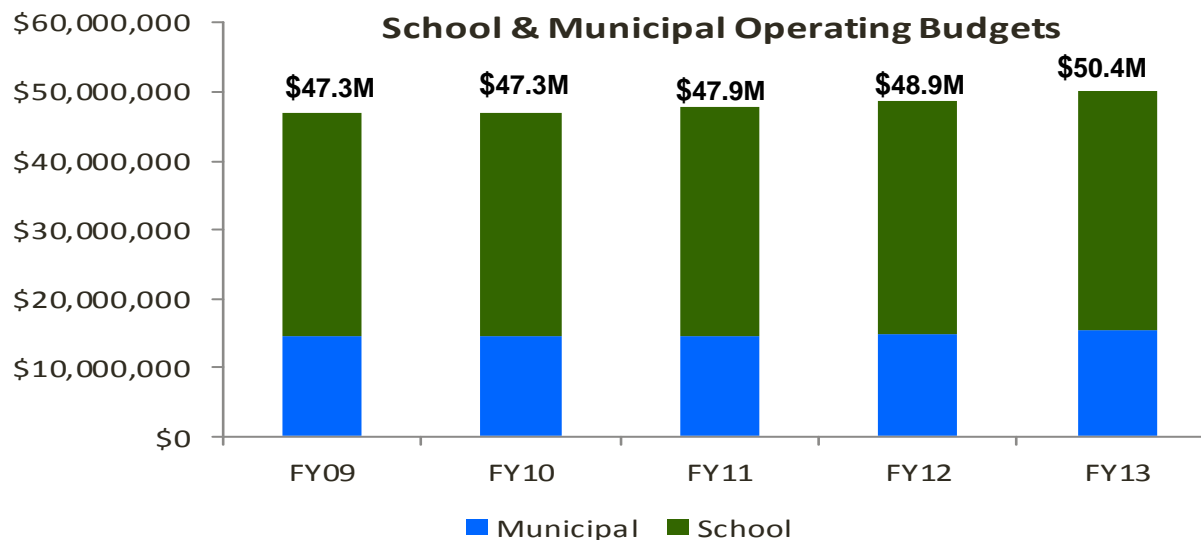


FY13 budget includes estimate of 33 additional enrollees.



School and Municipal Operating Budgets

- 70% of our annual spending on School and Municipal operating budgets.
- Approx. 3% increase in FY13 (0% in FY10, FY11 and 2% in FY12).



Departments have worked hard to live within limited budgets.

Town Meeting Action:

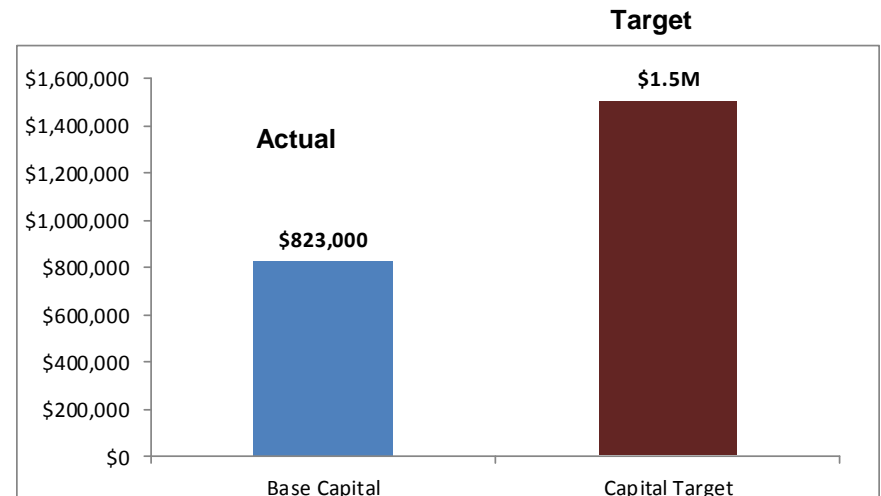
- Article 6 – operating budget – Appendix “D”.

Capital Budget – Important to Invest in Capital Stock



- Buildings, vehicles, equipment, roads, sewer.
- Capital financed through mix of:
 - Annual pay as you go appropriation.
 - Debt financing.

- In FY13:
 - Maintain base spending –
 - \$823K school and municipal.
 - Plan to increase in future years.



- In FY13 opportunity to provide additional capital through borrowing.
 - New debt will replace existing debt that is ending.

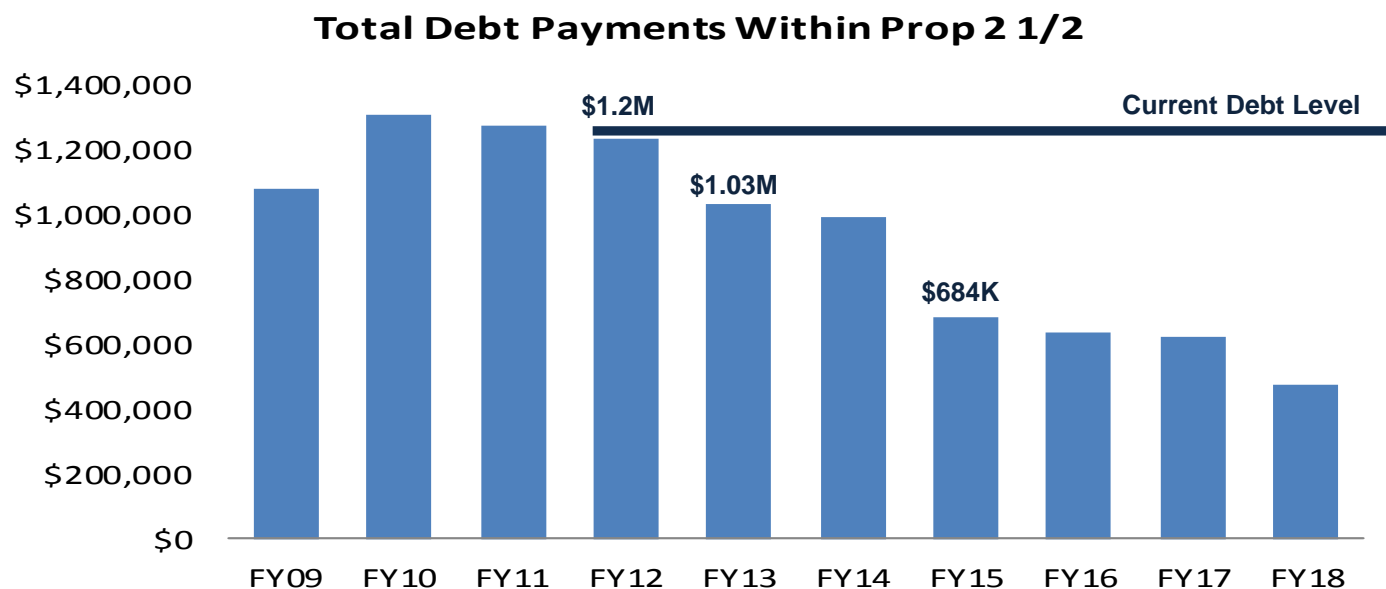
Town Meeting Action:

- Articles 7 & 8 – Base School & Municipal capital.
- Article 9 – Sewer capital.
- Articles 13, 14, 15 – Additional capital from debt borrowing.



Current Debt Payments Will Decline

- Debt is 2% of budget, well within maximum target of 8%.
 - \$1.6M bond issued in 2002 – payments end in FY12.
 - \$2.8M bond issued in 2003 – payments end in FY14.

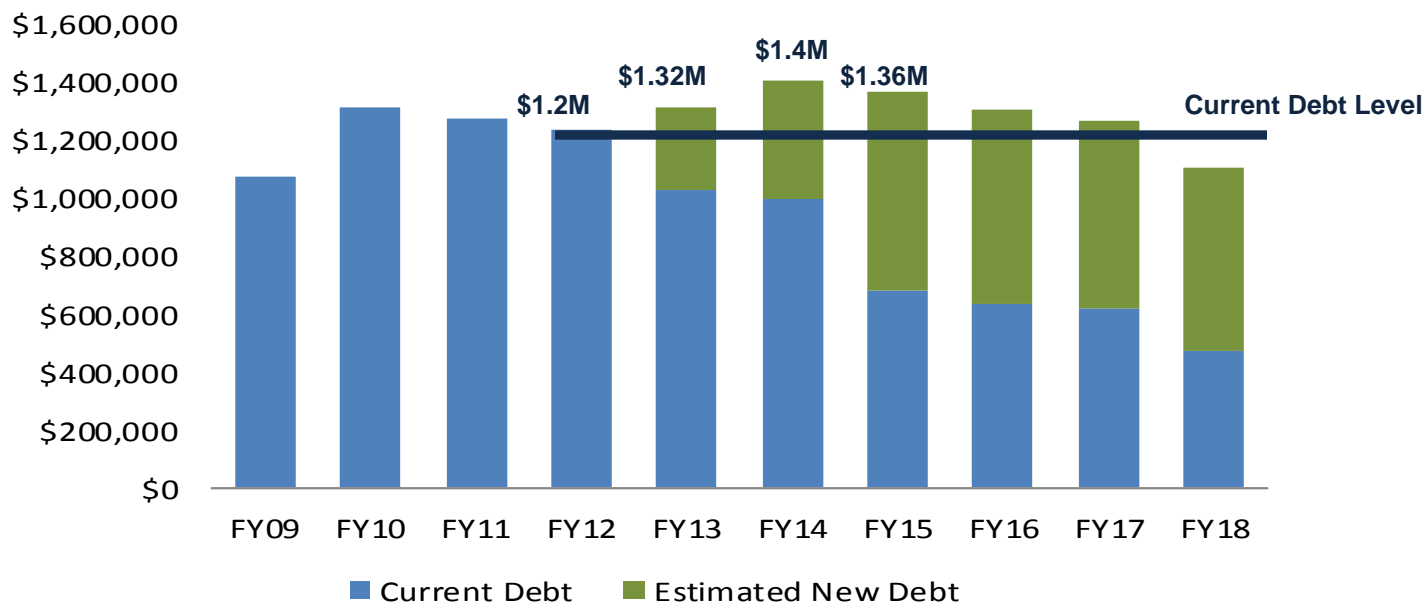


- Provides opportunity for replacement debt.
- Opportune time to take advantage of historic low interest rates!



New Borrowing to Replace Current Debt

- Borrowing to be funded within Proposition 2 ½.
- Selectmen approval required before borrowing.
- Significant investment in capital within budget.



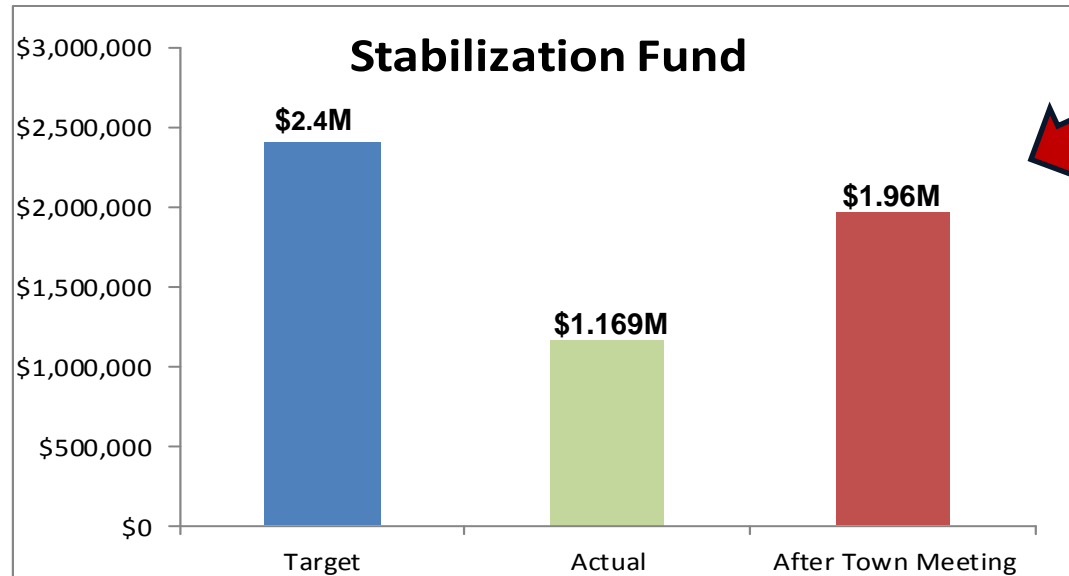
Town Meeting Action:

- Article 13 - \$2.4M roads/traffic/drainage.
- Article 14 - \$2M DPW capital equipment.
- Article 15 - \$935,000 Deerfield School roof.

Stabilization Fund – Opportunity to Increase



- Main savings account.
- Important component of credit rating.



Town Meeting Action:

- Article 4 will appropriate \$744,000 (FY12 funds):
 - \$344K Westwood Station interest.
 - \$400K health insurance savings.
- Article 10 will appropriate \$50,000 (FY13 funds):
 - Ongoing budget revenue.



Other Post Employment Benefits (OPEB)

- Costs associated with providing health care to retirees.
 - Municipalities on pay as you go basis, vs. as earned.
 - Westwood's current unfunded liability - \$59M.
 - If fully fund, additional funding required of \$1.3M/yr.

- Board of Selectmen has established a Task Force to address.
 - Impacting all municipalities/states.
 - Will require solutions both on the funding and benefit sides.

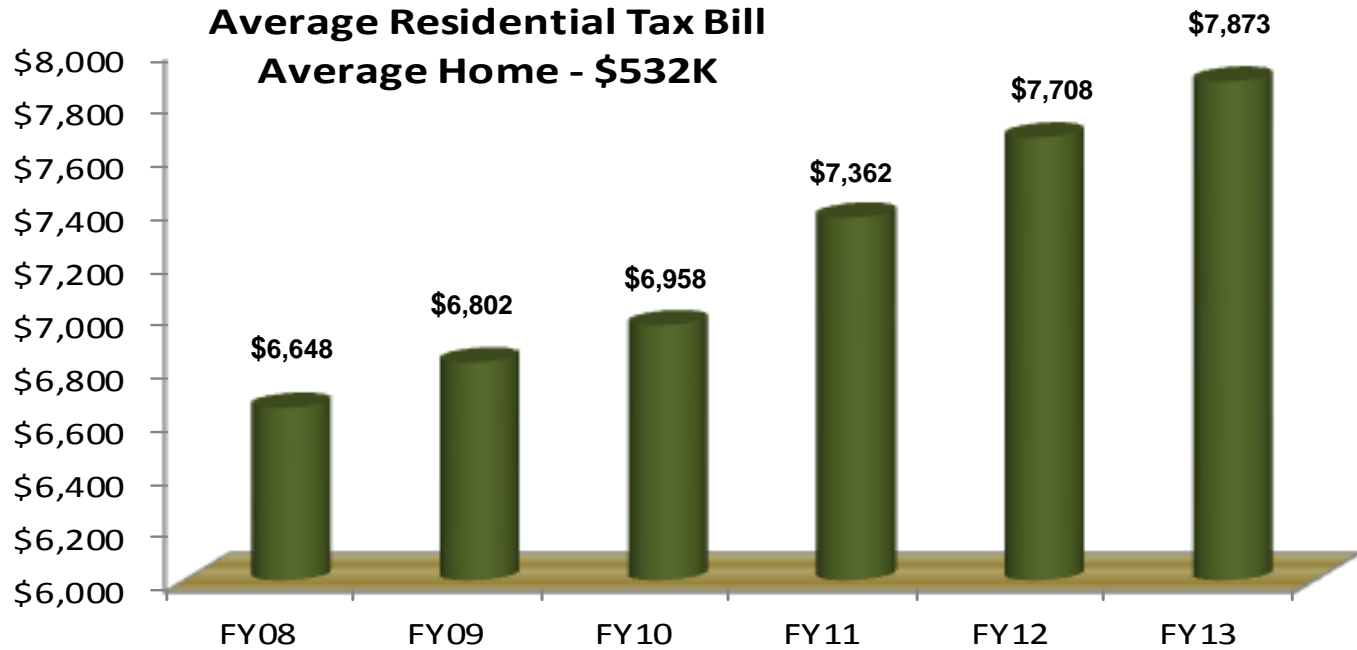
- FY13 action gets us started.
 - Need to be on par with other communities.
 - Important to credit rating.

Town Meeting Action:

- Article 11 – Establish State approved OPEB Trust Account.
- Article 12 – Appropriate \$435,000 into the OPEB Trust Account.

Excellent summary by Fincom on page 17.

Average Residential Tax Bill



- FY13 increase \$165 or 2.15%.
- Less than 2.5% due to:
 - Completion of Martha Jones & Downey schools debt.
 - 10 year bonds end in FY12.



Summary – Town Meeting Financial Articles

Current Year FY12

- Articles 1 and 2 Clean up of FY12 budget. Transfers from available funds.
No snow!
- Article 3 No action necessary – unpaid bills from prior years – none.
- Article 4 Stabilization Fund – FY12 appropriation \$744,000:
- \$344,000 Free Cash (Westwood Station interest)
 - \$400,000 FY12 health insurance budget
- Article 5 High School litigation - \$500,000 appropriation:
- \$210,000 – 2011 ATM contingency fund
 - \$290,000 – Free cash



Summary – Town Meeting Financial Articles

FY13 Operating and Capital Budget Articles

Article 6 – Appendix D FY13 municipal and school operating budget
Pages 102 - 107

Articles 7 - 9 FY13 capital appropriations – municipal, school, sewer

Article 10 Stabilization Fund - \$50,000 appropriation:
 • FY13 budget funds

Article 12 OPEB Liability Fund - \$435,000 appropriation:
 • FY13 budget funds (health care savings)



Summary – Town Meeting Financial Articles

FY13 Borrowing Articles

Article 13	\$2.4M road improvement bond (roads/traffic/drainage)
Article 14	\$2M DPW capital equipment bond
Article 15	\$935,000 Deerfield School roof bond

- Town Meeting authorizes the borrowing.
- Projects require Board of Selectmen approval to proceed.
- Debt to be funded within Proposition 2 ½.

Summary



Visit Westwood's New Web Site!
<http://www.townhall.westwood.ma.us>



View this presentation as well as many other financial documents!

Budget Information
Credit Rating Reviews
Annual Financial Statements
Bond Sale Official Statement, OPEB Liability Study
Links to Department of Revenue