

APPENDIX V

FINAL MEMORANDUM

Re: Budget Process
From: Town Government Study Committee
Date: September 3, 2015 **REVISED October 10, 2015**

Executive Summary

The Town Government Study Committee (“TGSC”) recommends provisions in a Special Act and changes to the Town’s bylaws and special acts that would lay out responsibilities and deadlines at the Board and staff level for developing and producing the Town’s annual operating and capital budgets and Town-Wide Financial Plan (the “TWFP”). This memorandum sets out the current process as described in the Town’s bylaws, and attempts to reconstruct the process as it takes place in practice today. We then suggest a new way of managing the budget process that closely resembles our current approach, but more clearly defines the role of the Board of Selectmen (“BoS”), suggests changes in the Advisory Committee (“AC”)’s role, and introduces as a new focal point, the proposed position of Town Manager, which will directly evolve from the current position of Executive Director of General Government Services (the “ED”).

In brief, the Town Manager, under the BoS, would be the person designated under the Town bylaws and special acts as accountable for preparing the Town’s budget. This function would not change or diminish the role that boards play in developing policy or directing the mission of the departments or programs within their respective bailiwicks. However, with respect to budgeting, the boards would be actively engaged in an interactive, collaborative and iterative town-wide process that would differ from the process the Town follows today.

Four aspects of this proposal should be emphasized at the outset:

- Town Meeting: all warrant articles, including the final budget, will continue to be decided, as they are today, by Town Meeting Members who are residents of the Town and who are elected to their positions by the voters.
- Board of Selectmen: the Town Manager will report to and be supervised by the Board of Selectmen, as the ED is today. Although the Town Manager will have more specifically described responsibility for the budget process than the Executive Director currently has, the Town Manager will be accountable to the BoS, as the Town’s elected chief Executive Officer.
- Advisory Committee: The Advisory Committee will continue to serve as the independent body appointed by the Moderator that analyzes the budget and reports its recommendation to Town Meeting; it remains as a significant check (along with the voters) on the BoS’s executive authority. The AC has significant responsibilities to Town Meeting, and the Town bylaws give the AC extensive authority to discharge these responsibilities. While we have thoughts on how the AC might go about reviewing the budget in a Town Manager system, we recognize that the AC, working with other stakeholders over a period of years, is better positioned than this Committee to develop an AC budget process that serves the best interests of the Town.

- **Boards:** We do not view the proposed budget process as changing the authority of boards to develop, vote on and submit their proposed capital and operating budgets. The individual capital and operating budgets would be submitted to the Town Manager instead of to the AC. The Town Manager would then create a Town-wide budget. Boards would continue to retain the ability to meet with the AC to discuss their budgets. It is expected that the Town Manager would be working with boards and departments throughout the budget process, especially if there were any proposed changes or budget reductions. A board would have the opportunity to vote on a revised budget. The Town-wide budget presented to the AC by the Town Manager would include each board's requested budget, as well as the Town Manager's recommended budget for each department; if the Town Manager proposes any changes to a board's budget, the Town Manager would notify the affected board of those changes – and the reasons for them -- in writing. If the process of give and take – which is what the Town has today – does not produce agreement, the board would continue to have the opportunity to meet with the AC. The Town-wide budget presented to Town Meeting would include the board-requested budgets, the Town Manager's recommended budget, and the AC's recommendation with regard to the Town-wide budget or any budgets within it. Any board would be able to make a presentation to Town Meeting on the differences between its budget and the Town Manager's recommended budget.

Additionally, we are proposing a more formalized and structured strategic planning process, to be guided by the BoS, which will establish Town-wide priorities that may be addressed as part of the annual operating and capital budgeting process.

Findings

In our extensive interviews with boards and Town department heads, we came to understand that our current structure and collaborative approach to Town government draws on considerable strengths:

- Strong and robust group of dedicated volunteers
- Committed and engaged professional employees
- Strong leadership that has provided direction in absence of much authority to do so with the ability to get some big things done in spite of the organization structure
- Collaborative culture among Town boards and departments often emerges when needed
- The Town is financially healthy
- There is general satisfaction with how things are going

We also came to understand that there are significant concerns that need to be addressed:

- Nobody is in charge - there's a lack of accountability and internal coordination in the budget, general management, personnel and planning processes
- There is an Over-reliance on the ability of current long-time employees to collaborate and get things done despite structural impediments
- There is a lack of ongoing coordinated Town-wide planning for the future
- There are Weak communications internally and externally
- There is a lack of understanding and agreement about the difference between board policy and staff operational responsibilities
- Bylaws and actual practices are frequently inconsistent

We have developed a recommended budgeting approach based on our understanding of our Town's culture, the current effective system of checks and balances in Town government, and our study of what a dozen "peer" communities do. These benchmark communities are recognized as being among the best managed in the Commonwealth, and represent possible alternative models for Wellesley. We begin with the recommendation that Wellesley employ a Town Manager who would manage and be accountable for the Town's budget process. We offer a general framework within which that process would play out, with the expectation that the details of implementation will evolve over time. We believe that our proposal preserves the best of what we have, while enhancing our prospects for doing things better.

1. Process Envisioned by Current Bylaws

Current Town bylaws do not specifically assign responsibility for assembling and presenting the Town-wide budget. The bylaws envision substantial involvement of the BoS, the AC and the ED in the process.

The bylaws state that the BoS will work with other boards in coordinating the preparation of a Town-wide budget for the coming year as part of their responsibility to coordinate the preparation of the Town-Wide Financial Plan (the "TWFP") (current Article 19.16.2.a). Annual appropriation requests and capital estimates are due to the AC at least 90 days before the start of Annual Town Meeting ("ATM") (current Article 11.11). The ED is charged with overseeing and being responsible to the BoS for their responsibilities for the Town's finances, including the preparation of the TWFP (current Article 19.31.b). The TWFP "forecasts" the Sources and Uses; however, it is an aggregation of information submitted by each board, plus other estimates and assumptions. A board's submission may not be altered without the board's consent (current Article 19.16.2.a). The Town's Finance Director is charged with assisting in the development of all budgets and reviewing them for format, completeness and accuracy before submission to the AC (current Article 19.42.c.). The AC has the authority, among other things, to interview any board member or Town employee (current Article 11.4); accordingly, the AC's annual meeting with boards to discuss budgets and other warrant items are a matter of practice and custom, as opposed to a bylaw mandate.

There is no specific BoS authority to decide on the final budget number, as Town Meeting is the entity that appropriates funds. However, the Town must submit a balanced budget in order to get its tax rate certified by the Massachusetts Department of Revenue. Accordingly, some entity – in Wellesley's case, the BoS -- must oversee the calculations to ensure that the tax rate matches the appropriation, plus the amount of an override if needed.

The BoS's decision whether to call for an override or not, and in what amount, is as much a political calculation of the support within the community for the override as it is a budget or spending decision. But Town Meeting is obligated to pass a balanced budget. This obligation under Proposition 2½ is what led to the current process to present an omnibus budget motion under Article 8 at the ATM.

The bylaws establish no timeframe for the development of the TWFP, except to specify that it be published in the AC report seven days before the start of ATM (current Article 19.16.2.d). The ED is also responsible, under the BoS, for assembling the Five Year Capital Budget (current Article 19.13.b); each board must submit these estimates at least 90 days prior to the start of ATM (current Article 6.16). The Plan must be published in the AC report (current Article 19.5.2.d). The AC is required to request that the BoS present the Five Year Capital Budget and TWFP prior to the date of the AC's public hearing on the warrant for ATM (current Article 19.5.2.e).

The BoS is charged with setting the date for the start of the Annual Town Meeting, which may begin no earlier than the last Monday in March, and no later than the final day of May (current Article 8.6). Both the current process – as well as the process we are proposing – set due dates tied to the start of ATM.

2. Current Practice

a. Summer Preparation

Currently, the budget process begins in the summer with the ED and Town Hall staff, who receive estimates of expected operating and capital budget requests from the individual Town departments. By mid-July, the Town Hall staff have a working estimate of the “turn back” number (unexpended but appropriated funds from the recently closed fiscal year which are “turned back” to the Town). The turn back gives the staff a rough idea of Free Cash, and it also helps the ED better understand how the prior year’s actuals compared to budgets. The ED and the BoS chair meet with the School Committee (“SC”) chair and the School Superintendent to discuss budgets and the Town’s fiscal projections; the ED also talks with the AC chair during the summer and then with the full AC in the Fall.

b. Setting Budget Guidelines

This early part of the process culminates in the ED and Finance Department staff’s recommending budget guidelines to the BoS. Early in the Fall, as the major assumptions begin to fall into place, the BoS discusses whether an override may be necessary. The BoS typically issues the guidelines by October 1. Guidelines are expressed as percentage increases over the then-current year’s budget. There is one guideline for the School Department and another, invariably lower, guideline for all other departments. The AC developed the guidelines until FY11, at which point that responsibility shifted to the BoS. The bylaws do not make any mention of budget guidelines, nor do they indicate who is responsible for setting budget expectations. Although there could theoretically be multiple guidelines, with each department receiving a different percentage, in practice this hasn’t happened.

c. Involvement of Human Resources Board

The Human Resources Board (the “HR Board”) offers estimates about the amount necessary under the salary plan to fulfill the obligation of fair and equitable salaries for non-union staff in the 40 Series (approximately 60 employees). That is not a required part of the process for setting budget guidelines. Usually, the HR Board provides estimates after the guidelines are promulgated, on the assumption that the increase for this relatively small number of town employees will not significantly affect the total budget. The timing is typically tied to the timing of contracts; in a year when contracts are known and fixed, this number can be presented after the guidelines are out. In years when contracts are being negotiated, the timing of the estimates is thoughtfully reviewed. Last year – for the 2016 budget -- the HR Board provided estimates that informed the budget guidelines.

d. Budget Process and Timing

Departmental capital budgets are submitted throughout the Fall by each board for consideration by the AC, after being voted by the board. Departmental operating budgets are submitted starting in the late Fall after their boards vote on them. This process includes budgets

for which the BoS – and the ED – are responsible. The process builds the budget from the bottom up, which means that the AC initially focuses on the budget in pieces through individual board presentations of numbers both large and small before it can see the big picture – the \$150 million Town-wide budget that will come to ATM under Article 8 (the Town’s omnibus budget article).

The AC is aware of the development of operating and capital budgets throughout the Fall through its liaisons to Town boards. The ED also tracks projections through the Fall as part of the iterative process of developing the TWFP. The ED also assembles the Town-wide budget. The BoS does not consider the town-wide budget until it receives an integrated budget from the ED – with informal estimates for the Schools - in early December. The projections under these departmental budgets change throughout the winter, and it is not uncommon for a board to have to revote its budget, perhaps due to an indication from the BoS or the ED that budget reductions will be necessary.

The Schools have a different timeframe. They publish their enrollment report, with projections for the following year’s student population, in October. The School Superintendent typically submits his budget to the SC in mid-to late December; the SC reviews and holds hearings on the budget through the third week of January. (This past year was atypical; the SC voted the budget on February 3, about a week to 10 days later than usual). The presentation of the SC budget to the AC is usually toward the end of January; however, this process today unfolds about three to four weeks later than it did 10 or so years ago. Although the later submission may ensure consideration of the School budget based on new information and more current projections, the compression of time at the end of the process makes it harder for the AC to do a high-level review of the Town-wide budget.

Because the entire budget process is iterative, the AC and the BoS may not always have current updated information on Sources and Uses (provided in a spreadsheet prepared by the Town’s Director of Finance summarizing Town-wide projected sources of revenue and expected expenditures of funds), or they may have up-to-date information but not know how that differs from Sources and Uses estimates that they had previously seen. Additionally, different departments use different formats for presenting information, which increases the amount of time the AC must devote to understanding the budget, and the Town’s Finance Department to compiling and consolidating the information.

“Cherry Sheet” information on state aid to the Town is usually available in mid-February, with health insurance premium information in by March 1. These numbers, arriving relatively late in the process, can have an important impact on the overall budget.

In years in which collective bargaining is taking place, placeholder numbers are used in the budgets. Contracts may be settled up until and even into ATM; the AC does not have a presence in the bargaining process, but usually has a rough idea of what has been budgeted as a contract settlement number. The AC – and even the BoS -- oftentimes are asked to review and make recommendations regarding funding a contract on the very night in which the request is taken up by ATM.

The BoS and/ or the ED may engage in separate budget conversations with boards without directly involving the AC; this happened this past year, when the BoS and the SC agreed to reduce the Schools’ budget request by \$600,000.

e. Town Meeting

The AC holds a hearing on all articles in the warrant, including the budget, in February. The budget that is finally voted by AC is the result of changes made during budget season at the town-wide and individual board level, frequently communicated through different channels. The AC usually does not see a full, final budget until very late in the process. As a result, Article 8 is managed by a small number of AC members, with perhaps only about a third of AC fully up to speed on the intricacies of the budget.

For decades ATM has started on the last Monday of March. ATM does not meet on Passover or spring school vacation. Based on data on number of sessions of ATM, the average over the last 16 years is 5.5 sessions, with ATM typically dissolving by May 1. The budget is usually brought to the floor, discussed and voted on in the first and second sessions of ATM.

3. Proposed Process

a. Town Manager

The responsibility for preparing and presenting the Town's budget should be lodged in the Town's executive body, which in Wellesley is the elected BoS. The responsibility for independently reviewing and analyzing that budget and to make a recommendation to Town Meeting rests with an AC appointed by the elected Town Moderator. The ultimate decision to appropriate funds remains with the 240 elected members of Town Meeting.

We are proposing that the budget process be managed by a Town Manager who would be accountable, under the BoS, for producing a Town-wide operating and capital budget. The Town Manager would develop a budget message to accompany the budget, and would present it at Annual Town Meeting. A separate but coordinated budget message for the School Department would be developed by the Superintendent of Schools.

We believe this process is best managed by an experienced professional who would be accountable not only for the process, but for its outcome and for its ongoing success year over year. As the Town Manager engages with boards and departments through several budget cycles, we would expect the person in that position would be better able to assist in coordinating not only annual budgets, but in keeping track of long-term priorities of, and providing expertise on, cost management for the boards, Town departments and the Town as a whole.

We are proposing bylaw amendments that specifically define the role of the Town Manager – a new position in our governmental structure -- and capture as much of our current practice as possible. We also offer thoughts on best practices that would not be codified, but that seem to make sense based on feedback we've received and opportunities that we think exist. We are confident that the collaborative approach and strong working relationships that have developed over time among boards, committees and professional staff will continue, and will lead to further refinements of and improvements in this process in the years to come.

b. Guidelines and Budget Expectations

After the conclusion of ATM, and throughout the summer, there would be conversations among the Town Manager and individual departments at the department head/staff level regarding proposed budgets and expected revenue. This is not appreciably different from the current process. However, we envision that the priorities set forth in a Town-wide strategic plan developed with the participation of all Town departments and boards would inform these

discussions. Accordingly, the bylaws would require early engagement of the Town boards, individually and at one or more collaborative inter-board meetings (proposed Article 6A.7).

Based on the information developed and received throughout this process, as well as a general understanding of the proposed priorities and work plans for each department and board and the fiscal position of and revenue projections for the Town, the Town Manager, with the approval of the BoS, would present departmental budget “guidelines” or target budget numbers in the early Fall (proposed Article 6A.7). The timeline would remain approximately the same. However, whereas now there are two guidelines issued (one for the Schools and one for all other departments), we expect that this process would give the Town Manager greater flexibility to recommend and the Board of Selectmen to approve more department-specific targets based on the needs of individual boards in different years. We think this approach would lead to an annual, iterative process, with the Town Manager keeping track of long-term departmental needs and Town-wide priorities and recommending appropriate individualized departmental guidelines to ensure that each department would have its turn, so to speak, to implement its goals and its part of the Town-wide strategic plan.

School expenditures and employee benefit costs account for approximately 70% of the Town’s annual operating budget. Accordingly, we recommend that the full BoS, the SC, the Superintendent and the AC mutually agree to come together early in the process in a multi-board meeting facilitated by the Town Manager to discuss the Town’s fiscal position and any budget constraints and significant projected expenditures. Additionally, as plans firm up throughout the fall, we would expect the Town Manager to engage in ongoing internal conversations with all other departments, individually and in department head meetings, regarding budget development, projections and revenue assumptions. Such meetings and communications would ensure that all departments, whether large or small, would be active participants in the process as budgets were being developed.

c. Boards and the Advisory Committee

Departments would develop and present to their boards capital and operating budgets, which would vet, discuss and vote on them. The Town Manager would be responsible for establishing the timeline, format and procedures for budget submissions (proposed Article 6A.7). With the exception of the School budget, these voted budgets, along with appropriate explanations (proposed Article 6A.3.a), would be submitted to the Town Manager at least 90 days before the start of Annual Town Meeting in a format specified by the Town Manager (proposed Article 6.7). (We note that, as is the case now, there may need to be flexibility with regard to submission dates throughout the process depending on individual circumstances). Although not codified in the bylaws, we recommend that the Town Manager also request that, if a department’s proposed budget deviated from the expenditure guidelines set by the BoS, that department would be expected to provide an alternate budget that complied with the guideline, along with a detailed explanation for the proposed divergence. This proposed process introduces a few changes: first, requests for appropriations are now submitted directly to the AC; second, we are suggesting that both capital and operating budgets be submitted at the same time; and third, the submission and presentation format would be set by the Town Manager.

This approach also changes the way in which the AC engages with the budget process. The AC now sees capital budgets first, followed by operating budgets. By meeting with individual boards and hearing details of proposed budgets and how those budgets support board priorities and policy, the AC comes to understand the factors and decisions – both small and large -- that

drive individual department and Town-wide budgeting. However, we have heard that this process does not give the AC a framework, other than through Sources and Uses summaries, for understanding the big picture budget issues. Additionally, in some cases, an understanding of a department's proposed budget is best developed by seeing capital and operating budgets at the same time, rather than a month or two apart. We think it makes sense for the AC to engage throughout the Fall in meetings that will give the AC a broader and higher level view of the Town-wide budget as it unfolds. There would also be opportunities for individual boards to meet with the full AC to discuss their plans and their proposed budgets once they have been submitted or finalized. As is the case now, we would expect the AC to continue to direct boards to provide explanatory information in whatever format the AC deems suitable to facilitate its analysis of budgets.

As an independent committee appointed by the Moderator to provide recommendations to Town Meeting, the AC serves as a critical check on the budget process, and particularly on both the BoS and the Town Manager. The proposed change in approach would bring the AC into higher level discussions earlier in the process and help it see the larger budget picture earlier, before diving into the details. However, the AC, as part of its review of the Town Manager's recommended budget and capital plans, would still meet with boards to discuss individual budgets and departmental goals. The AC can work with boards over time to develop the process that it thinks is best.

We note here that other Towns we studied have Advisory/ Finance Committee members who serve two or three three-year terms. In Wellesley, very few AC members serve more than three years. It is our understanding that the AC workload in Wellesley is considered very heavy and time-consuming, so few members are interested in a second term. This annual loss of knowledge regarding budgeting and planning may be making it harder for the AC to provide higher level guidance and even leadership in the annual budget process. As a new process evolves, it will be important for the AC to assess whether its workload is changing in either quantity or quality.

d. Schools

Given the size and scope of the School budget, we suggest that – as is the case now – their process be slightly different. We believe that the process will benefit greatly by early and frequent engagement by the SC and the Superintendent. We propose that the School Superintendent submit the School Department's operating and capital budget, in a format specified by the Town Manager, with his Budget Message, to the SC 90 days before the start of the ATM, with a copy to the Town Manager to facilitate ongoing planning. As is the case now, the SC will hold at least one hearing on the budget proposed by the School Superintendent and make any changes in the Superintendent's budget that SC believes are appropriate. We propose that the SC submit its budget to the Town Manager 70 days before the start of ATM along with the Superintendent's Budget Message (proposed Article 6A.7.b). Although this differs from the bylaws (which require submission to the AC 90 days before ATM), it is consistent with the timing of current practice. Additionally, as noted above with respect to other boards' submissions, we recommend that if the Schools' proposed budget deviates from the expenditure guideline, the Town Manager request that the School Committee provide an alternate budget that meets the guideline, along with an explanation of the proposed divergence.

The Superintendent's budget message would (under proposed Article 6A.4.b):

- describe important features of the budget, both in fiscal terms and in terms of programs;
- indicate any major variations from the budget for the current year with the reasons for such changes;
- and include such other material as the Superintendent deems desirable.

Additionally, the Superintendent would provide a write-up of the Schools' operating and capital requests at a level of detail and in a format deemed appropriate by the AC.

This differs from current practice in several ways: first, School Department operating and capital budgets would be presented together; second, as with other budget submissions, the Schools' budget submission format would be determined by the Town Manager, to ensure consistency and smooth integration with the rest of the Town budget; third, the budget message would summarize at a high level the major assumptions driving the School department budget and reasons for any variations from the current year.

This process still does not resolve the tension inherent in having the biggest budget driver – the School operating budget – arrive later in the process. Early and frequent inter-board conversations, conducted by the Town Manager at the BoS level, should lead to a common understanding of the underlying School budget assumptions. Additionally, we suggest that the AC be given an appropriate understanding of the likely budget impact of teacher contract negotiations.

e. Budget Message and Finalization of Proposed Town-wide Budget

The start date of ATM, which may commence as late as the end of May, should also be revisited. This extra time, if the start of the ATM were pushed back a week or two, would give the AC more time to analyze the Town-wide budget, and would not compress the timeframe as much for reviewing the Schools' budget proposal. A later start to ATM would also mean that Cherry Sheet and health insurance premium information would not be arriving as late in the process as they do now. However, this is a decision that the BoS will make, and the process for assessing options may evolve with time. Regardless, for Town-wide planning purposes, we recommend that, no later than November 15, the BoS fix the starting date for the next year's ATM (proposed Article 8.6).

Not less than 60 days prior to the start of the ATM, the Town Manager would submit a preliminary proposed Town-wide operating and capital projects budget to the BoS, with the Town Manager's Budget Message, as well as the Superintendent's Budget Message; this submission would be copied to the AC and all other Town boards and officers for review and comment (proposed Article 6A.7.d). Additionally, if the Town Manager proposed any changes to a board's budget that the board had not yet approved, the Town Manager would be required to notify any affected board of the proposed change in writing, along with a written reason for the change, with copies to the BoS and the AC (proposed Article 6A.7.d). Comments would be directed to the Town Manager and the AC. It is anticipated, however, that the Town Manager would be keeping the BoS and all boards apprised of progress on the budget prior to this, and that the BoS will –as it does now – engage with the AC and other boards as necessary to facilitate ongoing collaboration. The BoS, as the entity supervising the Town Manager and as an elected body that is sensitive to the political climate of the Town and providing political leadership, should be expected to seek input from elected boards and appointed boards on their satisfaction with or concerns about the process.

The Town Manager's Budget Message would (under proposed Article 6A.4.a):

- outline proposed financial policies of the town for the ensuing fiscal year;
- provide an explanation of the proposed budget for all Town departments, both in fiscal terms and in terms of work programs;
- provide an explanation for any proposed changes to budget requests submitted by boards that have not been subsequently approved by the board and an explanation for any changes;
- describe important features of the budget;
- explain how the proposed budget advances the goals and objectives of the Town-wide strategic plan
- indicate any major variations from the budget for the current year in financial policies, expenditures and revenues, together with the reasons for such changes; and
- summarize the town's debt position; include such other material as the Town Manager deems desirable.

It is expected that the Town Manager would consult on an ongoing basis with the BoS prior to finalizing and submitting the integrated Town-wide budget to the AC. It is expected that, throughout this process,, if changes were proposed by the Town Manager to any board's voted budget, the affected board would be informed of this and would have the opportunity to review and vote on a revised budget. Because the Town Manager would be designated as the person accountable for the budget, we expect that the Town Manager would have a strong incentive to be able to represent that he or she had consulted extensively with boards and departments on their budget submissions. We would also expect that any person holding this position in a town like Wellesley would have strong inter-personal skills and a collaborative and inclusive management style. The Town Manager would likely be able to anticipate questions on the individual budgets and capital improvement plan from the AC, consistent with the AC's responsibility to independently analyze the budget and make a recommendation to ATM.

Not less than 45 days before the start of the ATM, the Town Manager would submit the proposed Town-wide operating and capital projects budget, along with the Town Manager's Budget Message and the Superintendent's Budget Message, to the AC, with copies to all other boards and officers (proposed Article 6A.7.e). If the Town Manager's submitted budget proposes revisions to any board's budget that the board had not yet approved, the Town Manager would be required to notify the affected board of the proposed change in writing, along with a written reason for the change, with copies to the BoS and the AC (proposed Article 6A.7.e). The AC will review the integrated budget and hold a public hearing on the budget, as it does now. The Town Manager may amend his integrated budget and financial plan based on the AC review, prior to the AC voting its recommendation. This timeframe might be extended if the starting date of ATM were to change.

At least seven days prior to the start of Annual Town Meeting (as now) the AC would publish its report, which would include the integrated Town-wide capital and operating budgets, together with the Town Manager's and Superintendent's Budget Messages. We are recommending a slight change to the bylaw to require the AC vote not later than seven days prior to the start of ATM "whenever practicable" (proposed Article 6A.7.e); this recognizes the reality that the budget often comes together very late in the process. We recommend that the Town Manager employ a budget format that would show the budget as requested by a board and the Town Manager's recommendations for that board's budget, as well as the AC's recommendation on the integrated Town-wide budget.

f. Annual Town Meeting

The BoS would make the motion on the integrated budget at the ATM. The Town Manager and the School Superintendent would present the Town/Schools budgets to Annual Town Meeting (proposed Article 6A.2a. and b.), and the AC would make its recommendation to Annual Town Meeting on the entire budget.

Although detailed presentations by individual boards concerning their budget requests under Article 8 would only be anticipated at Town Meeting if boards took issue with the Town Manager's recommended budget, it is expected that boards and department heads would be available to answer specific questions on their budgets from the floor of Town Meeting. Furthermore, if boards wished to inform Town Meeting Members and the public of their programs and initiatives, there would be opportunities to do that through pre-Town Meeting precinct meetings, written materials distributed online and at Town Meeting, and through Wellesley cable presentations.

g. Proposed Budget Process Timeline

Here's a summary of the proposed budget timeline, combining provisions in proposed bylaws, elements of current practice, and suggested best practices:

- Post-ATM – summer: conversations with Town Manager and individual boards regarding proposed budgets and expected revenue
 - Strategic plan creates context
 - Town-wide priorities are outlined
 - 'Guidelines' or target budget numbers will be developed by Town Manager, and approved by BoS, specific to each department/ budget, and will not necessarily be the same for all
- Fall -ongoing conversations regarding budget development and projections
 - Collaborative inter-board meetings led by Town Manager
 - Internal meetings among department heads led by Town Manager
 - BoS, School Committee and the AC meet with Town Manager as a group to discuss budget outline and approach
 - Departments submit operating/ capital budgets to boards, which vet and discuss them
 - By November 15, the BoS sets the date for Annual Town Meeting (ATM) (which may begin any time from the end of March through the end of May)
 - Boards except School Committee vote operating/ capital budgets
- 90 days before start of ATM:
 - All proposed departmental operating/capital non-school budgets submitted to Town Manager, with copies to the AC
 - Superintendent submits proposed school operating/ capital budgets to School Committee, along with Superintendent's budget message, with copies to Town Manager and to the AC
- 70 days before start of ATM:
 - School Committee, after public hearing and vote, submits operating/ capital budget to Town Manager along with Superintendent's budget message, with copies to the AC
- 60 days before start of ATM:

- Town Manager submits proposed Town-wide operating/ capital budget, including Town Manager's and Superintendent's budget messages, to BoS, copied to the AC and boards, (including explanations for proposed revisions to board-approved budget submissions) for review and comment, with all comments to be directed to the Town Manager and copied to the AC
- 45 days before start of ATM:
 - Town Manager submits integrated proposed operating/ capital budgets, including Town Manager's and Superintendent's budget messages, to AC copied to boards, including explanations for proposed revisions to board-approved budget submissions
 - During this period, boards will be asked to review and if necessary revoke their budgets
 - During this period, after public hearing, and if practicable, Advisory votes on the Town-wide budget
- 7 days before start of ATM:
 - Advisory publishes report
- At ATM:
 - Budget presentation includes budget messages, as well as format showing:
 - Department submitted budget
 - Town Manager recommended budget
 - AC voted budget
 - BoS moves budget
 - Town Manager and Superintendent make budget presentation
 - AC presents recommendation

Using the 2015 Calendar, the process would have looked like this:

- December 31, 2014:
 - Superintendent's budget due to School Committee
 - All other budgets due to Town Manager
- January 20, 2015:
 - School Committee to hold public hearing on budget; vote it and submit it to Town Manager with a Budget Message
- January 30, 2015:
 - Town Manager to submit FY2016 operating and capital budgets to BoS, together with Budget Message
- February 15, 2015:
 - Town Manager to submit FY2016 operating and capital budgets to the AC, with such changes as Town Manager wishes to make after consultation with BoS
- By March 23, 2015:
 - AC to:
 - review the budgets;
 - hold its public hearing;
 - publish its report
- March 30, 2015:
 - Start of ATM

The flow chart on page 16 illustrates how the process advances from early meetings to a final budget.

h. Bylaws

Proposed Article 6A brings together the Town's annual and longer term financial budgeting and planning functions. Accordingly, in addition to including proposed changes to the annual operating and capital budget process, proposed Article 6A also includes changes concerning the preparation of the Town-wide Financial Plan and the Town-wide Five Year Capital Budget Program. These changes preserve the processes for developing and presenting these two plans as they exist today, but puts responsibility for managing the processes with the Town Manager.

PROPOSED BUDGET CYCLE

