

TOWN OF WELLESLEY



REPORTS TO THE ANNUAL TOWN MEETING

**MONDAY, APRIL 26, 2021
7:00 P.M.**

Zoom Videoconferencing Platform

**by the
ADVISORY COMMITTEE**

**SELECT BOARD
COMMUNITY PRESERVATION COMMITTEE
NATURAL RESOURCES COMMITTEE
PLANNING BOARD
SUSTAINABLE ENERGY COMMITTEE**

Please read this Report and bring it with you to Town Meeting.

For more information and updates, please visit www.WellesleyMA.gov.

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TOWN OF WELLESLEY



ADVISORY COMMITTEE LETTER ANNUAL TOWN MEETING, APRIL 26, 2021, at 7:00 p.m.

TERM ENDS 2021

Julie Bryan, Chair
Jeffrey Levitan
Bill Maynard, Vice Chair
Deed McCollum
Mary Scanlon

TERM ENDS 2022

Jennifer Fallon
Neal Goins, Secretary
John Lanza, Vice Chair
Corinne Monahan
Patti Quigley, Vice Chair

TERM ENDS 2023

Shawn Baker
Tom Cunningham
Lauren Duprey
Jake Erhard
Doug Smith

To the Town Meeting Members of the Town of Wellesley:

April 6, 2021

Welcome to Annual Town Meeting (ATM) 2021. I am writing on behalf of the Advisory Committee to give you an overview of how to prepare for Annual Town Meeting and to highlight several notable matters that Town Meeting will take up.

Notable matters coming before the 2021 ATM include:

- An increase in the Town Clerk salary (Article 6)
- A proposed balanced budget for FY22, including both operating and capital items, and a transfer from Free Cash (Article 8)
- Design funding for the Town Hall Interior Renovation (Article 17)
- A proposal to authorize the Select Board to seek special legislation to allow the Select Board to issue liquor license to restaurants and function rooms with fewer than 50 seats (Article 21)
- A proposed bylaw change to allow Town Meeting Members to opt out of receiving a paper copy of the Advisory Report (Article 23)
- A proposal to adopt greenhouse gas emission goals and to amend the Bylaws describing the name and the description of the work of the Sustainable Energy Committee (Article 24)
- A proposal to amend the Bylaws to establish an Affordable Housing Trust Fund and to change the Bylaws to reflect the establishment of an Affordable Housing Trust (Articles 26 and 27)
- A Citizen's Petition to change the zoning of a property currently split between Single Residence and Business (Article 30)

Attached you will find the Report to Annual Town Meeting containing the Advisory Committee's recommendations to the 2021 ATM (the "Advisory Report"). This document is referred to during Town Meeting extensively so please read it and have it available to reference during all sessions of Town Meeting.

The Advisory Report will be posted on the Town's website at <http://www.wellesleyma.gov>. Various presentations on the articles and issues surrounding the warrant articles are on the Town's website and contain substantial background information on each article. I recommend you review the presentations on each article as you go through this Advisory Report. In addition, the Town's proposed budget can be found at www.Wellesleyma.gov/2021budgetbook. I ask all Town Meeting Members to review these materials in advance of ATM.

In addition, please review the Guidelines for Conduct at the Annual Town Meeting, included in the Advisory Report immediately following this letter. Although this ATM will be conducted via the Zoom platform due to the ongoing concerns with preventing further spread of COVID-19, the Moderator will endeavor to follow the same processes and will abide by the same guidelines as if we were meeting in person.

During the budget presentations and discussions this year, Advisory was especially mindful of the need to reduce capital expenditures and spending on projects for long-term goals and initiatives due to the reduced revenue in the Town because of the pandemic, and the uncertainty of how the easing of COVID-19 restrictions would impact the Town, and whether the Town would return to the revenue trajectory that existed prior to the pandemic.

Advisory members determined that delaying all capital projects and/or limiting spending to only essential expenditures was not necessary or practical, as taking such drastic measures could end up costing the Town more in the long run if capital projects became emergent at the same time, and/or if there was deferred maintenance of buildings and infrastructure that could end up costing the Town more in emergency repairs or replacements.

Because of the concerns over budget restrictions caused by COVID-19 and the reduction in revenues suffered by the Town, Advisory endeavored to dive even deeper than normal to scrutinize budget requests, the reasons for significant capital expenditures, and to understand how all the budgets, appropriations, and borrowing fit into an overall picture of the Town's finances. A summary of key points of our discussions are included in this Report under Article 8.

In addition to reading this Report, for those issues that are of particular interest, I suggest you review the videos of Advisory's meetings when the sponsoring Boards presented to Advisory and Advisory's discussions and votes. Advisory's agendas, minutes, and links to the recordings on Wellesley Public media can all be found on the Town website.

The Advisory Committee appreciates the dedication, expertise and knowledge of all those who presented to us throughout the 2020-2021 fiscal year as we prepared for ATM. Advisory is also grateful for the many hours that elected and appointed officials, Town employees, and other concerned citizens devote to make our Town run so efficiently and effectively. This year was especially challenging given the uncertainties surrounding revenue streams, Town operations, School operations and other services due to the ever-changing nature of the COVID-19 pandemic.

Advisory has been consistently impressed with how the Town officials and volunteers have navigated the roadblocks in the operation of our Town since the arrival of COVID-19 in March of 2020. Our Town's excellent, dedicated and highly professional staff is supported by the countless committed volunteers in Wellesley that share a common goal of making Wellesley a better place in which to live. At no other time has this commitment been so evident.

I personally want to recognize the hard work of the Advisory Committee for their diligence in making sure all Town Meeting Members are well-informed and fully prepared for Town Meeting.

The Advisory Committee always welcomes input, whether through the Citizen Speak opportunities that are available at all our meetings or via email at advisorycommittee@wellesleyma.gov.

Sincerely,

Julie Bryan, Chair
Advisory Committee

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Town-Wide Financial Plan Fiscal Year 2022 Annual Town Meeting Submitted by the Select Board

March 29, 2021

Dear Town Meeting Members:

Please find the Fiscal Year 2022 Town-Wide Financial Plan (TWFP) for the 2021 Annual Town Meeting ("ATM"). This document contains the following sections:

- Overview
- COVID-19 Update
- Financial Plan Components
- Revenues
- Status of Reserves
- FY22 Budget Cycle
- Key Budget Drivers
- Future Projected Capital Projects and Borrowing Needs
- FY22 Operating and Capital Budget Requests
- Conclusion

Overview

The Town of Wellesley Town Bylaws (Section 19.16) require the Select Board (the Board) to annually coordinate the preparation and maintenance of the Town-Wide Financial Plan (TWFP). In preparing the TWFP, the Board must take into account the Town's ability to generate the real estate property taxes assumed in the TWFP and to fund any deficit balance in the TWFP; the Board must evaluate relative need for, and level of the various expenditures proposed to be made by the Town; and must take into account alternatives to any of the various sources and uses of funds in the TWFP. The TWFP is constructed by using the information submitted by each board pursuant to the provisions of Sections 6.15 and 11.11 of the Town Bylaws and estimates and makes financial assumptions acceptable to the Board for all other line items for out-year projections.

Working with departmental staff and other Town officials, the Board is proposing a balanced budget of \$182,196,368 for the fiscal year 2022 (FY22 is the year beginning July 1, 2021). This budget assumes the use of \$3,781,347 from reserves/free cash.

Highlights:

- Modest levels of revenue growth over FY21 of 2.39%, with anticipated decline in local revenue, including significant decrease in parking revenues
- Moderate increase of 3.4% in health insurance rates
- Select Board operating budget guideline was set at 2.5%, and Debt Policy guideline was set at 6.2% of recurring operating revenues (policy range is 6.2% to 6.8%)

- Proposed operational increase for FY22 is 2.54% and budgeted capital requests for FY22 are \$10.16 million, or 6.13% of annual recurring revenues
- Proposed application of \$3,781,347 from Free Cash to balance the budget
- TWFP assumes School Department returns to pre-COVID staffing levels in fall 2021 with elimination of the Remote Learning School
- Projects related to strategic plans, Unified Plan, and critical needs have been deferred
- Five Year Capital Plan outlines cash capital, and debt funded capital projects, including both inside-the-levy and debt exclusion projects
- The American Rescue Plan Act of 2021 will provide relief to Municipalities and may offer opportunities to add programs and/or address costs related to COVID-19 in FY23. More specific and detailed guidance on how funds may be spent and what restrictions will be in place is pending at this time

Revenues

The revenues for the FY22 General Fund Budget total \$182,196,368 or a 2.39% increase compared to FY21 approved budget. The Board made conservative assumptions on local revenue growth taking into account historic trends and the impact of COVID-19 on specific sectors. Property taxes are assumed to increase by \$5,275,061 or 3.79% based upon the provisions of Proposition 2 ½ and added New Growth assumed at \$1.8M. Local Receipts, which include revenue from Motor Vehicle Excise Tax (\$200,000 lower than pre-COVID-19 level), Investment Income (\$350,000 lower than previously reduced FY21 projections), and Meals/Hotel/Motel Tax (\$100,000 lower than previously reduced FY21 projections), and building fees are expected to decrease by \$411,995 or 3.74%. Parking revenue for both meter and commuter lots has plummeted. The Traffic and Parking Budget, generally a self-sustaining fund, requires significant investment of \$894,685 in Free Cash for FY22 to maintain operations, and the fund will likely require evaluation for several years to determine the full impact COVID-19 has had on commuting behaviors. Commuter parking typically generates the vast majority of annual traffic and parking revenue.

Health Insurance

Health insurance spending was favorable and within the projections identified in the FY21 Town Wide Financial Plan (TWFP), resulting in an increase in the Town's reserve levels. The West Suburban Health Group injected reserves to stabilize rates for FY22, resulting in a relatively modest 3.4% increase in health insurance rates across all town offerings. Variability in health care costs in coming years is a concern, as the impact of deferred diagnoses and treatment from COVID-19 become clearer.

The Town's Memorandum of Agreement with the unions for health insurance was set to expire on June 30, 2021. The Town and unions negotiated a one (1) year extension on the agreement and will renegotiate a longer-term agreement for FY23-FY25.

Debt and Operating Policy Guidelines

The Board has several financial policies that were established to maintain prudent operational and capital spending. The Debt Policy was established in FY19 and sets an annual spending limit on capital spending (referred to as "cash capital") and inside-the-levy debt projects to a range of 6.2% to 6.8% of recurring operating revenues. The policy ensures an affordable and predictable level of spending and ensures that funds available for operating budgets are not adversely affected by increased capital spending.

The reduction in revenue assumptions and the ongoing COVID-19 pandemic called for a conservative budget guideline and the Board issued a 2.5% operating budget guideline for both Town and School departments and a 6.2% Debt Policy threshold.

The reduction in anticipated spending has limited the ability of Town and School departments to address strategic plans, Unified Plan goals, and critical needs this year. Departments have had to prioritize operational and capital spending and defer some projects. As federal relief packages roll out, there may be an opportunity to add programs in FY23, but specific information and spending requirements have yet to be issued from the recent American Rescue Plan Act as we prepare this Town-Wide Financial Plan.

The year-over-year operational increase for FY22 is just above target at 2.54%. The budgeted capital requests for FY22 are \$10.16 million, or 6.13% of annual recurring revenues.

Application of Free Cash to Balance the Budget

With the onset of COVID-19, action was taken at the end of FY20 to immediately reduce spending and bolster reserves. These reductions resulted in a reserve fund balance of 15% of budgeted operating revenues at the beginning of FY21. The Board's Financial Reserve Policy requires maintaining reserves in the 8% to 12% range.

Reserves Projection July 1, 2021

<i>Reserves as of 6/30/2020</i>	<u>Amount</u>
Free Cash estimated	\$ 18,319,871
General Purpose Stabilization fund	3,555,097
Other Stabilization Funds	2,229,495
	\$ 24,104,463
FY21 Revenue	\$ 160,705,760
% of Revenue	15%
% of Revenue Without Special purpose Stabilization Funds	13.61%

The Board proposes to balance the FY22 budget through the allocation of \$3,781,347 from Free Cash. This amount is higher than the Town's typical allocation of approximately \$2.5 million from reserves. The increase is largely due to the loss of anticipated parking revenue from the impacts of COVID-19 requiring appropriation of \$894,685 to fund the Traffic and Parking operations. In evaluating the use of reserves, the Board has considered the potential need for reserves over the next three years. Deployment of Free Cash to assist in balancing the budget is anticipated to revert to the Board's use of \$2.5 million annually to keep the reserve levels within the Financial Reserve Policy. The need to apply reserves will be monitored closely as we continue to see the impact of COVID-19 and how it affects local receipt projections.

Looking Forward

As a result of the economic disruption from COVID-19 and the unknown recovery timeline, the Board anticipates a 2.5% budget guideline in coming years (FY23 through FY25). School union contracts for FY23 will be negotiated through FY22 along with a three-year health care agreement with all unions for FY23.

The School Committee was developing a new strategic plan that proposed additional operating and capital costs beginning in FY22. However, these strategic plan initiatives have been largely deferred due to COVID-19. The impact of delayed initiatives is unknown at this time as the School Committee will need to re-evaluate after the 2020-2021 academic year. The School Administration's response to COVID-19 has been all consuming and ever changing as they have worked to meet health, safety, educational (state and local), and contractual needs. State and federal COVID relief assistance has made it possible to complete FY21 without supplemental appropriations. The Town and School Administrative teams have been working closely to evaluate continuous financial modifications as COVID-19 programs and funding emerges.

In FY23 and beyond, careful consideration is needed to coordinate initiatives from all departmental strategic plans, the town-wide Unified Plan, Housing Production Plan, and the developing Climate Action Plan and Sustainable Mobility Plan to balance priorities and financial resources.

The Town will be in a strong position to continue to avoid Proposition 2 ½ operating overrides by holding inside-the-levy and cash capital spending to 6.2% (low end of Debt Policy range), and by holding Town and School operating budgets to a 2.5% increase through FY25. Increases in health insurance rates are expected to be variable over the next several years and will be monitored closely by the West Suburban Health Group. Current cash capital and debt service requests contribute heavily to projected deficits in future years, and the Board will endeavor to smooth out these expenditures and remain within the range of the approved debt policy. Due to FY21 and FY22 capital reductions and deferment, evaluation of longer-term strategies to prioritize and catch up on projects will need to be considered. Over the next several years, departments adherence to guidelines will avoid an operating override, while allowing the Board to consider the use of reserves to offset deferred projects. This planning is critical as the Town has mapped out the timing and impact of major capital projects in the Major Project Financing Schedule (see page 24) that will require significant debt exclusions in FY22 and FY23, in addition to the debt exclusion for the Wellesley Middle School building systems that was approved in December 2020.

The Board continues to work with all Town departments and the School Department to improve long-range financial forecasts and continue the excellent level of services provided to our residents.

Debt Funded Capital Projects

There are several debt funded projects included in the warrant for Town Meeting requiring appropriation. This year reflects a decrease from past years in the number of special projects before Town Meeting. Special projects for FY22 include funding for the Town Hall Interior Schematic Design through bidding, Grove Street construction funds, and the Police Dispatch Communication Center Overhaul. All the debt funded projects proposed in FY22 are to be paid for with inside-the-levy borrowing. The Town continues to proactively manage its debt by containing costs on construction projects, and by applying savings to other projects to reduce future borrowing costs. A list of such debt rescissions or transfers of debt borrowed but not spent are included in Article 32 of the warrant.

Plans for Debt Exclusions

The Board continues to plan for significant capital projects under the Major Project Financing Schedule (see page 24) that we anticipate bringing to the voters for approval in the next 1 - 5 years as debt exclusions. The projects include the replacement through new construction of the Hunnewell and Hardy elementary schools under the direction of the School Building Committee (SBC), and the interior renovation of Town Hall. The Select Board has eliminated a previously proposed Town Hall Annex in favor of an interior renovation of Town Hall and leased office space

for the Facilities Management Department and the Land Use Divisions (Building, Planning, NRC and Wetlands, and ZBA).

Preliminary projections based upon construction schedules currently being evaluated suggest the peak median tax bill impact of constructing two schools could approach \$693 in 2025. This estimate will continue to be updated as new information becomes available. See page 25 for a table of projected tax impacts.

Hunnewell School

At a Special Town Meeting held December 1, 2019, the Town authorized \$4,680,000 for schematic design, permitting, and bidding for construction of a new Hunnewell School. To facilitate construction, internal swing space was found to be the only feasible option to allow the construction of Hunnewell School to begin prior to replacement of the Upham or Hardy Schools. The project is currently in both Wetlands and Site Plan permitting. Funding for the construction of the project is slated to come to an October 2021 Special Town Meeting for approval. If funding is approved by Town Meeting, the Select Board would call for a debt exclusion vote on December 7, 2021, for \$55.8 million, inclusive of swing space.

Hardy/Upham Schools

The Town was invited into the Massachusetts School Building Authority (MSBA) program for the consolidation of the Upham and Hardy Schools and replacement of the Upham School on either the Upham or Hardy site. The MSBA program provides for reimbursement of approximately 30% of eligible costs (mostly limited to construction costs and not offsite expenses) through detailed and highly structured documentation and review. In an exhaustive and inclusive process, the SBC evaluated both the Upham and Hardy sites, and selected the Hardy School site for a new consolidated school. The Town approved \$2.5 million at a Special Town Meeting in the fall of 2018 for a feasibility study and is currently in Module 4 out of 8 of the MSBA process, with an anticipated completion of Schematic Design for the Hardy School in July 2021. Funding for the construction of the project is slated to come to an October 2021 Special Town Meeting for approval. If funding is approved by Town Meeting, the Select Board would call for a debt exclusion vote on December 7, 2021, for \$72.3 million.

Interior renovation of the 1883 Town Hall

An interior space utilization and visioning study of the building was completed in 2018 and identified several serious deficiencies, including insufficient space for meetings, offices, and storage; lack of secure storage for vital records; lack of security for financial transactions; insufficient parking; air quality issues; moisture infiltration; and handicap accessibility deficiencies, and a lack of clear wayfinding. Moreover, the major building systems (boiler, HVAC) are at the end of their useful life and need to be replaced, and Town Hall does not currently meet the requirements of federal or state disabled persons' accessibility laws. The feasibility study recommended the construction of a Town Hall Annex and a feasibility study for the Annex was completed in 2019. Due to COVID-19, the Board eliminated the Town Hall Annex plans prior to the 2020 Annual Town Meeting. Through Facilities Management Department capital funds, the Town Hall interior feasibility study was refreshed in an effort to reduce project costs, and the supplemental study was completed in November 2020.

- **Goals:** The goals of the Town Hall interior renovation are to work within the historic spaces of the building to meet the current and future needs of the Town, to improve and expand program spaces, make the building more accessible to all residents, and to enhance departmental functions and meeting spaces. The proposed project

will complete the efforts begun with the Exterior Envelope Project funded in 2016 and completed in February 2020 and will secure a long and useful life of the landmark historical structure.

- **Funding plan:** Schematic design funds for the Town Hall Interior project will be sought at the 2021 Annual Town Meeting in the amount of \$1.8 million. If approved, the Town Hall Interior project will seek a debt exclusion of \$15.5 million for construction funds at a fall 2022 Special Town Meeting, followed by a town-wide vote in December of 2022.
- **Compliance with accessibility requirements:** Working with the project architect on the exterior phase of the project, the Town has requested and received approval from the Massachusetts Architectural Access Board (MAAB) for several permanent variances from the law, as well as other time variances for interior items that are required to be addressed. Those variances run for three years following substantial completion of the exterior renovations of the building which occurred in February 2020, with the possibility of a two-year extension if the Town is making progress towards resolving these matters.

New Major Capital Projects

Projects new to the Facilities Master Plan (see page 24) include the DPW Park and Highway Building and the DPW Recycling and Disposal Facility Administration Building. These projects are in the feasibility stage and the funding for inside-the-levy borrowing will be evaluated as they progress.

DPW Park and Highway Building

An FY19 study evaluated key staff support spaces consisting of men's locker rooms, the kitchen, and the lunch/break/training rooms and found the spaces have not been updated since the building was constructed in 1947. These facilities are inadequate from a perspective of age, functionality, circulation, adjacencies, and layout. The women's locker room was updated within the past 10 years but is undersized. The study also assessed the building including the brick masonry walls, windows, concrete floor slabs (elevated and slab-on-grade) and the Wash Bay, all of which are original, 70-year-old construction. There are numerous age-related and structural deficiencies. The study included an existing conditions phase, programming phase, and development of new layout options that better support DPW operations and staff. A proposal for design funds will come before the 2022 Annual Town Meeting in the amount of \$1.1 million, and if passed, construction funds would be sought with the DPW Administration Building at a fall 2023 Special Town Meeting. At present, construction funds are estimated at \$6.4 million.

DPW New Administration Building at the RDF

The last major renovation at the RDF was in 1997. A study was recently completed which focused on the Administration Building, the Baler Building, and the Incinerator Building. This study assessed a number of issues with building envelopes, including roofing, walls, windows, foundation waterproofing, and doors. The study also evaluated the current operations and adequacy of the Administration Building. It was determined that this building was not large enough for the current functions and that the 22-year old building systems were largely past their service lives. Construction of a new, larger Administration Building was recommended within the footprint of the existing building (requiring swing space included in the budget). Design funds would be sought at the 2022 Annual Town

Meeting in the amount of \$500,000 and construction funds would be sought at fall 2023 Special Town Meeting. The construction funds are estimated at \$2,750,000.

The Board's approach to departmental capital requests is to assess and prioritize projects to manage the annual operating costs of the Town. In doing so, the impact to taxpayers will be moderated as much as possible, while still maintaining the high level of services that residents have come to expect. Areas that the Board must continue to monitor closely include the School budget, deferred capital projects from FY20 and FY21, and health insurance costs. The School budget is nearly twice the size of the other departmental budgets combined, and school officials project it may continue to grow at a higher annual rate than has been included in this projection. Further analysis of these details is included in the section "Future Projected Capital Projects and Borrowing Needs" on page 20.

COVID-19 Update

Due to the extended closures of town facilities and unknown timeframe for reopening, the Board modified the FY21 Budget in June 2020 to reflect anticipated revenue shortfalls. These anticipated revenue reductions were balanced through reductions to Town capital budgets for FY21 budgets and that continues for the FY22 budgets. At Annual Town Meeting in June 2020, the Board committed to monitoring the FY21 financial impacts of COVID-19 on the Town during the initial months of FY21 and to work with the other boards and departments to identify any necessary modifications to the FY21 budget at the October 2020 Special Town Meeting. The Board provided a COVID-19 update to Town Meeting in October 2020 in preparation for the fall STM.

School Department

Remote learning began in March 2020. In June 2020, responding to ongoing needs to fully engage in remote learning, the School Department purchased laptops and iPads at a cost of \$200,873 using CARES Act funds. For the 2020-2021 school year, the School Department was required to establish a totally remote educational process (the Remote Learning School or RLS). With the state required RLS and contractual obligations to the Teacher's Union, the School Department determined that they required significant equipment and technology purchases; the addition of 33.57 full-time employees; tent rentals to maximize outdoor space for mask/lunch/snack breaks; and the establishment of a viral testing program for students, faculty, and staff, in order to safely begin operations. Remote learning programs began during the summer, and the School Department expended their total educational CARES Act allocation of \$1,321,746. The Board authorized the use of municipal CARES Act funds on September 21, 2020, in the amount of \$1,116,098 to offset the RLS personnel costs through December 30, 2020, for additional staff and other COVID-19 expenses, including FFCRA coverage and PPE.

Recent Relief Funding for COVID-19 Expenses

In December 2020, the Federal Consolidated Appropriations Act, 2021 was passed as a coronavirus relief package. The Act allowed for Coronavirus Aid, Relief, and Economic Security (the "CARES Act") funds (detailed below) to be extended from December 30, 2020, to December 31, 2021, while also providing modest resources for schools. With the ability to use CARES funds through the end of 2021, the Town can cover the cost of salaries for the RLS through June 30, 2021. The additional funds necessary to cover RLS costs through June 30, 2021, are estimated at approximately \$700,000.

On January 21, 2021, by Presidential Order, FEMA reimbursement was increased from 75% to 100% and eligible costs were expanded to include vaccine distribution costs, PPE, cleaning and

sanitization costs, and school reopening costs. FEMA continues to issue revised guidance on implementation.

On March 11, 2021, the American Rescue Plan was signed into law. The law provides for financial assistance to municipalities and schools but specific information and spending requirements have yet to be issued. Funds are anticipated to provide assistance to programs and projects directly impacted by COVID-19, school reopening assistance (PPE, ventilation, COVID-19 testing, vaccinations, class size, etc.), and some county level aid.

The Town is carefully tracking each departmental budget and has used CARES and FEMA funds to cover expenses for operations related to COVID-19 throughout FY21. The School Department and Health Department have experienced particularly significant impacts. With the extension of the deadline for the use of funds, the Town will not require any supplemental appropriations relating to School and Town operations for FY21. The Town will be monitoring unemployment costs for teachers who were hired for this school year for the RLS. As Federal assistance continues to be expanded, the Town may be able to absorb those costs without supplemental budget request. If not, the Town will submit supplemental budget requests at the anticipated fall 2021 Special Town Meeting.

Total COVID Funding Assistance Available and Application of Funds:

	Federal and State Assistance	FY20-FY21
Municipal CARES Allocated	\$ 2,616,201.00	
Schools CARES Allocated	\$ 1,097,100.00	
School ESSR Grant	\$ 123,519.00	
School CARES Remote Learning	\$ 101,127.00	
Schools 12/30/2020	\$ (2,157,845.00)	
Schools (est thru 6/30/2021)	\$ (700,000.00)	
Health Dept.		\$ (16,820.00)
Election		\$ (81,058.00)
Morses Pond Summer Operations		\$ (73,954.00)
Personnel Backfill		\$ (108,347.00)
Cleaning/Disinfection		\$ (272,080.00)
Technology (Non-School)		\$ (12,387.00)
Legal		\$ (68,355.00)
Food Programs		\$ (72,499.31)
Library		\$ (37,069.00)
Subtotal CARES/Grants	\$ 3,937,947.00	\$ (3,600,414.31)
CARES Available		\$ 337,532.69
Potential FEMA Reimbursement		\$ 391,000.00

Financial Plan Components

The Board is responsible for preparing the TWFP which includes a forecast of the Town's sources and uses of funds for the current year (annual budget) and for the two following years (the "out years"). The Board establishes current year budget guidelines, cognizant of reserve implications, and works with the various Town boards to achieve a balanced budget. Projections are developed for subsequent years so that the Board may determine whether there will be sufficient revenue to meet needs or any requests for new initiatives. The TWFP also includes projected capital needs

for the next five years for the various departments and information regarding the proposed financing for these items.

Reserves

The Town intentionally increased its financial reserves during the last 14 years and, on December 10, 2012, the Board adopted a formal reserve policy which informed the recommendations in this annual TWFP. Reserves are comprised of the Town's certified Free Cash and Stabilization Funds. Free Cash is the sum of funds appropriated and raised by the Town, but not expended in the years for which the funds were appropriated, plus anticipated revenues, minus uncollected taxes of prior years. Stabilization Funds are special accounts created to provide reserves (savings) for different types of variable expenditures. These Stabilization Funds help to smooth out the impact of capital projects or provide insurance against unexpected expenditures.

Pensions OPEB and Health Insurance Costs

The Town makes an annual contribution to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board. The proposed contribution for FY22 represents 4.5% of the Town's annual budget. Current employees contribute up to 11% of their salaries to the system, depending upon date of hire. An independent actuary engaged by the Retirement Board biannually calculates the annual contribution the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees. The funded status, using the market value of assets, was 75.62% as reflected in the actuarial valuation performed as of January 1, 2019, with full funding expected by 2030. The Retirement Board uses a 6.625% assumed actuarial rate of return on investment. Management continues to factor updated valuations into its TWFP projections.

Similarly, health insurance costs and the liability for postemployment health care benefits for certain retirees and their dependents (OPEB) are key considerations in the TWFP. The Town has undertaken a number of proactive steps over the last ten years to reduce current costs and amortize the unfunded OPEB liability. With the current actuarial valuation, completed as of December 31, 2020, in accordance with GASB Statement No. 74, the funding status has improved to 59.40%. The Town currently appropriates 1.89% of its annual budget to OPEB, and current estimates indicate that this obligation will be fully satisfied by 2032.

Balanced Budget

Once balanced, the annual budget is presented by the Board to the Annual Town Meeting, together with comments and recommendations of the Advisory Committee. The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The state-of-the-art financial system has a number of built-in controls and department managers have ready access to their budgets.

Revenues

Real Estate and Personal Property Taxes

Wellesley's primary source of revenue is real estate taxes. In the revised FY22 budget, taxes represent 85.7% of the estimated revenues, of which 87.6% are from residential assessments.

State Aid

The Town generally receives approximately 6.15% of its revenue in the form of State Aid, of which 86.4% is for educational purposes, and 12% is State revenue assessments to other government agencies. State revenue assessments are not available to fund the Town's budget. Current

projections show only a modest FY22 increase, as a result, State Aid now represents 6.57% of the FY22 revenues.

	Final <u>2018</u>	Final <u>2019</u>	Final <u>2020</u>	RECAP <u>2021</u>	Governor <u>2022</u>
State Aid					
Chapter 70	\$ 8,399,961	\$ 8,955,295	\$ 9,273,504	\$ 9,273,504	\$ 9,407,484
	\$ 8,399,961	\$ 8,955,295	\$ 9,273,504	\$ 9,273,504	\$ 9,407,484
other school	\$ -	\$ -	\$ -		\$ 9,286
	\$ 8,399,961	\$ 8,955,295	\$ 9,273,504	\$ 9,273,504	\$ 9,416,770
Unrestricted (UGGA)	\$ 1,294,148	\$ 1,339,443	\$ 1,375,608	\$ 1,375,608	\$ 1,423,754
All other	\$ 65,540	\$ 53,236	\$ 65,462	\$ 51,094	\$ 45,401
Total	\$ 9,759,649	\$ 10,347,974	\$ 10,714,574	\$ 10,700,206	\$ 10,885,925
Assessments	\$ 1,239,371	\$ 1,260,154	\$ 1,262,442	\$ 1,308,172	\$ 1,317,219
Net	\$ 8,520,278	\$ 9,087,820	\$ 9,452,132	\$ 9,392,034	\$ 9,568,706

Local Receipts

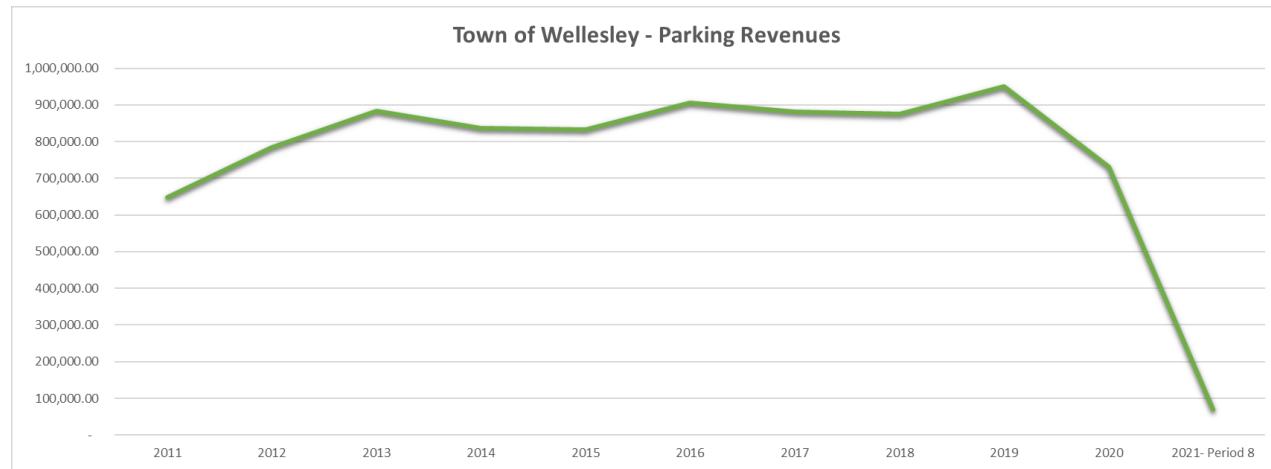
The most significant financial impact of COVID-19 on the FY22 budget is the anticipated negative impact on local revenue and parking receipts. Local receipts typically represent 7.35% of the Town's revenue. Most local receipts (72%) are from motor vehicle excise, permits and licensing, and interest earnings. With COVID-19 occupancy allowances increasing, there is potential for increases in meals, hotel, and motel tax, but it is too early to forecast the trajectory of the rebound. The Town has taken a conservative approach in reducing anticipated revenues by approximately \$400,000, bringing local receipt projections to 5.8% of revenues.

	Recap				
	Actual		Actual		Budget
	FY18	FY19	FY20	FY21	FY22
Local Receipts					
Motor Vehicle Excise	\$ 5,749,176	\$ 5,814,076	\$ 5,463,429	\$ 5,200,000	\$ 5,200,000
Investment Income	760,311	1,644,747	1,761,606	750,000	397,693
Licenses and permits	4,049,311	3,617,016	2,043,985	2,300,000	2,300,000
RDF	817,862	594,114	663,669	502,797	650,000
Pilot payments	76,490	76,443	76,442	76,000	76,000
Parking Fines & Forfeits	466,684	577,555	452,093	250,000	200,000
Meals tax, hotel/motel	752,908	771,564	682,286	300,000	200,000
Recreation transfer	79,227	13,682	-	-	-
Penalties, Interest on Taxes	248,217	425,077	253,628	250,000	250,000
Rentals	169,038	180,728	198,929	100,000	100,000
Fees	116,737	109,180	109,851	100,000	100,000
Departmental	164,646	87,406	133,786	60,000	60,000
Medicare part D					
Medicaid			57,003		
All other	54,884	14324	271,076	104,101	58,995
Total	\$ 13,505,491	\$ 13,925,912	\$ 12,167,783	\$ 9,992,898	\$ 9,592,688

The drop in revenue from the Town's traffic and parking operations is a significant concern, given that these operations have historically been self-funding. COVID-19 resulted in a dramatic decrease in the use of public transportation and an increase in remote work, which has left the Town's commuter lots largely empty. To assist local businesses and merchants, two-hour parking

meters were free from June 1, 2020, through February 28, 2021. The Town had to refund yearly parking passes for the last half of 2020 and there have been few purchases for 2021. The Town is currently generating 8% of the normal traffic and parking revenues and is currently predicting a revenue shortfall of \$894,685 for FY21 which is being supplemented with Free Cash. The traffic and parking fund has a reserve of \$353,620 that will be incorporated into the FY22 budget. The traffic and parking division funds traffic consulting services for the Town; management and maintenance of the parking lots and parking meters; traffic calming; traffic signs; street line painting; and salaries for the Parking Clerk, meter attendants, and half of the salary of the Police Lieutenant who oversees the division.

Between 2013 and 2020, Parking Revenue has averaged approximately \$860,000. In 2020 the Town was on par with 2019 to collect approximately \$950,000 when COVID-19 emerged in March 2020, significantly impacting the last quarter of FY20. For FY21, Parking Revenue for the eight-month period from July 1, 2020 – February 28, 2021 was \$69,523.62. Commuter traffic is expected to rebound as more people are vaccinated and return to offices, but the Traffic and Parking operations will be monitored closely over the next two fiscal years. If commuter traffic does not rebound as quickly as projected, the Traffic and Parking fund may need to be supplemented by additional Town funding, or the programs administered by the Traffic and Parking fund may need to be absorbed into the Police and DPW budgets.



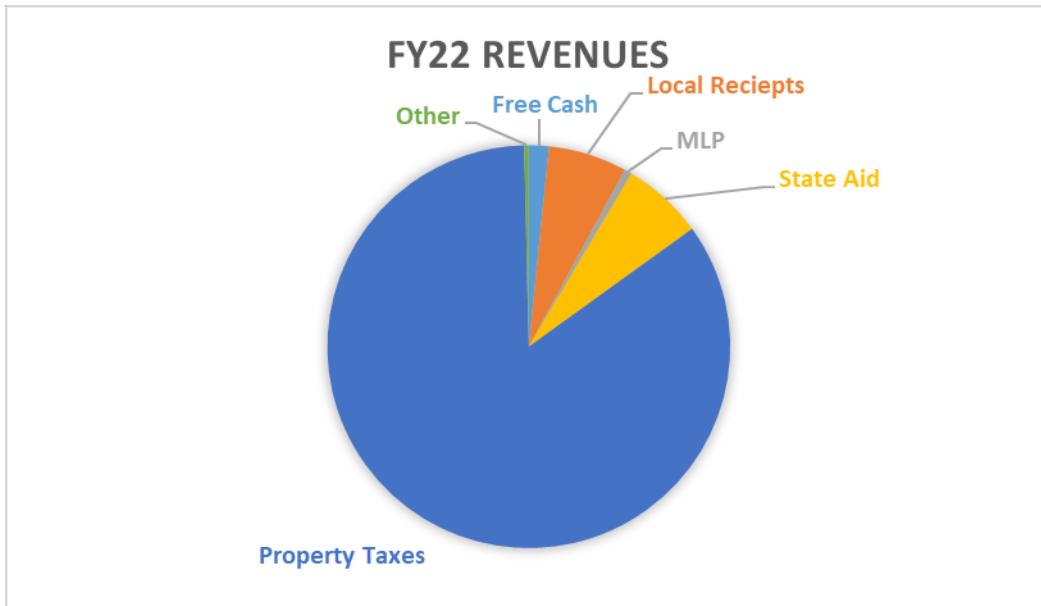
Additional revenue includes an annual contribution of \$1 million to the Town from the Wellesley Municipal Light Plant.

Free Cash

Free Cash is made up of revenues in excess of budget projections, budget “turn-back” (amounts budgeted but not spent), and other timing differences.

Free Cash	FY17	FY18	FY19	FY20	Est. FY21
<i>Beginning of year</i>	\$ 11,858,182	\$ 12,109,416	\$ 14,615,285	\$ 16,171,779	\$ 18,319,871
<i>Uses</i>	(4,895,826)	(4,093,089)	(5,040,670)	(6,264,475)	(4,495,134)
<i>Net Free Cash generated</i>	5,147,060	6,598,958	6,597,164	8,412,567	1,000,000
<i>End of year</i>	\$ 12,109,416	\$ 14,615,285	\$ 16,171,779	\$ 18,319,871	\$ 14,824,737

For the FY22 budget, the proposed use of \$3,781,347 in Free Cash represents 2% of the estimated revenues.



Status of Reserves

At the end of FY20 and throughout FY21, the Board evaluated the use of Free Cash and the resulting impact on reserves as the Town prepared for the long-term financial impacts of COVID-19. The Board has been deliberate in its efforts to limit the immediate application of Free Cash in order to maintain the reserves at the upper level of the Town's Policy, given that anticipated shortfalls in revenues and tight operating budgets will limit the generation of Free Cash (through reduced turnback) and may require the application of additional Free Cash to balance budgets over the next several fiscal years. The Board is also mindful of the need to maintain financial reserves to support the Town's favorable AAA bond rating.

The Town's Financial Policies stipulate that reserves should range from 8% to 12% of budgeted operating revenues. The Town's diligence in limiting hires, reducing spending, and mobilizing effectively for COVID-19 ended FY20 with a Free Cash Certification balance of \$18,319,871. The Free Cash and General Stabilization Fund reflects 13.61% of budgeted operating revenues, and with the addition of the Town's other Stabilization Funds (Special Education, Injured-on-Duty, Baler Fund) the total reserves rise to 15% of revenues. The FY22 proposed budget continues the established practice of maintaining funding levels for the stabilization funds and other reserves as well as Other Post-Employment Benefits (OPEB) and Pension contributions.

Under Massachusetts Department of Revenue (DOR) rules, the Free Cash balance and the General Purpose Stabilization Fund are reserves specifically available for appropriation by Town Meeting for any lawful purpose. Appropriations from the Stabilization Fund require a two-thirds vote by Town Meeting, whereas appropriations from Free Cash require a majority vote. The balance of the General Purpose Stabilization Fund as of June 30, 2020, was \$3.56 million.

The Municipal Modernization Act of 2016 created an additional reserve fund opportunity for special education funding and the Town responded by creating a Special Education Reserve Fund at ATM 2017. Revenues from Medicaid receipts related to special education were deposited into the fund at that time, with the plan to continue to build the fund in subsequent years. Article 11 on this year's warrant recommends appropriation of \$57,000 in revenues from Medicaid receipts. Over the past two years, deposits of \$500,000 have been made to the Special Education Reserve Fund to further protect the School budget from unforeseen special education outplacement costs. Funds deposited in a Stabilization Fund can be redirected for another purpose with Town Meeting authorization. The Board will continue to support the funding of the

Special Education Reserve Fund to ensure that a reliable level of reserves is available should either the State be unable to meet its circuit breaker obligations, or the Schools experience unanticipated out-of-district placements or other extraordinary expenses. However, due to financial constraints in FY21, the Board is not recommending a further Free Cash deposit for FY22.

The updated FY22 budget continues the past practice of contributing Free Cash to the Injured-on-Duty stabilization fund (\$45,275), and the RDF Baler Fund (\$11,512). The Baler Fund deposit proposal represents a reduction from the anticipated deposit of \$50,000 due to the ongoing COVID-19 impact to the DPW budget. The following chart summarizes revised projections reflecting the anticipated use of Free Cash towards the FY22 Budget to the Town's reserve balances on June 30, 2021:

<i>Reserves Projection</i>		
<i>Reserves as of 6/30/2020</i>		<u>Amount</u>
Free Cash estimated	\$	18,319,871
General Purpose Stabilization fund		3,555,097
Other Stabilization Funds		2,229,495
	\$	24,104,463
FY21 Revenue	\$	160,705,760
 <i>Sources and (Uses) of Reserves in FY21</i>		
Snow and Ice Removal		(600,000)
Customary Amount to balance FY2022		(2,500,000)
Balance FY22 Budget		(1,281,347)
Add to IOD Stabilization		(45,275)
Add to Baler Stabilization		(11,512)
Add to SPED Stabilization - Medicaid		(57,000)
Net Operating Change - estimated		1,000,000
Estimated Reserves as of 6/30/21	\$	20,609,329
 FY22 Revenue	\$	165,456,097
% of Revenue		12.46%
% of Revenue Without Special purpose Stabilization Funds		11.11%

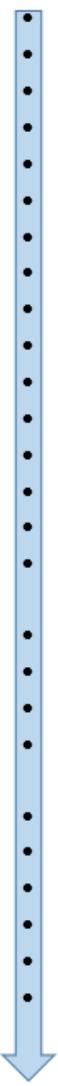
FY22 Budget Cycle

The current method of allocating available resources begins with the Board's review and analysis of current revenues and revenue enhancement opportunities. After factoring in fixed costs, such as employee benefits, issued debt and past service liabilities, the Board develops budget guidelines to help allocate remaining available funds among the departments. Each board is expected to develop a budget falling within guideline. New initiatives and costs beyond guideline are discussed and evaluated by the Board and the Advisory Committee during the budget cycle. Other funding mechanisms (such as an override or debt exclusion) may ultimately be proposed if a critical initiative cannot be funded with the current resources.

Under the Town bylaws, the Board is responsible for coordinating the annual budget submissions for all boards; coordinating the timing of capital requests and determining methods for financing capital needs; estimating available revenues; and developing the Town-Wide Financial Plan and Five-Year Capital Budget Program. In order to accurately create (1) the "Sources and Uses" format required by Article 19.16.1, (2) the Town-Wide Financial Plan, and (3) the Five-Year Capital Budget Program, the Finance Department, under the direction of the Select Board and Executive Director, has developed standard formats for receiving departmental requests. The format includes a departmental narrative outlining departmental responsibilities and current objectives with emphasis on current year needs, a revenue summary, and detailed operating budget requests showing a four-year history.

The Town budget cycle usually begins in July with the Board's initial discussion with the larger departments including School Department, the Facilities Management Department (FMD), and Department of Public Works (DPW). COVID-19 required a delay in the FY21 Annual Town Meeting with resolution at the end of June 2020. All summer, the Town continued to work on generating and implementing COVID-19 protocols and the School Department worked to design three scenarios for fall reopening plans. Consistent with the delays in the Commonwealth budget, the Town budget process was also delayed, and the Board reported the delays to the Special Town Meeting in October. Guidelines for FY22 were finalized November 2, 2020. The delay in the budget cycle required a four-week delay in the start of the 2021 ATM. This year's budget process followed the timeline detailed below. For a full review of the Town Budget Preparation Manual, please see Appendix A attached.

Budget Submission Timeline



- June 22, 2020 Annual Town Meeting (Delayed due to COVID-19)
- July 1, 2020 Fiscal Year begins
- August 26 -- Finance Director and BOS Chairs to Advisory with FY2019 update
- August 31 -- Finance Director updates BOS on FY2020 results
- October 5 – BOS Begins FY 2022 Budget guideline discussions
- October 14 – BOS continues guideline discussions
- October 26 - BOS continues guideline discussions
- October 29 – Inter-Board Meeting (evening)
- October 30 – Inter-Board Meeting (morning)
- November 2 – FY 2022 Operating Budget guideline finalized/ Capital planning discussion
- November 2 – Town-wide FMD Capital update
- November 5 – Operating budget manual & forms distributed; capital forms distributed
- November 12 – HR provides guidelines for 40/50/60 series
- November 16 – Open Annual Town Meeting Warrant
- December 2 – Capital budget requests submitted to Finance from all departments
- December 7 – Operating budgets due from Selectmen's departments. Finance begins budget compilation
- December 7 – Tax Classification Hearing
- December 14 – Select Board's Budget Workshop (Day)
- December 14 – BOS Budget Roll Up to SB for Review
- December 14 – Operating budgets due to Finance from non-school departments (early submissions encouraged)
- December 23 – Warrant Closes for Annual Town Meeting
- January 12 – Superintendent's operating budget due
- January 19 – Determine budget gap & begin closing process
- February 23 – School Committee votes School Department operating budget
- Annual Town Meeting to begin April 26, April 27
- Annual Town Meeting to continue May 3, May 4, May 10, May 11

Key Budget Drivers

Each year at ATM, the Board and staff update the Town-Wide Financial Plan with input from the Town departments, boards, and committees, guided by the conservative financial policies adopted over the last decade. Due to COVID-19, an extensive analysis was performed following ATM and many COVID-19 impacts seem likely to linger for a significant period. As in prior years, the key issues impacting the Town's financial planning include:

- Growth in personnel costs
- Employee benefit costs
- Facilities and other capital needs

Growth in Personnel Costs

The largest recurring item in the year-over-year growth of the Town budget is the cost of wage increases (“Cost of Living Adjustments” or COLA) for existing employees. Each year the Human Resources Board evaluates increases for non-union municipal personnel and compares salary ranges to maintain competitive compensation ranges. Most Town employees are unionized, and their annual wage increases are a subject of collective bargaining. There are 12 unions representing 1,129 employees, the largest of which is the Teachers Association. (The teachers union contract expires June 30, 2022.) Last year eight of the Town’s union contracts were negotiated and approved by Town Meeting through June 30, 2023. There is currently one outstanding contract with the FMD Custodians that expired on June 30, 2020. The Town is hopeful we will reach settlement with the FMD Custodians but remain in negotiations. The Town has completed a one-year extension on health care benefits and will begin negotiations summer of 2021 with all unions on a new multi-year contract for health care benefits for FY23 and beyond.

In addition to the COLA noted above, the union contracts also provide for an additional annual “step” increase for teachers and other employees who have not yet reached the top step, and “lane” increases for teachers as they attain additional academic degrees. The teachers’ contract provides for 16 steps and the value of each step increase is approximately 4.2%. Most Town union contracts provide for 4-8 steps, and an average step increase of 5.3-5.6%. In recent years, longevity has been added in step form to a number of contracts for employees. Thus, employees who have not reached the top step generally receive total annual wage increases in the range of 7-8%.

Each year, the cost of step increases is partially offset by savings resulting from the retirement or departure of employees who are replaced by new employees at a lower step level (“turnover savings”). Thus, in departments with steps, the changing composition of the work force affects the budget over time. However, in the case of the School Department, the average experience level of teachers has increased over the past ten years. Currently (FY22), approximately 59.5% of the teachers are at the top step, and the others are still moving on steps. Along with increases in special education costs, the School budget has grown at a faster rate than other departments’ budgets.

This year, the Town hired 8 new firefighters to fill vacant positions that were left open from FY20 retirements due to COVID delays and replacing two FY21 retirements and one transfer. These new hires will have an impact over the next 4-5 years on the Fire Department budget as the new employees work their way through the steps.

Employee Benefit Costs

Employee benefit costs will total nearly \$32.6 million in FY22 (17.8% of the Town’s total budget) and during the past 10 years this has been the fastest growing component of the overall Town budget. The principal components of this cost are:

- Health insurance premium costs for active and retired (non-Medicare eligible) employees and other associated benefit costs - \$20.9 million
- Pension plan contributions - \$8.2 million
- Other Post-Employment Benefits (OPEB) funding - \$3.4 million

Health Insurance

The Town procures health insurance for active employees and retirees through the West Suburban Health Group (WSHG), a consortium of eight towns and two educational entities.

Health insurance is a mandatory subject of collective bargaining, so the Town cannot unilaterally make plan design changes. The Town has successfully bargained with its employee groups and implemented a number of plan changes in recent years, which have helped control rising costs.

The most recent three-year contract began on July 1, 2018, in which the Town introduced two different deductible plans for employees, both of which are less expensive than the previous offerings. The unions agreed to shift all employees to paying a greater percentage of their premium costs in the second and third years of the agreement. In return, the Town offered various incentives to employees to lower their costs. Over the life of the three-year agreement more than 25% of eligible employees have maintained less expensive plans. The Town was able to extend the three-year agreement for an additional year through FY22. The Board will continue to monitor health insurance cost trends and work with the other members of the WSHG to control costs, while meeting our obligations to our employees and retirees.

Pension Plan Contributions

Municipal employees in Massachusetts are not eligible for Social Security as a benefit of their employment with a municipality. The Town maintains a defined-benefit pension plan for retired employees other than teachers in lieu of a retirement allowance under Social Security, and the benefits are identical to those offered by other cities and towns in Massachusetts. Teachers participate in a similar plan operated by the Commonwealth. However, unlike a defined-benefit pension plan in the private sector, municipal employees contribute toward the cost of their pension. Any municipal employee hired after 1996 is required to contribute 9% of annual pay plus 2% of pay over \$30,000.

Employee contributions to the Town of Wellesley pension plan during calendar 2020 totaled \$4 million and are estimated to total \$4.1 million in calendar 2021. In addition, the Town makes an annual contribution of \$8.2 million in FY22. The Enterprise funds (Water, Sewer and Electric) also contribute the employer portion for their employees. Approximately 66% of the contribution by the Town this year will be allocated to accrued liabilities from prior years.

Other Post-Employment Benefits (OPEB)

The Town is also obligated to subsidize a portion of the health insurance premiums for all retirees (Other Post-Employment Benefits or OPEB). Medicare-eligible retirees are required to enroll in Medicare and the Town pays 50% of the cost of a Medicare supplement plan and 50% of the Medicare Part B premium.

The latest actuarial valuation of the Pension liability was performed as of January 1, 2019. The actuarial valuation is on a two-year cycle and a new valuation was performed January 1, 2021, although it will not be available until May of 2021. The following table summarizes the Town's unfunded liabilities related to pension and OPEB, based on employee service to date:

Last Funding Valuation	Pension	OPEB
Measurement Date	1/1/2019	6/30/2018
Accrued Liability	\$ 248,553,692	\$ 120,899,268
Actuarial Value of Assets	\$ 193,017,080	\$ 69,983,462
Unfunded Liability	\$ 55,536,612	\$ 50,915,806
MV of Assets at 12/31/19	\$ 187,948,599	\$ 69,983,462

The actuarial funding schedule for the pension plan calls for a \$239,036 increase in pension funding in FY22 (exclusive of enterprise funds). The 2017 and 2019 actuarial valuation of the

pension plan called for a reduction of the investment return assumption from 6.75% to a more conservative rate of 6.625%. A new actuarial valuation of the pension plan was performed on January 1, 2021; however, the Town will not receive the report until May 2021.

The latest actuarial valuation of the OPEB liability was performed as of June 30, 2018. The actuarial valuation is on a two-year cycle with the new valuation performed on January 1, 2021. (The Town also anticipates receipt of the new actuarial study in May 2021.) The interest rate was maintained at 6.625% and certain mortality assumptions were updated. The funding schedule was historically designed to fully fund liability by 2037; however, the Town is currently tracking to be fully funded as of 2032. The funding plan currently requires the Town to contribute a flat \$3.4 million each year, in addition to the increasing premium subsidies for current retirees ("pay-as-you-go costs"). The \$3.4 million contribution is funded by inside-the-levy funds.

OPEB FUNDING				
	FY19	FY20	FY21	FY22
Inside the Levy	\$3,420,000	\$3,420,000	\$3,420,000	\$3,420,000
	<u>\$3,420,000</u>	<u>\$3,420,000</u>	<u>\$3,420,000</u>	<u>\$3,420,000</u>

Unlike many other communities, Wellesley is fully funding the ARC (Annual Required Contribution), as defined in the Government Accounting Standards Board pronouncements related to OPEB. As a result, the Town can discount the unfunded OPEB liability using an assumed market rate of return, whereas communities that are not funding the ARC are required to use a risk-free rate of return. New municipal accounting rules took effect at the beginning of FY18 which required municipalities to report pension and OPEB liabilities on their balance sheets. Wellesley's proactive funding approach favorably distinguishes our community, as the Town is further along in meeting its obligations than many other towns, whose balance sheets now show much larger unfunded liabilities.

Future Projected Capital Projects and Borrowing Needs

Capital Budget Requests

Each year, boards submit a detailed five-year capital plan, and it is critical to include all anticipated capital needs for that five-year period, including cash capital and projects financed by debt or any other source. This year's Budget Book details the original five-year capital requests submitted in December 2020, included in the [Capital Plan Forms](#). The final Five-Year Capital Plan reflects the most up-to-date project costs. Capital requests are intended to support the department's strategic direction, and the financial and operational impact of each requested capital purchase should be quantified. Because financial resources are limited, boards are asked to internally prioritize capital needs and should fully research the cost of each item to better inform the discussion of which projects should be funded in a given year. Doing a thorough job of analyzing capital needs can help avoid sudden unanticipated requests in the current budget cycle, and greatly aids the financial planning process. With a rise in the inside-the-levy borrowing, available funding for cash capital projects is restricted.

As previously described, the Select Board has adopted a Debt Policy allocating between 6.2% to 6.8% of budgeted (inside-the-levy) revenues, for combined capital and debt service expenditures, as the appropriate level for maintaining assets, while avoiding operating overrides or compromising operating budgets. In review of past five-year capital plans the total cost is rising far in excess of the 6.2% to 6.8% debt policy range and is hovering around the 9.3% range for

FY23 and FY24. With this gap, departments may feel their capital requests are being “cut,” but the reality is that the Town is working to bring capital requests into alignment with the adopted policy range of 6.2% to 6.8%. The five-year capital plan should strive to be close to the upper threshold of the debt policy range to reduce the optics of deferment or cuts. The threshold for cash capital items is \$10,000.

The combined inside-the-levy (cash capital and debt service) financing budget for FY22 is \$10,160,119 of this there is a maximum of \$4.2 million available for all cash capital projects. In FY23, there is currently a projected \$4.2 million available. In FY24, there is a current projection of \$3.9 million available for cash capital projects.

On October 26, 2020, Town Meeting approved a Climate Action Resolution proposed by the Select Board in accordance with the Unified Plan. The resolution requires the Town to proactively consider the impacts of Town funded projects and programs by including in any capital request a rationale for how the project or programs may influence greenhouse gas emissions and the Town’s climate resiliency overall.

Departments that include vehicle purchases in capital requests must follow the Town’s [Fuel Efficient Vehicle Policy \(FEVP\)](#). For “non-exempt” vehicles, as defined in the FEVP, all departments/divisions shall purchase only fuel-efficient vehicles for municipal use whenever such vehicles are commercially available and practicable.

Budget Assumptions

The Town currently holds approximately \$415,517,637 in assets inclusive of buildings and contents. Capital project needs and costs continue to be a major factor in out-year deficits. It is the Town’s responsibility to maintain assets or replace assets as they reach their useful life. The Board works to prioritize and balance needs with inside-the-levy borrowing, cash capital, and major project funding through debt exclusions. The Board considers funding capacity when issuing the Budget Guidelines and this year required a cap on the debt policy of 6.2% given the anticipated reduction in revenues and debt exclusion vote for the elementary schools in the fall of 2021. Several assumptions have been made for purposes of projecting the Town’s Sources and Uses of funds for the years FY23-25 and evaluating potential overrides.

The budget assumptions established are as follows:

Revenues

• Levy growth	2.5% plus \$1.7 million of new growth in FY23 and \$1.5 million in FY24 and FY25
• State Aid	2% increase for FY23-25
• Local revenue	\$400,000 decrease for FY22, 2% increase for FY23-FY25
• Use of Free Cash	\$2.5 million/year

Expenses

• Town operating budgets	average 2.5% increase
• School operating budgets	average 2.5% increase
• Pension	per approved funding schedule
• Health insurance	6% increase
• Other employee benefits	0% increase

Combined with significant capital expenditure reductions, these budget assumptions allow the Town to strive to reach balanced budgets in the out-years. Any increases in estimates may require operational overrides or reductions in departmental operations.

Exhibit II

Sources of Funds	FY21	FY22	\$	%	FY23	FY24	FY25
	Budget	Request	Inc/(Dec)	Inc/(Dec)		Projection	Projection
Taxes	\$ 139,002,423	\$ 144,277,484	\$ 5,275,061	3.8%	\$ 149,584,421	\$ 154,824,031	\$ 160,194,632
State Aid	10,700,206	10,885,925	185,719	1.7%	11,103,644	11,325,716	11,552,231
Local Revenue	11,004,683	10,592,688	(411,995)	-3.7%	10,784,542	10,980,233	11,179,837
Free Cash to balance	2,639,066	3,781,347	1,142,281	43.3%	2,500,000	2,500,000	2,500,000
Other Free Cash items	1,225,409	113,787	(1,111,622)	n/a	-	-	-
Other Sources	2,407,851	1,016,045	(1,391,806)	-57.8%	370,716	377,265	383,946
CPA for North 40	553,444	549,444	(4,000)	-0.7%	550,244	550,644	550,644
Exclusions & Exemptions	10,409,960	10,979,648	569,688	5.5%	10,456,890	9,625,313	9,436,026
Total Sources	<u>\$ 177,943,042</u>	<u>\$ 182,196,368</u>	<u>\$ 4,253,326</u>	<u>2.4%</u>	<u>\$ 185,350,456</u>	<u>\$ 190,183,202</u>	<u>\$ 195,797,315</u>
Uses of Funds							
School	\$ 80,379,651	\$ 82,540,254	\$ 2,160,603	2.7%	\$ 84,603,760	\$ 86,718,854	\$ 88,886,826
Other Town Departments	40,903,585	41,822,558	918,973	2.2%	42,868,122	43,939,825	45,038,321
Employee Benefits	32,398,243	32,593,654	195,411	0.6%	33,924,080	35,341,260	36,835,629
Cash Capital	3,881,232	4,260,119	378,887	9.8%	10,381,894	7,762,033	8,749,126
Debt (inside Levy)	5,000,000	5,900,000	900,000	18.0%	6,496,759	7,142,036	6,708,829
Other Uses	4,416,928	3,550,691	(866,237)	-19.6%	2,500,149	2,333,903	2,058,456
Exclusions & Exemptions	10,963,404	11,529,092	565,688	5.2%	11,007,134	10,175,957	9,986,670
Total Uses	<u>\$ 177,943,042</u>	<u>\$ 182,196,368</u>	<u>\$ 4,253,326</u>	<u>2.4%</u>	<u>\$ 191,781,899</u>	<u>\$ 193,413,869</u>	<u>\$ 198,263,856</u>
Surplus/(Deficit-Override)	\$ (0)	\$ (0)			\$ (6,431,443)	\$ (3,230,666)	\$ (2,466,541)

Based on the budget assumptions outlined above, the current projected deficit for FY23 is \$6,431,443 with no modifications to the cash capital budget or application of additional Free Cash. This is approximately \$870,000 more than projected in June 2020, as a result of FY22 cash capital projects being deferred to FY23. The FY24 and FY25 out-year projections have deficits in the range of \$3.2 to \$2.5 million; these deficit projections are based on modest revenue assumptions and reflect the currently evolving economic situation.

Strict adherence to the inside-the-levy debt policy (expenses within a range of 6.2% to 6.8% of recurring operating revenues) will contribute significantly to reducing these deficits and the Board is committed to rigorous analysis of capital requests. Conversely, allowing any growth in operating guidelines could outstrip resources available inside the levy.

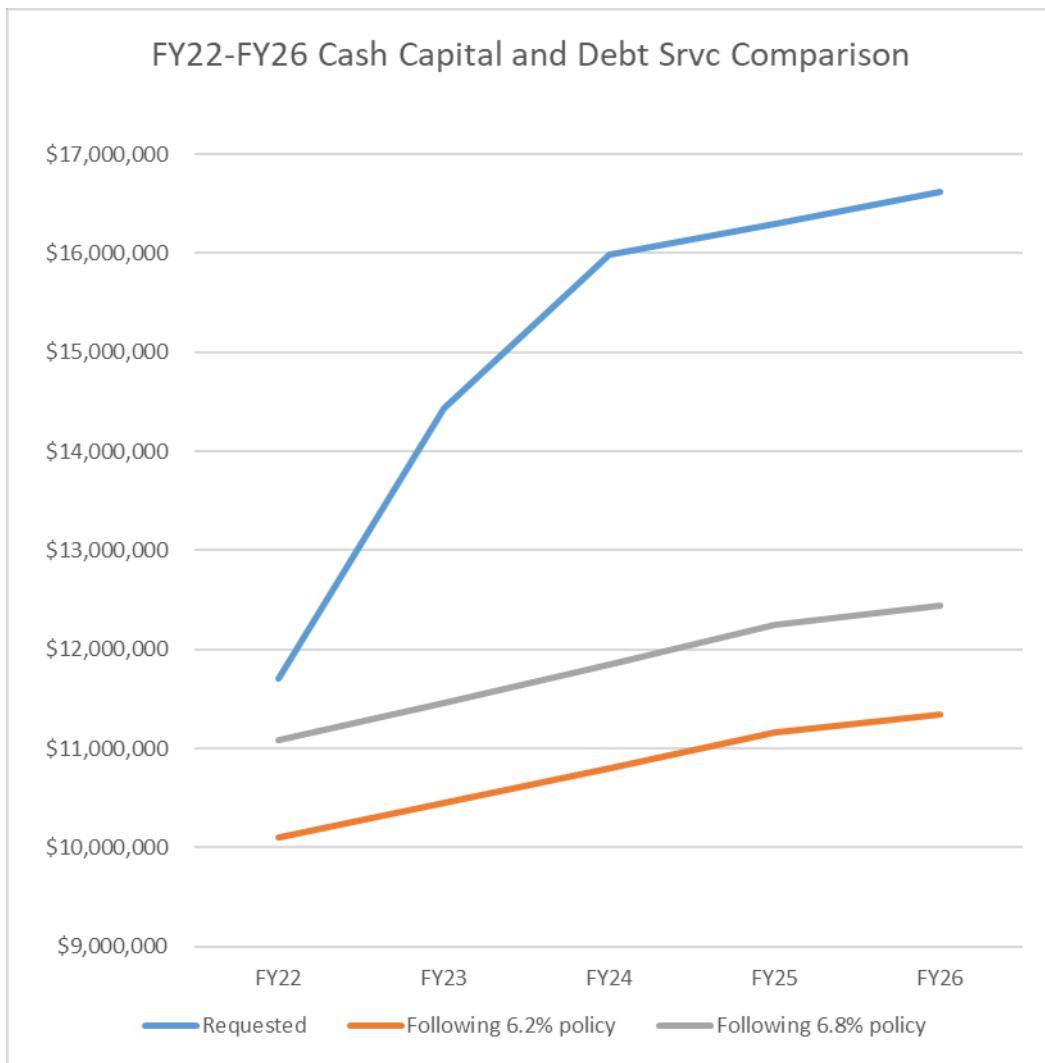
Impact on Deficit of Debt/Capital Policy				
	2023	2024	2025	
revenue	\$ 171,472,607	\$ 177,129,981	\$ 182,926,700	
Projected deficit	\$ (6,431,443)	\$ (3,230,666)	\$ (2,466,541)	
Debt/Capital	\$ 16,878,653	\$ 14,904,069	\$ 15,457,955	
Percent requested	9.84%	8.41%	8.45%	
If reduced to 6.2%	\$ 10,631,302	\$ 10,982,059	\$ 11,341,455	
Revised deficit	\$ (184,092)	\$ 691,344	\$ 1,649,959	

For informational purposes only, a model has been created to show the impact on debt and deficits utilizing the **bottom** of the debt policy range at 6.2% of operating revenues, rather than the higher figures previously identified or requested. The chart above shows that the deficits would be significantly reduced over the three-year period; however, since debt service is largely determined from the Major Project Schedule, except for three new inside-the-levy borrowings (Town Hall Interior, Grove Street, Dispatch Communications Overhaul, future cash capital allocations would require limitations of

- \$4,181,694 in FY23 (a decrease of \$6.2M);

- \$3,862,033 in FY24 (a decrease of \$3.9M); and
- \$4,649,126 in FY25 (a decrease of \$4.1M).

The line graph below shows the impact of imposing a spending range on the capital and debt-service components of the annual budget. The jagged increasing line reflects total capital (both cash capital and inside-the-levy) as requested during this five-year period. Financial Services works with departments to try and smooth the curve of capital projects as five-year capital requests are submitted. The parallel lines increase at a steady rate according to projected revenues and show the lower and upper end of the debt policy range set by the Board (6.2% to 6.8%). As a point of context, the FY22 budget is at 6.13% of recurring operating revenues or the lower end on the range, and in FY23 – FY25 the graph shows the requested projects exceeding the top of the range and dropping down with requests. It will be necessary to develop a plan using an objective and rational process to prioritize projects that meet the needs of all constituencies in a fair and predictable manner in order to bring these costs in line with the debt policy.



Further details regarding these projections without adjustments for the debt policy are provided in Exhibit II.

In addition to the projects financed inside the levy, debt exclusions to be placed on the ballot over the next few years will increase taxes. Debt exclusions include:

- Construction of the Hunnewell School - (December 2021)
- Construction of the MSBA School (Hardy) – (December 2021)
- Renovations to the interior of Town Hall – (November/December 2022)

Proposed Major Project Financing Schedule

Debt Exclusions

Project	Estimated Cost	Fiscal 2022		Fiscal 2023		Fiscal 2024		Fiscal 2025		Fiscal 2026		Fiscal 2027		Fiscal 2028	
		ATM 2021	Fall 2021	ATM 2022	Fall 2022	ATM 2023	Fall 2023	ATM 2024	Fall 2024	ATM 2025	Fall 2025	ATM 2026	Fall 2026	ATM 2027	Fall 2027
Hunnewell School	Construction/swing space	52.4/3.45w		DE											
MSBA Project	Design/Construction	\$72.3M		DE											
Town Hall Interior	Design	\$1.85M	Inside												
PAWS	Construction	\$15.5M				DE									
TOTALS		\$18.0M													DE
		\$165.45	\$1.85M	\$128.1	\$4.1M	\$15.5M	\$	\$9.15M	\$	\$-	\$	\$2.0M	\$-	\$	\$18.0M

The remaining major projected projects and a potential timetable can be found in Appendix A.

The following table is a roll-forward projection of the median tax bill (i.e., the tax bill for a home valued at \$1,171,000 for the period FY21 – FY27). The Board continues to be mindful that the requests for numerous debt exclusions in the upcoming three years will have a significant impact on our taxpayers, particularly as revenues are rebounding from COVID-19 throughout FY21 and into FY22. Work will continue as it does annually to reduce or eliminate deficits without an override, and to investigate opportunities and methods to lower rates of spending growth, and/or further grow the Town's revenues.

Median Tax Bill

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Levy Prior	\$ 12,801	\$ 12,648	\$ 12,986	\$ 13,344	\$ 13,692	\$ 14,048	\$ 14,413	\$ 14,785	\$ 15,166	\$ 15,555
Levy growth	\$ -	\$ 480	\$ 478	\$ 467	\$ 475	\$ 483	\$ 491	\$ 499	\$ 508	\$ 516
Existing Debt Exclusions	\$ 959	\$ 1,017	\$ 986	\$ 803	\$ 776	\$ 701	\$ 637	\$ 613	\$ 577	\$ 514
HHU	\$ -	\$ -	\$ 564	\$ 636	\$ 693	\$ 673	\$ 616	\$ 600	\$ 582	\$ 564
Town Hall Interior	\$ -	\$ -	\$ 47	\$ 124	\$ 120	\$ 118	\$ 114	\$ 111	\$ 107	
Median tax bill	\$ 13,759	\$ 14,145	\$ 15,014	\$ 15,297	\$ 15,760	\$ 16,025	\$ 16,274	\$ 16,612	\$ 16,943	\$ 17,257

FY22 Operating and Capital Budget Requests

The proposed FY22 budget request is summarized in the following table (more complete versions of the FY22 Sources & Uses are presented in [Exhibit I](#) and [Exhibit B](#)).

	FY21 Budget		FY22 Request		\$ Inc/(Dec)	% Inc/(Dec)
<i>Sources of Funds</i>						
Taxes	\$139,002,423	\$	144,277,484	\$	5,275,061	3.8%
State Aid	10,700,206		10,885,925		185,719	1.7%
Local Revenue	11,004,683		10,592,688		(411,995)	-3.7%
Free Cash to balance	2,639,066		3,781,347		1,142,281	43.3%
Other free cash items	1,225,409		113,787		(1,111,622)	0.0%
Other Sources	1,858,351		441,045		(1,417,306)	-76.3%
CPA Funds	549,500		575,000		25,500	4.6%
CPA to offset debt	553,444		549,444		(4,000)	-0.7%
Exempt Debt	10,409,960		10,979,648		569,688	5.5%
Total Sources	\$177,943,042	\$	182,196,368	\$	4,253,326	2.4%
<i>Uses of Funds</i>						
School	\$ 80,379,651	\$	82,540,254	\$	2,160,603	2.7%
Other Town Departments	40,903,585		41,822,558		918,973	2.2%
Employee Benefits	32,398,243		32,593,654		195,411	0.6%
Cash Capital	3,881,232		4,260,119		378,887	9.8%
Debt Service (inside Levy)	5,000,000		5,900,000		900,000	18.0%
Other Uses	4,416,928		3,550,691		(866,237)	-19.6%
Exempt Debt	10,963,404		11,529,092		565,688	5.2%
Total Uses	\$177,943,042	\$	182,196,368	\$	4,253,326	2.4%
<i>Surplus/(Deficit)</i>	\$	(0)	\$	(0)		

Sources of Funds: The 3.8% increase in taxes reflects the allowed growth in the levy limit (2.5%) and \$1.8 million of new growth. At this point, State Aid is showing an increase of \$185,719. The 3.7% decrease in Local Revenue reflects the assumptions on reductions of motor vehicle excise tax, investment income, and meals and hotel/motel tax previously identified. The significant reduction of -76.3% in Other Sources is reflecting the \$1,264,100 lost in Parking Meter Receipts for from FY21.

Uses of Funds: The 2.7% increase in the School budget reflects the cost of contractual step and cost-of-living increases only. The Schools took a close look at their personal services and expenses and worked hard to meet the Town's 2.5% budget guideline directive. The 2.3% increase in Other Town Departments is consistent with the budget guideline of 2.5%, wage increase levels recommended by the Human Resources Board (2.0%) and various adjustments in other expenses for all departments. The Town request includes a provision to provide funding for open town union contracts for FY21 for the FMD Custodians should the Town settle. There are no new positions proposed on the Town side, although the Sustainable Energy Committee (SEC) is proposing to increase the hours of the director. Although debt is up 18% and cash capital is up 9.8%, those increases reflect borrowing approved at the fall STM (Library Roof, Library Interior, and Sprague Chiller) and the proposed borrowing for Town Hall Interior Schematic Design, Grove Street Reconstruction, and the Dispatch Communication Overhaul. The cash

capital for FY21 was reduced to 5.3% so the increase appears substantial, while in actuality cash capital was held to the lower threshold of the Debt Policy.

The Board has looked to take advantage of overages in personal services from open positions to fund needed projects, including the following:

Supplemental FY21 appropriation from Free Cash:

- \$600,000 for current year snow and ice removal costs

Supplemental FY21 appropriations from Personal Services:

- \$25,000 from Police Personal Services to Expenses for Training
- \$26,574 transfer from Health Dept. Mental Health to Police Mental Health Funds
- \$20,000 transfer from Health Dept. Personal Services to Health Capital for furniture
- \$50,000 transfer from Planning Personal Services to Planning Capital for digitization of records
- \$50,000 transfer from Executive Director Personal Services to Capital for IT cyber audit
- \$20,000 transfer from Executive Director Personal Services to Capital for IT GIS aerial flyover
- \$25,000 transfer from IT Personal Services to IT Expenses for purchase of Adobe Licenses

FY22 appropriations from Free Cash:

- \$57,000 Special Education Stabilization Fund (Medicaid)
- \$11,512 Baler stabilization Fund
- \$45,275 IOD Indemnity Fund

Conclusion

The Town is continuing to manage the impact of COVID-19 as the Commonwealth institutes a phased reopening plan and increases the availability of vaccinations. The FY22 budget takes a comprehensive and conservative approach and does not assume further state or federal relief funds. The recently approved federal stimulus acts are anticipated to assist with ongoing COVID-19 school reopening and health and safety costs, while also providing financial assistance to offset impacts of COVID-19. As the two acts become operationalized, the Town will continue to evaluate deferred programming and capital needs. At this time, the Board believes it is prudent to be conservative in spending Free Cash and to safeguard reserves as the Town considers impacts to revenue, rebound of parking meter receipts, and major capital debt exclusions over the next three years.

Members of the Board would like to express our sincere appreciation to former Select Board member Marjorie Freiman who assisted with preparation of the FY22 Town-Wide Financial Plan before stepping off the Board on March 2, 2021; Executive Director Meghan Jop, Assistant Executive Director Amy Frigulietti, Finance Director Sheryl Strother, and their staff, as well as all Town boards and their respective staffs for their continued commitment to working with the Board to monitor and evaluate budgets and protect and preserve Town assets. We look forward to continued collaboration during the challenging budget cycles ahead to maintain the strength and health (public and economic) of our community.

Sincerely yours,
Thomas H. Ulfelder, Chair
Lise M. Olney, Vice Chair
Elizabeth Sullivan Woods, Secretary
Colette E. Aufranc
Ann-Mara S. Lanza

TOWN OF WELLESLEY- SOURCES AND USES OF FUNDS

Exhibit I

	<u>FY2021 Tax Rate</u>	<u>FY2022 Request</u>	<u>% Change</u>
*** SOURCES OF FUNDS ***			
Tax & Other Current Revenues			
Within Levy Limits			
Real Estate & Per. Prop. Tax	139,002,423	144,277,484	3.79%
From the Commonwealth	10,700,206	10,885,925	1.74%
Local Revenue	11,004,683	10,592,688	-3.74%
Sub-Total (Tax & Cur. Rev.)	160,707,312	165,756,097	3.14%
Outside Levy Limits			
Real Estate & Pers. Prop.Tax	10,409,960	10,979,648	5.47%
Available Funds			
Water and Sewer	314,750	321,045	2.00%
Parking Meter Receipts	1,264,100	0	-100.00%
Appropriated/Reserved CPA Surcharge	549,500	575,000	4.64%
CPA Funds for North 40	553,444	549,444	-0.72%
Free Cash- balance budget	2,639,066	3,781,347	43.28%
Free Cash- Other items	1,225,409	113,787	100.00%
Unencumbered/Transfers from other funds	279,501	120,000	100.00%
Sub-Total (Available Funds)	17,235,730	16,440,271	-4.62%
TOTAL SOURCES OF FUNDS	177,943,042	182,196,368	2.39%
*** USE OF FUNDS ***			
	<u>FY2020 Request</u>	<u>FY2021 Request</u>	<u>% Change</u>
Personal Services (Non-School)	29,921,869	30,472,926	1.84%
Expenses (Non-School)	10,981,716	11,349,632	3.35%
Subtotal (Non-School)	40,903,585	41,822,558	2.25%
Personal Services (School)	70,862,362	73,590,176	3.85%
Expenses (School)	9,517,289	8,950,078	-5.96%
Subtotal (School)	80,379,651	82,540,254	2.69%
Sub-Total (Pers. Svcs.& Exp)	121,283,236	124,362,812	2.54%
Capital & Debt:			
Within Levy Limits			
Capital/Extraord./Special Items	3,881,232	4,260,119	9.76%
Debt Service	5,000,000	5,900,000	18.00%
Subtotal (Within Levy Limits)	8,881,232	10,160,119	14.40%
Outside Levy Limits			
Debt Service	10,963,404	11,529,092	5.16%
SUB-TOTAL (CAPITAL & DEBT)	19,844,636	21,689,211	9.30%
Employee Benefits:			
Health Insurance & other	21,000,462	20,926,837	-0.35%
Pension Contribution	7,965,781	8,234,817	3.38%
OPEB Liability Fund	3,432,000	3,432,000	0.00%
Sub-Total (Shared Costs)	32,398,243	32,593,654	0.60%
SUB-TOTAL (OPERATIONS)	173,526,114	178,645,677	2.95%
Special Items:			
Traffic & Parking Management	1,228,015	894,685	-27.14%
Appropriated/Reserved CPA Surcharge	549,500	575,000	4.64%
State & County Assessments	1,308,172	1,317,219	0.69%
Property Tax Abatements	657,820	650,000	-1.19%
Free cash	673,421	113,787	100.00%
Sub-Total (Special Items)	4,416,928	3,550,691	-19.61%
TOTAL USE OF FUNDS	177,943,042	182,196,368	2.39%
TOTAL SOURCE OF FUNDS	177,943,042	182,196,368	2.39%
SURPLUS (DEFICIT)	(0)	(0)	

EXHIBIT B

TOWN OF WELLESLEY - TOWN MEETING APPROVED ALLOCATION OF FUNDS

SOURCES OF FUNDS		FY21 SOURCES OF FUNDS	FY22 SOURCES OF FUNDS	CHANGE - FY21 to FY22	
				\$ Change	% Change
<i>Real Estate & Personal Property Tax</i>					
Within the Levy Limit		139,002,423	144,277,484	5,275,061	3.79%
Outside the Levy Limit		10,409,960	10,979,648	569,688	5.47%
Subtotal - Real Estate & Personal Property Tax		149,412,383	155,257,132	5,844,749	3.91%
<i>From the Commonwealth</i>					
Chapter 70 Aid		9,273,504	9,407,484	133,980	1.44%
Lottery Aid		1,375,608	1,423,754	48,146	3.50%
Other Aid		51,094	54,687	3,593	7.03%
Subtotal - From the Commonwealth		10,700,206	10,885,925	185,719	1.74%
<i>Local Revenue</i>					
Motor Vehicle Excise		5,200,000	5,200,000	0	0.00%
Licenses and Permits		2,300,000	2,300,000	0	0.00%
Interest Earnings		750,000	397,693	(352,307)	-46.97%
RDF Revenue		502,797	500,000	(2,797)	-0.56%
Fines & forfeits		250,000	250,000	0	0.00%
Town Clerk		10,233	0	(10,233)	-100.00%
Meals/Hotel/Motel Tax		300,000	300,000	0	0.00%
Pilot Payments		76,000	76,000	0	0.00%
MLP Payment In Lieu of Taxes		1,000,000	1,000,000	0	0.00%
Other Local Revenues		615,653	568,995	(46,658)	-7.55%
Subtotal - Local Revenue		11,004,683	10,592,688	(411,995)	-3.74%
<i>Other Sources</i>					
MLP/Water/Sewer reimbursements to IT		314,750	321,045	6,295	2.00%
Parking Meter Receipts		1,264,100	0	(1,264,100)	-100.00%
Free Cash to balance budget		2,659,066	3,781,347	1,142,281	43.28%
Free Cash items		1,225,409	113,787	25,500	0.72%
Appropriated CPA Surcharge		549,500	575,000	(4,000)	-0.72%
CPA Funds applied to North 40		553,444	549,444	0	0.00%
Insurance Funds		158,700	0	(158,700)	-100.00%
Police detail		120,801	120,000	(801)	-0.67%
Subtotal - Other Sources		6,825,770	5,460,623	-1,365,147	-20.00%
TOTAL SOURCES OF FUNDS		177,943,042	182,196,368	4,253,326	2.39%

ANNUAL TOWN MEETING

ARTICLE 1. To receive and act on the reports of Town officers, boards and committees, including the Annual Town Report, the Report to this Town Meeting of the Advisory Committee, and the Report of the Community Preservation Committee, and to discharge presently authorized special committees, or to take any other action in relation thereto.

(Select Board)

Advisory expects no motion under this Article.

ARTICLE 2. To receive the Reports of the Select Board on the Town-Wide Financial Plan and Five-Year Capital Budget Program in accordance with Sections 19.5.2 and 19.16 of the General Bylaws, or to take any other action in relation thereto.

(Select Board)

The Executive Director and the Select Board (SB) produce two important financial planning reports each year: the Town-Wide Financial Plan (TWFP), and the Five-Year Capital Budget Program which is attached to and made part of the TWFP. They can be found in this Report at page 32, and in the 2021 Budget Book at www.wellesleyma.gov/2021budgetbook.

The purpose of the TWFP is to anticipate and prepare for emerging issues in order to protect the Town from risk and plan for the long term. The Five-Year Capital Budget Program, which is designed to preserve and enhance the Town's physical assets and infrastructure, is included in the TWFP so the financial impacts of major projects can be understood well in advance.

Under Article 2 and the accompanying Motion, Town Meeting is asked to acknowledge presentation of the TWFP and the Five-Year Capital Budget Program for FY22, but not specifically to approve them.

Advisory Considerations

Advisory appreciates the scope of the TWFP and the Five-Year Capital Budget Program. Both documents reflect the efforts of the Select Board to provide detailed information about the Town's financial status and course. The Advisory Chair's letter on page 1 and Advisory's "Conclusions, Considerations and Recommendations" for Article 8, Motion 2, on page 74 contain some of Advisory's reflections on the Town's budget process and the resulting financial plans.

Advisory recommends favorable action, 12 to 0.

APPROPRIATIONS – OPERATING AND OUTLAY

ARTICLE 3. To see if the Town will vote to act on certain articles set forth in this warrant by a single vote, pursuant to a consent agenda, or to take any other action in relation thereto.

(Select Board)

This Motion seeks Town Meeting approval of a consent agenda that includes motions under certain Warrant articles. A consent agenda allows the motions under the included articles to be acted on by a single vote without oral presentations on the individual articles. Information to Town Meeting Members (TMMs) is provided solely by the Advisory Report. As of the date this Advisory Report went to print, the articles proposed for inclusion on the consent agenda at this Annual Town Meeting (ATM), with their respective proponents listed in the parentheses after the titles of the articles, are:

- Article 4: Amend Job Classification Plan (Human Resources)
- Article 9: Set Revolving Funds Amounts for Next Year (Select Board)
- Article 10: Injured on Duty Stabilization Fund Contribution from Free Cash (Select Board)
- Article 11: Special Education Reserve Fund Contribution from Free Cash (Select Board)
- Article 12: Baler Stabilization Fund Contribution from Free Cash (Board of Public Works)
- Article 13: Water Program (Board of Public Works)
- Article 14: Sewer Program (Board of Public Works)
- Article 35: Appoint Fire Engineers (Select Board)

Motions under articles included on the consent agenda go through the entire Advisory Committee vetting process and are fully described in this Advisory Report.

The objective of the consent agenda is to expedite consideration of certain routine, self-explanatory and/or non-controversial issues for which no discussion on the floor of ATM is anticipated, so that more time can be devoted to discussion of motions under those articles that involve more complex or controversial issues. The Moderator has worked with the Select Board (SB) and Town Counsel to establish the following criteria for including articles on the consent agenda:

1. The proponent, the Moderator and the SB must agree that the article (a) can be reasonably voted on by TMMs on the basis of information in the Advisory Report, (b) is likely to be non-controversial, and (c) is unlikely to generate debate based on its content and historical precedent; and
2. The Advisory Committee must recommend favorable action unanimously on each motion within the article.

Under this Motion, the Moderator will specifically refer to each article included on the consent agenda, and TMMs will have an opportunity to ask questions about any motion(s) under that article or to request that a particular article be removed from the consent agenda so as to enable the motion(s) under that article to be more fully discussed on the floor of ATM. A representative of the board or committee proposing the article will respond to questions raised by a TMM and, if a TMM requests that an article be removed from the consent agenda, it will be taken up in its regular order within the Warrant.

This list may change at or before ATM, should the Moderator or the proponent of the Article decide it is not appropriate as a Consent Agenda item.

Advisory Considerations

The consent agenda has been used since 2014 and deemed successful by the Moderator and by Town Meeting. Any TMM is free to remove an article from the consent agenda for any reason, although that has happened only rarely. Advisory continues to believe that a consent agenda is both expedient and productive, and that the eight articles proposed for inclusion on the consent agenda for this year's ATM meet the Moderator's criteria.

Advisory recommends favorable action, 12 to 0.

ARTICLE 4. To see if the Town will vote to amend Article 31 of the General Bylaws by making changes to the Classification and Salary Plans, appearing in the Appendix to the General Bylaws, established under Sections 31.1 and 31.6, respectively, and which constitutes part of said Bylaws, relating to the establishment of new classifications, reclassifications of current positions, and the deletion of classifications, or to take any other action in relation thereto.

(Human Resources Board)

Overview

Schedule A of Article 31 of the Town Bylaws is a list of job classifications (designated by job group) for all Town Employees other than School Department employees. The Human Resources Board (HRB) is empowered under Article 31 to establish new classifications, to amend existing job classifications to reflect changes in job content, and to delete classifications that are no longer needed. These actions are considered at the request of Town boards or are initiated by the HR Department during the fiscal year and reviewed by the HRB.

This motion seeks Town Meeting approval for actions taken since the 2020 Annual Town Meeting (ATM), as is required by the Town Bylaws. Each year there are four types of changes that are summarized below: New Classifications, Reclassifications, Title Changes, and Deletions.

New Classifications are new positions that have been created since the 2020 ATM. This year there are three new classifications:

NEW CLASSIFICATIONS

CLASSIFICATION	DEPARTMENT	JOB GROUP
Bus Driver	COA	General Wage/42
Payroll Manager	FIN	56
Volunteer Coordinator	COA	General Wage/46

Reclassifications are existing positions for which the duties, functions, or requirements in the job descriptions have changed. The HRB re-evaluates these positions using the Hay System¹ of Job Evaluations based on revised position descriptions provided by the appropriate Town Boards. It is important to emphasize that the HRB re-evaluates positions and not individual personnel. While a reclassification might result in a wage increase or decrease for an individual currently holding the position, this is not the intent or focus of the evaluation; it is wholly to ensure fair compensation commensurate with the duties and responsibilities of a given position. The financial impact, if any, is included in the relevant department's operating budget. This year there were four reclassifications resulting in a change in Job Group but no change in Job Title.

RE-CLASSIFICATIONS

CLASSIFICATION	DEPARTMENT	FROM JOB GROUP/ TO JOB GROUP
Assistant Director of Senior Services	COA	54/55
Benefits Coordinator	HR	54/55
Design and Construction Mgr.	FMD	61/62
Director of Senior Services	COA	58/60

¹ The Hay Job Evaluation System was introduced in the early 1950s. It assigns points to job components such as required knowledge, problem-solving ability, and level of accountability to determine relative value among different positions. The Hay System is used by an estimated 8,000 organizations including half of the Fortune 500 companies, and has been used by the HRB for many years.

Title Changes simply assign a new job title to a position. This year there were two changes that were only title changes. There were also two positions that were reclassifications and title changes.

TITLE CHANGES

FROM TITLE	TO TITLE	DEPARTMENT	JOB GROUP
Database Administrator	Applications Administrator	IT	
Selectmen	Select Board	SEL	

RE-CLASSIFICATIONS & TITLE CHANGE

FROM TITLE AND JOB GROUP	DEPARTMENT	TO TITLE AND JOB GROUP
Assessor Technician/49	ASR	Principal Assessor/53
Senior Human Resources Generalist/55	HR	Assistant Human Resources Director/57

Deletions simply removes a position and this year there were no deletions.

This Motion does not require a budget appropriation, as the costs associated with changed classifications were funded by the affected departments in FY21 or absorbed by the 2020 ATM appropriation under Article 5 to the HRB (the reserve for mid-year adjustments). Future funding for these positions will be included in the appropriate departmental budgets.

The changes listed above are incorporated in Part 1 of Schedule A. Changes in classifications that are covered by collective bargaining agreements are subject to negotiation between the Town and the appropriate union, and are incorporated in Part 2 of Schedule A.

Advisory Considerations

Advisory believes the changes in classifications are appropriate and within the authority of the HRB. Advisory notes that these changes have no financial impact on the Town for FY22, and that funding for any new classifications or reclassifications are included in the departmental budgets.

Advisory recommends favorable action, 13 to 0.

ARTICLE 5. To see if the Town will vote to amend Article 31 of the General Bylaws by making changes to Schedule A, entitled "Job Classifications by Groups," and Schedule B, entitled "Salary Plan – Pay Schedule," copies of which are available for inspection at the Human Resources Department, and to authorize the Town to raise and appropriate, transfer from available funds, or borrow a sum of money for the purposes of complying with said Schedule B, as so amended, or to take any other action in relation thereto.

(Human Resources Board)

ARTICLE 5, MOTION 1

Overview

The Human Resources Board (HRB) seeks Town Meeting approval to amend *Schedule B: Salary Plan - Pay Schedules* for the Series 40 employees. Schedule B sets the rates of pay for all Town employees except School Department personnel, MLP employees, Retirement Board staff and managers who have employment agreements with the Select Board.

The 40 Series employees are non-union Town support and administration staff. These employees are paid hourly pursuant to a "step" system and subject to overtime rules. There are approximately 40 employees in this classification; examples include Senior Office Assistant, Head Maintenance Custodian, and Automotive Mechanic.

The HRB is recommending a 2% increase over FY21. For reference, the approved increase for FY21 over FY20 was 2.5%. (The Series 40 pay schedules also include a legacy job group, T19, in which there is one remaining Town employee.)

SALARY PLAN – PAY SCHEDULES

Rates effective as indicated as of July 1, 2021

Hourly rates – reflects 2.0% increase over FY21

Job Group	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
49	26.46	27.64	28.89	30.19	31.56	32.97
48	25.44	26.54	27.72	28.96	30.30	31.65
47	24.38	25.48	26.60	27.83	29.04	30.38
46	23.35	24.41	25.51	26.67	27.87	29.12
45	22.27	23.28	24.33	25.44	26.54	27.72
44	21.24	22.20	23.19	24.25	25.32	26.46
43	20.16	21.08	22.03	23.03	24.05	25.13
42	19.13	20.00	20.88	21.84	22.82	23.85
41	18.27	19.10	19.97	20.85	21.79	22.75

Hourly rates – reflects 2.0% over FY21

Trade positions – non-union

Job Group	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
T19	30.36	31.85	33.47	35.11	36.88	38.72

The proposed increase is based on a benchmark survey of comparable communities. The HRB has also taken into consideration current and projected inflation rates and regional projections from the Bureau of Labor Statistics, as well as recent pay rates and increases of other Town employees. The proposed increase will help the Town of Wellesley remain competitive in the job market and maintain its standing when compared to other municipalities, especially after their annual increases take effect.

Based on the data for this year, the HRB has determined that a 2% increase in the Series 40 Salary Plan Pay Schedule is appropriate and equitable. The total impact on the Town budget of the proposed increase is approximately \$40,000. This increase is included in the budget requests of the affected Town departments. It does not include step increases for which employees may be eligible.

The existing step increases, which average 4.55%, remain unchanged. As of December 31, 2020, 22 Series 40 employees reached the highest salary step and were not eligible for a step increase.

Advisory Considerations

Advisory agrees that the proposed 2% increase in the Series 40 Salary Plan Pay Schedule is reasonable and appropriate. The increase is consistent with the mandate of the HRB to maintain a fair and equitable pay level for these employees, who are not represented by a union bargaining collectively on their behalf. No separate appropriation is necessary under this motion, since the 2% increase in the salaries of the Series 40 employees and the step increases for those who are eligible for them are already included in the budget requests of the various Town departments in which they are employed.

Advisory recommends favorable action, 13 to 0.

ARTICLE 5, MOTION 2

Overview

The Human Resources Board (HRB) seeks Town Meeting approval to amend *Schedule B: Salary Plan - Pay Schedules* for the Series 50/60 employees.

The Series 50/60 employees are non-union Town Department Heads, Directors, and specialized employees. These employees are salaried, with performance-based increases. Examples include DPW Director, IT Director, and Treasurer.

The HRB is recommending a 2% mid-point increase of salaries over FY21. For reference, the approved mid-point increase for FY21 over FY20 was 2.5%.

SCHEDULE B

SALARY PLAN – PAY SCHEDULES

Salary rates effective as indicated as of July 1, 2021

Reflects 2.0% increase over FY21 ranges at midpoint

Job Group	Minimum	Midpoint	Maximum
69	\$144,070	\$183,530	\$222,990
68	\$133,610	\$170,200	\$206,790
67	\$123,730	\$157,620	\$191,510
66	\$114,520	\$145,890	\$177,260
65	\$106,150	\$135,220	\$164,290
64	\$99,120	\$126,270	\$153,420
63	\$92,800	\$117,840	\$142,880
62	\$87,000	\$110,480	\$133,960
61	\$81,380	\$103,340	\$125,300
60	\$76,240	\$96,510	\$166,780
59	\$71,021	\$89,900	\$108,780
58	\$66,720	\$84,460	\$102,200

57	\$62,660	\$78,820	\$94,980
56	\$58,500	\$73,580	\$88,670
55	\$54,770	\$68,890	\$83,010
54	\$52,310	\$65,590	\$78,870
53	\$49,840	\$62,490	\$75,140
52	\$47,370	\$59,400	\$71,430
51	\$44,510	\$56,520	\$67,820
50	\$42,490	\$53,960	\$64,750

Information Technology			
Job Group	Minimum	Midpoint	Maximum
61	\$91,880	\$116,670	\$141,460
60	\$86,350	\$109,300	\$132,250
59	\$80,620	\$102,050	\$123,480
58	\$74,980	\$94,910	\$114,840
57	\$70,620	\$88,830	\$107,040
56	\$66,130	\$83,180	\$100,230
55	\$62,900	\$79,120	\$95,340
54	\$60,120	\$75,390	\$90,660
53	\$57,250	\$71,780	\$86,320
52	\$54,600	\$68,460	\$82,320
51	\$52,210	\$65,260	\$78,310

The proposed 2% adjustment to the midpoint in the job group salary ranges does not result in an automatic salary increase unless an employee falls below the minimum of their range. The proposed increase accommodates potential increases under the Merit Pay Plan and keeps the ranges flexible and competitive with market rates.

The proposed increase is based on a benchmark survey of comparable communities. The HRB has also taken into consideration current and projected inflation rates and regional projections from the Bureau of Labor Statistics, as well as recent pay rates and increases of other Town employees. The proposed increase will help the Town of Wellesley remain competitive in the job market and maintain its standing when compared to other municipalities, especially after their annual increases take effect.

Advisory Considerations

Advisory agrees that the proposed 2% increase to the salary midpoints of the Series 50/60 Salary Schedules is reasonable and appropriate.

Advisory recommends favorable action, 13 to 0.

ARTICLE 5, MOTION 3

Overview

The Human Resources Board (HRB) seeks approval for an appropriation of \$180,000 to fund a \$160,000 Merit Pay Plan for the Series 50/60 employees and a \$20,000 reserve for mid-year adjustments.

Merit Pay Plan

The Town of Wellesley provides for salary increases to the Series 50/60 employees based both on performance and standing in their respective salary ranges. The \$160,000 Merit Pay Plan request for FY22 yields a projected average increase of 2% for the employees within the 50/60 Series Job Groups. The salary increases are not automatic, but instead are based on an employee's position within the salary range of his or her job group, as well as his or her annual performance rating. The Merit Pay Plan is designed to accelerate the movement of low-range employees to the midpoint (market rate) of their range. Pay increases during FY21 will be funded from this Merit Pay Plan pool; it is important to note that the FY22 Series 50/60 employee salary increases do not appear in the departmental budgets listed in Article 8, Motion 2.

Salary Adjustment Reserve

This \$20,000 Reserve Fund is designed to enable the funding of incremental salary increases for: (1) positions identified as being significantly below market comparables, which may result in **Job Group changes for those positions**; (2) **individual salaries identified as being significantly below** market rate, which may be addressed by salary adjustments within the Job Group range; and (3) mid-year promotions or other reclassifications that cannot be funded within the respective Town departmental budgets.

Advisory Considerations

Advisory believes that the Merit Pay Plan is consistent with the Town's objectives of (1) compensating its managerial, supervisory and other upper-level employees fairly based on their job performance and (2) compensating them as close to the appropriate market rate for their respective positions as possible. Advisory further believes that the approach set forth in the Merit Pay Plan and the funds that will be provided in both the \$160,000 Merit Pay Plan Pool and the \$20,000 Salary Adjustment Reserve will enable continued progress to be made toward these stated goals.

Advisory recommends favorable action, 13 to 0.

ARTICLE 5, MOTION 4

Advisory will make its recommendation at or before Annual Town Meeting.

ARTICLE 6. To see if the Town will vote to fix the salary and compensation of the Town Clerk, as provided by Section 108 of Chapter 41 of the General Laws, or to take any other action in relation thereto.

(Select Board)

Under this Article, the Select Board (SB) requests a salary increase for the Town Clerk. The Town Clerk is the only elected official in Wellesley to receive a salary.

Each year, the SB reviews the Town Clerk's salary and makes a recommendation to Town Meeting for an appropriate merit increase for the next fiscal year. The last survey of Town Clerk salaries in comparable towns was done in the 2015-16 timeframe. In the intervening years, the

SB has taken into consideration salary increases recommended by the Human Resources Board (HRB) for the Town's hourly paid Series 40 employees, adjustments made to the Series 50 salary ranges under Article 5, and other relevant factors.

This year, the SB asked for another survey of comparable towns, and the results suggested that the Wellesley Town Clerk salary is low. Specifically, in a wide-aperture review of 28 towns, Wellesley's FY21 compensation, at \$95,582, ranks 23rd, well below the median of \$102,593. When measured against 12 towns that are considered Wellesley's direct peers, Wellesley ranks #11 against a median of \$102,104. It is expected that those medians will increase further in FY22 as other towns raise their salaries. As a result, the SB proposes to increase the Town Clerk salary by 6.2% to \$102,000 annually, which is approximately \$5,000 more than what the salary increase would have been if it stayed in line with the increases from the last two years.

It should be noted that the Town Clerk is not covered by the Salary Plan (see Article 5, Motion 2) and therefore does not benefit from movements in the salary range. The Town Clerk also does not have salary steps or receive step increases.

Advisory Considerations

Some Advisory members expressed concern that, given that the SB has asked all departments to constrain spending for FY22, this increase appears to be inconsistent with that guidance. Some members also noted that the Town Clerk has had raises in each of last two years, but this significant increase is outside what would be considered a normal progression track. One member was of the opinion that a more modest raise would still be sufficient to attract qualified people to the position. Another concern was raised that "one salary bump paves the way for others" in this difficult financial period.

One member suggested the possibility of making up the gap over 2-3 years of raises, rather than all at once, but it was also noted that Human Resources typically makes salary adjustments to the median all at once, rather than spreading the increase over multiple years.

Advisory asked for additional data with which to assess the salary comparisons, specifically on whether the number of staff and scope of responsibilities in the Town Clerk offices of Wellesley's peer communities are comparable to those of Wellesley's Town Clerk. The results suggest they are. Specifically, the Wellesley Town Clerk office, with three full-time staff (including the Clerk) and three part-time staff, is in line with staffing in Wellesley's peer communities, despite the Town Clerk having a lower salary. From that staffing data and other qualitative information, the scope of responsibilities in Wellesley also appears to be similar to that of other towns.

Those in favor of the Article noted that this increase is about bringing compensation for the position/office into line with Wellesley's peer communities, versus giving an individual a raise, and that Wellesley should not give the appearance that the function is not valued. Further, with the potential for continued mail-in voting, and steadily increasing records requests (Wellesley's Town Clerk serves as the town's Chief Records Officer), the responsibilities of the position are only likely to increase in the future. Others pointed out that salaries for other positions across town are regularly reviewed and adjusted to ensure competitiveness, and that paying a competitive salary is consistent with the SB's approach to retain and invest in Town staff.

Advisory recommends favorable action, 10-3.

ARTICLE 7. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to supplement or reduce appropriations approved by the 2020 Annual Town Meeting, or to take any other action in relation thereto.

(Select Board)

ARTICLE 7, MOTION 1

This motion requests a supplemental FY21 appropriation of \$600,000 to the Board of Public Works (BPW) for winter maintenance. The winter maintenance budget includes the cost of equipment maintenance, fuel, de-icing chemicals and personal services. When plowing occurs during regular working hours, the personnel cost is included in the regular Department of Public Works (DPW) budget. However, when the work occurs outside of normal working hours, requiring payment to DPW staff, or when outside contractors are required because of the size of a snow/ice event, the cost is applied against the winter maintenance budget. The number, timing and severity of the storms or events all influence these annual costs. This year, eight treatment events, eight plowing events, and two removal events depleted the FY21 Budget.

DPW Snow and Ice History						
	FY16	FY17	FY18	FY19	FY20	FY21*
Sources						
Appropriation in Article 8, Motion 2	\$ 348,703	\$ 348,703	\$ 348,703	\$ 357,420	\$ 366,355	\$ 379,177
Supplemental	\$ 250,000	\$ 500,000	\$ 500,000	\$ 450,000	\$ 300,000	\$ -
BPW Transfers	\$ -	\$ -	\$ 20,912	\$ -	\$ -	\$ -
Total Appropriation	\$ 598,703	\$ 848,703	\$ 869,615	\$ 807,420	\$ 666,355	\$ 379,177
Uses						
Personal Services	117,020	255,438	321,307	254,798	160,519	258,753
Sand/Salt	172,501	241,359	165,778	199,820	85,724	97,174
Contractor Plowing	1,467	87,353	99,721	78,403	65,620	102,503
Vehicle Repair & Fuel	209,573	258,164	253,791	204,234	216,468	169,211
Other	5,190	3,536	29,019	68,720	10,792	20,100
Total PS & Expenses	505,751	845,850	869,615	805,974	539,122	647,741
Events						
Sanding/Salting	8	11	14	12	9	8
Plowing	4	5	9	7	3	8
Snow/Ice Removal	0	2	2	2	0	2
Flooding	0	0	0	0	0	0
Total Snowfall	24"	58"	65"	53"	16"	54"

*FY21 costs and events are given through February 11, 2021.

Budgeting below the average cost of winter maintenance has been the Town's customary practice. Under the provisions of Massachusetts General Law, Chapter 44, Section 31D, a town may unilaterally make expenditures in excess of the current year's winter snow and ice budget, provided that the Select Board (SB) and Advisory Committee approve such expenditures and the appropriation equals or exceeds that of the prior year. Under the law, a town may fund any

supplemental appropriations from Free Cash in the current year or roll the excess into the following year's tax rate. The Town has chosen the first approach. For FY09 through FY18, the Town appropriated \$348,703 for snow and ice removal at Annual Town Meeting. The DPW requested \$357,420 in FY19 (an increase of 2.5%), \$366,355 in FY20 (an increase of 2.5%), and \$379,177 in FY21 (an increase of 3.5%).

In FY15 through FY20, additional appropriations from Free Cash have been approved by Town Meeting in amounts ranging from \$250,000 to \$1,025,000 per year, depending on the severity of the weather.

This year, the DPW has paid \$472,139 through February 11, 2021, with outstanding unpaid commitments of \$175,301 for a total of \$647,741.

Advisory Considerations

Advisory agrees that the Town's long-standing approach of budgeting below the average cost of winter maintenance is sound, so that other funds will not be unnecessarily encumbered, and the overall budget for the DPW is not skewed by the year-to-year volatility of Winter Maintenance. Advisory felt that the requested supplemental appropriation of \$600,000 for FY21 was reasonable given that total FY21 snow and ice expense shown above does *not* reflect expenses associated with three additional snow events and a salt/sanding event that occurred since those figures were calculated.

Advisory recommends favorable action, 12 to 0.

ARTICLE 7, MOTION 2

This motion seeks to transfer \$25,000 in unused funds within the Police Department, from Personal Services to Expenses, for training.

Due to COVID-19, at the end of FY20 the Police Department was unable to complete scheduled training. Incremental funding for catch-up in FY21 was not provided in the FY21 operational budget, so the Department is now asking to transfer \$25,000 of unused Personal Services funds to Expenses to complete the delayed training. Advisory deems this transfer appropriate and prudent.

Advisory recommends favorable action, 12-0.

ARTICLE 7, MOTION 3

This motion seeks to transfer \$26,574 in unused funds from Health-Mental Health Services to Public Safety-Health Services.

This motion has its origins in the Special Town Meeting held in May 2019, at which the Town appropriated \$175,000 to fund Mental Health and Social Services for FY20, relying on the January 2019 report of the Social Services and Mental Health Committee which noted that many emergency calls to law enforcement have an underlying mental health component. As such, some of the funds appropriated at the May 2019 STM were used to hire a social worker who operates in close cooperation with the public safety departments of the Town. The current motion is a recognition that the specific budgetary line item for that social worker is more appropriately in the Public Safety budget rather than the Board of Health budget.

Advisory recommends favorable action, 12 to 0.

ARTICLE 7, MOTION 4

This motion seeks to transfer \$20,000 in unused funds from Health-Personal Services to Health-Capital to purchase furniture.

Advisory recognizes that this is not the first year the Board of Health has sought funding for the furniture in question, and that, with the increased Board of Health activity as part of the Town's pandemic response, additional workspaces and, therefore, furniture for those workspaces, is required.

Advisory recommends favorable action, 12 to 0.

ARTICLE 7, MOTION 5

This motion seeks to transfer \$50,000 in unused funds from Planning-Personal Services to Planning-Capital for digitization.

The funds will be used to hire a third party to convert Planning Board records to a digital format. The conversion project will initially address the documents most often used by the Planning Board. Conversion of these records will serve both a short term and a long-term need. In the short term, the conversion will allow the Planning Board to continue operations with little or no interruption during the expected relocation from Town Hall. In the longer term, digitization of these records will enable Planning to operate more efficiently and effectively.

Advisory recommends favorable action, 12 to 0.

ARTICLE 7, MOTION 6

This motion seeks to transfer \$50,000 in unused funds from Executive Director-Personal Services to IT-Capital for a cybersecurity assessment.

During the Town's FY2018 financial statement audit, Powers & Sullivan LLC, CPA, recommended that the Select Board "hire an outside consultant to conduct a targeted review and risk assessment of overall data security controls and best practices, as matters of good management and responsible oversight". The IT Department agrees and adds that such an assessment is further warranted by the increased amount of remote work necessitated by COVID-19. Recent attacks on a water system in Oldsmar, FL also underscore the importance of cybersecurity measures for protecting municipal utility and IT systems.

The IT Department has engaged several vendors on the MA State Contract for IT Project Services (ITS74ProjServ) and is working to refine the scope and cost of an assessment which will provide both recommendations for immediate action and a road map for future technology investments. The amount requested for transfer is based on initial pricing estimates provided by the vendors. The funds would be transferred into an IT Department capital account so they may be spent in FY22 after a final cost for services is negotiated.

Advisory Considerations

Advisory believes that protecting our digital data and infrastructure from cybersecurity threats is of paramount importance. Advisory is supportive of the Select Board's request to transfer funds from the FY21 operating accounts for the cybersecurity assessment.

Advisory recommends favorable action, 12 to 0.

ARTICLE 7, MOTION 7

This motion seeks to transfer \$20,000 in unused funds from Executive Director-Personal Services to IT-Capital for an aerial flyover and digital orthophotography.

This project has been scheduled for FY22 in the IT Department's five-year Capital Plan since 2018 but, rather than adding this project to its FY22 cash capital budget request, the Select Board is instead seeking to fund this project through monies already appropriated.

Aerial images are a cornerstone of the Town's GIS database and are used extensively by employees of the Public Works, Municipal Light Plant, Assessing, Planning, and other departments for mapping and analysis to support a variety of operations. This request would fund the next planned flight in Spring 2022. Past flights were conducted in 1997, 2004, 2010, and 2017. A schedule for new orthophotos every 5-6 years is sufficient to capture the Town's ongoing development patterns and analyze changes in the tree canopy (which plays a key role in climate change mitigation).

Advisory Considerations

As the digital flyover will provide significant information for the GIS system and will be used to provide data for the climate action plan, green cover and open spaces, Advisory is supportive of the Select Board's request to transfer funds from FY21 operating accounts for an aerial flyover and digital orthophotography

Advisory recommends favorable action, 12 to 0.

ARTICLE 7, MOTION 8

This motion seeks to transfer \$25,000 in unused funds within the IT Department, from Personal Services to Expenses, for Adobe Acrobat software upgrades.

Remote work and virtual meetings necessitated by the COVID-19 pandemic have added to demand for software to create, edit, and manage Portable Document Format (.PDF) files. Adobe Acrobat, and other tools designed to work with .PDF files, would also support future document digitization projects and paperless workflows in various Town departments. While the IT Department has always maintained a limited supply of various editions of Adobe Acrobat software for this purpose, recent demand has surpassed supply.

With the funds requested here, the IT Department would purchase and/or upgrade ~100 perpetual licenses of Adobe Acrobat 2020 to meet demand. While this same software is available for purchase under a subscription model (i.e., small annual payments), IT Department analysis shows that a perpetual license model (i.e., "one-time" purchase) is more cost effective. The Department would include future upgrades to this software in its five-year capital plan, ensuring that all Town employees are working with the same enterprise software tools.

Advisory Considerations

Advisory supports the transfer of funds from the IT Department's FY21 personal services accounts to its FY21 operating expense accounts to pay for upgrades to Adobe Acrobat Software.

Advisory recommends favorable action, 12 to 0.

ARTICLE 7, MOTION 9

Advisory will make its recommendation at or before Annual Town Meeting.

ARTICLE 8. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money for the following:

- 1) The operation and expenses of certain Town departments, including capital outlay, maturing debt and interest, and the provision of a Reserve Fund;
- 2) Extraordinary maintenance, special capital projects and other capital outlay items for the several Town departments;
- 3) Such purposes as may be voted contingent upon passage by the voters of referendum questions as authorized by Section 21C(g) of Chapter 59 of the General Laws,

and further to authorize the Board of Assessors to use any monies paid to the Town from the Wellesley Municipal Light Plant as an estimated receipt when computing the Fiscal Year 2022 Tax Rate, or to take any other action in relation thereto.

(Select Board)

ARTICLE 8, MOTION 1

This Motion authorizes the Town to accept a \$1 million payment from the Municipal Light Plant (MLP) in FY22, as approved by the Municipal Light Board (MLB). The Board of Assessors must receive annual authorization to incorporate these funds from the MLP into the tax rate. Favorable action on this Motion provides the required authorization for FY22.

Annual passage of this Motion permits the Town's taxpayers to continue receiving the benefit of owning the MLP. Although the MLP's annual cash payment of \$1 million has stayed the same for the past 17 years, it remains among the most generous of the 40 municipally owned electric utilities in Massachusetts. The MLP's payment is even more impressive when compared to the real estate tax an investor-owned utility would pay to the Town. Based on the net book value of the MLP's Wellesley assets, an investor-owned electric utility would make an annual real estate tax payment of \$620,000.

The MLP provides a number of other financial benefits to Wellesley. In addition to electric rates that, as of December 2020, were 58% below surrounding communities, all municipal departments receive an added discount of 4%. The MLP also provides a fiber interconnection to all Town buildings at no cost to the taxpayers. In FY18, instead of increasing the Town payment, the MLB approved a \$563,000 expenditure to retrofit 2,882 streetlights with light emitting diode ("LED") fixtures. The LED fixtures eliminate more than 1,000,000 kilowatt-hours of electricity, saving Wellesley's taxpayers an average of \$130,000 annually. With an expected useful life of 20 years, the total savings to taxpayers will approach \$2.6 million.

Advisory Considerations

Advisory values the MLP's \$1 million payment and the important role it plays as a funding source for the ongoing operations of Town government. As noted above, the MLP provides a number of other significant financial benefits to the town that distinguish it from most other municipally owned systems, let alone investor-owned suppliers of electricity. Advisory notes that the MLP has faced significant challenges related to ISO-New England mandated increases from higher transmission and capacity costs. Further, the MLP, like all municipally owned light plants, remains vulnerable to increased charges from its suppliers of electricity. For these reasons, Advisory supports a

conservative approach to any potential increase in expenditures at the MLP, including the \$1 million payment.

Advisory recommends favorable action, 13 to 0.

ARTICLE 8, MOTION 2:

This motion seeks approval for the Town's Omnibus Budget, asking that the following sums of money be appropriated to the Town boards and officials for the purposes as set forth below.

Introductory Note on Advisory's Budget Review:

Since the FY19 report, Advisory has provided department level Supportive/Unsupportive votes within Article 8, Motion 2 if a department budget meets any of three following criteria: (1) it exceeds Select Board Operating Budget guidelines, (2) it includes an increase in benefited FTEs over the prior year or (3) it uses Cash Capital to fund Expenses. Advisory adopted this process to better inform Town Meeting Members than did the previous approach of giving a single Supportive/Unsupportive vote of the overall Article.

For the FY22 proposed budgets, there are a total of ten departments, boards and committees exceeding budget guidelines (shaded in grey in the table on page 54). The budgets of these departments are explained in some detail in the write-ups that follow in the *“Department, Board, Commission and School Budget Highlights”* section of the guide, starting on page 56. For FY22, no department is adding to benefitted FTE's or using Cash Capital to fund expenses.

Traditionally, Advisory provided background budget information for each Town entity that had a budget. Last year and again this year, the Executive Director, with the assistance of the Finance Department and under the direction of the Select Board, has created a new and valuable resource; the [Budget Book](#). This resource has detailed information on each group's budget request, as well as a narrative that outlines each entity's request in terms of providing level service, critical needs, and where appropriate, the group's strategic plan. The Budget Book has a great deal of macro information as well, including an executive summary and a five-year summary of departmental capital requests www.Wellesleyma.gov/2021budgetbook and printed copies are available at the Wellesley Free Library (all branches) and at Town Hall in the Town Clerk's Office.

In light of this new resource, this report will provide a general overview of the entire budget that is brief relative to years before the existence of the Budget Book. Advisory strongly encourages TMMs to take advantage of the Budget Book, review the information it provides on all Town departments and leverage it as an ongoing resource.

OMNIBUS BUDGET OVERVIEW

The following table outlines the overall appropriations request, showing the entirety of the appropriations that will be voted under Article 8, Motion 2.

Table 1 – detailed list of departmental appropriations including personal service, expenses, cash capital and debt service

ARTICLE 8, MOTION 2

That the following sums of money be appropriated to the Town boards and officials and for the purposes as hereinafter set forth:

Funding Item	Personal Services	Expenses	Total Operations
<u>GENERAL GOVERNMENT</u>			
To the Select Board for General Government; \$2,748,374 for Personal Services and \$2,192,699 for Expenses. And it is recommended that the sums be allocated as follows:			
<i>Select Board - Administration</i>			
122 Executive Director's Office	566,242	37,400	603,642
125 Green Power	0	20,000	20,000
126 Sustainable Energy	74,839	3,625	78,464
199 Central Administrative Services	0	27,700	27,700
133 Finance Department	479,190	12,450	491,640
155 Information Technology	702,364	616,250	1,318,614
145 Treasurer & Collector	353,135	114,900	468,035
195 Town Report	0	4,000	4,000
<i>Select Board - Human Services</i>			
541 Council on Aging	403,405	79,000	482,405
543 Veterans' Services	0	70,822	70,822
542 Youth Commission	89,486	17,090	106,576
<i>Select Board - Other Services</i>			
180 Housing Development Corporation	0	6,500	6,500
691 Historical Commission	0	750	750
693 Memorial Day	0	5,000	5,000
692 Celebrations Committee	0	4,700	4,700
176 Zoning Board of Appeals	79,713	9,190	88,903
<i>Select Board - Shared Services</i>			
151 Law	0	350,000	350,000
945 Risk Management	0	610,922	610,922
135 Audit Committee	0	60,400	60,400
458 Street Lighting	0	142,000	142,000
Subtotal - Select Board - General Government	2,748,374	2,192,699	4,941,073
<i>Other General Government</i>			
To the following Town boards and officials:			
161 Town Clerk/Election & Registration	313,578	79,040	392,618
141 Board of Assessors	308,457	85,025	393,482
175 Planning Board	314,105	48,100	362,205
152 Human Resources Board	394,819	48,400	443,219
131 Advisory Committee	10,000	19,500	29,500
132 Advisory Committee - Reserve Fund	0	175,000	175,000
122 Provision for Contract Settlements	0	0	0
Subtotal - Other General Government	1,340,959	455,065	1,796,024
GENERAL GOVERNMENT TOTAL	4,089,333	2,647,764	6,737,097

Funding Item	Personal Services	Expenses	Total Operations
<u>FACILITIES MANAGEMENT - SELECT BOARD</u>			
To the Select Board for Facilities Management, \$4,789,140 for Personal Services and \$3,609,563 for Expenses. And it is recommended that the sums be allocated as follows:			
192 Facilities Management	4,789,140	3,609,563	8,398,703
<u>FACILITIES MANAGEMENT TOTAL - SELECT BOARD</u>			
	4,789,140	3,609,563	8,398,703
<u>PUBLIC SAFETY - SELECT BOARD</u>			
To the Select Board for Public Safety, \$12,878,428 for Personal Services and \$1,080,683 for Expenses. And it is recommended that the sums be allocated as follows:			
210 Police Department	6,319,279	752,802	7,072,081
299 Special School Police	132,706	3,461	136,167
220 Fire Department	5,853,043	280,720	6,133,763
241 Building Department	558,400	41,000	599,400
244 Sealer of Weights & Measures	15,000	2,700	17,700
<u>PUBLIC SAFETY TOTAL - SELECT BOARD</u>			
	12,878,428	1,080,683	13,959,111
<u>PUBLIC WORKS</u>			
To the Board of Public Works, \$4,953,180 for Personal Services and \$2,748,126 for Expenses. And it is recommended that the sums be allocated as follows:			
410 Engineering	551,027	65,500	616,527
420 Highway	1,231,712	494,200	1,725,912
454 Fleet Maintenance	204,306	43,462	247,768
430 Park	1,360,835	401,300	1,762,135
440 Recycling & Disposal	1,189,915	1,340,417	2,530,332
450 Management	415,385	24,070	439,455
456 Winter Maintenance	0	379,177	379,177
<u>PUBLIC WORKS TOTAL</u>			
	4,953,180	2,748,126	7,701,306
<u>WELLESLEY FREE LIBRARY</u>			
To the Trustees of the Wellesley Free Library:			
610 Library Trustees	2,149,550	648,852	2,798,402
<u>LIBRARY TOTAL</u>			
	2,149,550	648,852	2,798,402
<u>RECREATION</u>			
To the Recreation Commission:			
630 Recreation Commission	355,813	30,491	386,304
<u>RECREATION TOTAL</u>			
	355,813	30,491	386,304
<u>HEALTH</u>			
To the Board of Health:			
510 Board of Health	838,382	124,668	963,050
523 Mental Health Services	0	281,735	281,735
<u>HEALTH TOTAL</u>			
	838,382	406,403	1,244,785
Funding Item	Personal Services	Expenses	Total Operations
<u>NATURAL RESOURCES</u>			
To the Natural Resources Commission:			
171 Natural Resources Commission	239,100	30,000	269,100
172 Morses Pond	0	147,750	147,750
<u>NATURAL RESOURCES TOTAL</u>			
	239,100	177,750	416,850
<u>NON-SCHOOL TOTAL</u>			
	30,292,926	11,349,632	41,642,558

WELLESLEY PUBLIC SCHOOLS			
To the School Committee, \$73,590,176 in the aggregate for Personal Services and \$8,950,078 for Expenses. And it is recommended that the sum be allocated as follows:			
320 Instruction	51,465,757	2,326,674	53,792,431
330 Administration	1,295,210	172,027	1,467,237
340 Operations	1,598,820	1,410,279	3,009,099
360 Special Tuition/Transportation/Inclusion	19,230,389	5,041,098	24,271,487
Subtotal	73,590,176	8,950,078	82,540,254
SCHOOL TOTAL	73,590,176	8,950,078	82,540,254
EMPLOYEE BENEFITS			
To the Select Board for the purposes indicated:			
914 Group Insurance	0	20,462,688	20,462,688
912 Worker's Compensation	0	244,149	244,149
919 Other Post Empl. Benefits Liability Fund	0	3,432,000	3,432,000
910 Retirement Contribution	0	8,234,817	8,234,817
913 Unemployment Compensation	0	100,000	100,000
950 Compensated Absences	0	120,000	120,000
EMPLOYEE BENEFITS TOTAL	0	32,593,654	32,593,654
And further, that the balance on hand in the Workers' Compensation fund on June 30, 2021 and any interest earnings of the program, are appropriated for expenses related to the Workers' Compensation Program of the Town for Fiscal Year 2022.			
ALL PERSONAL SERVICES & EXPENSES	103,883,102	52,893,364	156,776,466
Funding Item	Personal Services	Expenses	Total Operations
CAPITAL & DEBT			
To the following Town boards and officials for the purposes indicated:			
<i>Departmental Cash Capital</i>			
400 Board of Public Works - Capital	0	1,696,000	1,696,000
300 School Committee - Capital	0	816,739	816,739
122 Select Board - Capital	0	311,500	311,500
161 Town Clerk - Capital	0	16,000	16,000
175 Planning Board	0	0	0
192 Facilities Management - Capital	0	1,207,000	1,207,000
510 Health Department	0	0	0
610 Library Trustees - Capital	0	122,880	122,880
171 Natural Resources Commission - Capital	0	90,000	90,000
172 Morses Pond - Capital	0	0	0
Subtotal - Cash Capital	0	4,260,119	4,260,119
To the Town Treasurer and Collector for:			
700 Current Inside Levy Debt Service	0	5,900,000	5,900,000
700 Current Outside Levy Debt Service -Issued/Unissued	0	11,529,092	11,529,092
Subtotal - Maturing Debt & Interest	0	17,429,092	17,429,092
CAPITAL & DEBT TOTAL	0	21,689,211	21,689,211
RECEIPTS RESERVED FOR APPROPRIATION			
To the Select Board, to be taken from the Parking Meter Receipts Account:			
293 Traffic & Parking Operations	0	894,685	894,685
RECEIPTS RESERVED TOTAL	0	894,685	894,685
TOTAL APPROPRIATIONS - ARTICLE 8, MOTION 2			\$ 179,360,362
To meet said appropriations, transfer \$120,000 from the Police Detail account, \$160,523 from Water/Sewer for IT services, \$160,522 from MLP for IT services, and \$549,444 from the CPA Fund to pay for debt service, provided further that of the foregoing appropriations, the amounts are contingent upon passage of motion 8.3 (free cash appropriation).			

A. Omnibus Budget Summary

The FY22 omnibus budget request is \$179,360,362; a \$5,119,331 (2.9%) increase over the Final FY21 omnibus budget request of \$174,241,031. Please note from the Town Wide Financial Plan (TWFP), page 32 of this report, that the overall FY22 Town budget is \$182,196,368. While the omnibus budget accounts for the vast majority of Town spending in FY22, it does not include, for example, appropriations for the merit pool (Article 5, Motion 3) or from the Community Preservation Fund (Article 16). In addition, appropriations using Exempt and Inside the Levy borrowed funds are indirectly included in the omnibus budget through the associated debt service (principal and interest payments on that debt).

Revenue: Revenue from property taxes, both Inside and Outside the Levy, including property taxes on new growth, is projected to increase by 3.8% (\$5,275,061) to \$144,277,484 for FY22. Under Proposition 2½, the allowable growth for FY22 is a 2.5% increase on existing property taxes, plus new growth. New growth taxes are estimated to remain strong at \$1,800,000 for FY22.

Local revenue is projected to decrease by 3.7% (\$411,995) to \$9,592,688. The decline is driven largely by a continued decrease in investment income (projected to be a \$352,307 or 47% decline from FY21). Declines in parking fines, meals tax, and building permits also contribute to the projected overall decline.

The Town is conservatively forecasting a 1.7% increase in State Aid to \$10,885,925 with most of the modest increase coming from increased Chapter 70 (school related) funding, which typically represents the vast majority of State Aid.

Free Cash: Cash Capital requests increased by 9.8% to 4,260,119, compared with the level of \$3,881,232 for FY21 which was lower than normal (Cash Capital requests averaged just under \$6 Million in FY18-20). The Inside the Levy Debt Service cost increased 18.0% (\$900,000) to \$5,900,000. This increase is primarily attributable to borrowing related costs for the Library renovation, Library roof, Great Plain Avenue, and the Sprague Chiller projects, as well as the amortization of HHU design and feasibility costs (currently borrowed on a temporary basis). Despite these increases, appropriations for Cash Capital plus Inside the Levy Debt Service will remain at the low end of the Select Board's debt policy of 6.2% to 6.8% of Revenue at 6.2%. Free Cash will also be used to fund certain other appropriations not covered in Article 8, some of which appear in FY22 and others in FY21, as shown in the chart below:

Table 2 – detail by project of free cash “used” (approved) at ATM20 to ATM21

Free Cash Used in ATM20 and STM20 (FY21)		Supplemental 21		Free Cash Used at ATM21 (FY22)	
Purpose	Total Appropriation	Purpose	Total Appropriation	Purpose	Total Appropriation
Article 10 - Special Injury Leave Stabilization	49,419			Article 10 - Special Injury Leave Stabilization	45,275
Article 11 - Special Education Stabilization	612,490			Article 11 - Special Education Stabilization	57,000
Article 12 - Baler Stabilization Fund	11,512			Article 12 - Baler Stabilization Fund	11,512
STM Fall Article 2.1 - Hunnewell Design	2,000,000				
STM Fall Article 5.4 - 5.6 - Police + Fire Contracts	551,988	Article 7 - Snow and Ice Supplemental	600,000		
Article 8 - Free Cash to balance	2,639,066			Article 8 - Free Cash to balance	3,781,347
Total FY21	\$5,864,475			Total FY22	\$3,895,134

Note that these uses of Free Cash, totaling \$4,495,134, all require Town Meeting approval.

B. Major Budget Drivers

The major components of the change in the operating budget are as follows:

Table 3 – Major operating budget items w/ FY22 \$ amounts and % increase from FY21

	Change from FY21 to FY22	
School Personal Services	2,727,814	3.85%
Cash Capital/Inside Levy Debt	1,278,887	14.40%
Town Personal Services (includes 2.5% average raise for Series 50/60 and provision for open union contracts)	551,057	1.84%
School Expenses	(567,211)	-5.96%
Town Expenses	367,916	3.35%

The largest recurring item in the year-over-year growth of the Town budget is the cost of wage increases (“Cost of Living Adjustments” or COLA) for existing employees. A majority of Town employees including most of School staff are unionized, and their annual wage increases are a subject of collective bargaining. Last year all union Town contracts, except the teachers’ contract, were up for renewal, and all except the Facilities Management’s Custodial and Maintenance contract have now been settled through 2023. The teachers’ contract will be up for negotiation in 2022.

In addition to the COLA, the union contracts also provide for an additional annual “step” increase for teachers and other employees who have not yet reached the top step, and “lane” increases for teachers as they attain additional academic degrees. Each year the cost of step increases is partially offset by savings resulting from the retirement or departure of employees who are replaced by new employees at a lower step level. However, in the case of the School Department, the average experience level of teachers has increased over the past ten years.

As previously stated, Cash Capital and Inside the Levy Debt Service increase significantly from FY21 but remain well below the levels of the recent past. Looking forward, the Five-Year Capital Plan (a summary of all Boards’ capital requests) shows large increases in requested departmental Cash Capital. The Select Board states in the TWFP that it is paramount that the Town adhere to its current debt policy of keeping Cash Capital plus Inside the Levy borrowing within the Board’s guideline policy of 6.2% to 6.8%. To achieve this (based on current Select Board assumptions) future departmental capital requests will have to be significantly reduced. See “J. Cash Capital and Debt Service” on page 71.

Although not on the table above, Employee Benefits have been, and likely will continue to be, major budget drivers. Employee Benefit costs (totaling just over \$32.6 million in FY22) represent 19.1% of the Town’s total budget. During the past ten years this has been the fastest growing component of the overall Town budget. However, for FY22 these costs are nearly flat to FY21, as health care costs increases are projected to be moderate and Pension contribution cost growth has slowed.

The principal contributors to Employee Benefits are:

- Group health insurance and other associated benefit costs for active and retired employees - \$20.9 million
- Pension plan contributions - \$8.2 million
- Other Post-Employment Benefits (OPEB) funding - \$3.4 million

Future Employee Benefit growth is projected to increase but remain below the growth rate of the past decade. OPEB cost should remain level, and Pension contribution growth should continue to be more moderate than recent past experience (barring major capital market declines). Group Health Insurance is harder to forecast. Please refer to page 69 of this report for a more detailed discussion of trends and FY22 budget impacts related to Employee Benefits.

The chart below shows the departments with the largest YOY increases in personal service expenses (left side) and the departments with the largest increases or decreases in Operating expenses (right side). Of note, the Personal Services increases were not the result of additions of new employees. Neither the Schools nor other Town entities are adding benefited employees in FY22. The significant decrease in School Operating Expenses reflects the resumption of full in-person learning, without the inclusion for COVID-19 related expenses (PPE, viral testing, etc.). Personal Services and Operating Expenses will be discussed in more detail in the relevant sections below.

Top 5 Departments Personal Service increases / top 5 operating expenses

Operating Increases in FY22 Compared to FY21					
Personal Services (including MPP)			Expenses (Not Including Employee Benefits)		
Department	\$ Increase	% Increase	Department	\$ Increase	% Increase
Schools	\$2,727,814	3.85%	Schools	(567,211)	-5.96%
Health	112,777	15.54%	Retirement Contribution	269,036	3.38%
Council on Aging	25,898	6.86%	Health	33,815	27.12%
SEC	5,924	8.60%	Town Clerk	35,650	82.16%

C. Operating Budget Process and Guidelines

The FY22 Budget Process began not long after the 2020 Annual Town Meeting and the presentation of the Revised 2020 TWFP last June. Operating budget guidelines were established by the Select Board in early Fall for the coming fiscal year. The Select Board made the determination after evaluating the Town's financial position in August, with input from other boards and committees regarding their anticipated priorities, and with an eye to anticipated ongoing impacts of the pandemic. For FY22, the Board set the operating budget guideline at 2.5% for both Schools and all other Town budgets.

All Town entities must create operating budgets that meet the stated guidelines after all factors (contracts, steps, longevity, merit pay, etc.) are taken into consideration. Departmental initiatives that cause requests to exceed guideline are quantified and vetted during the budget cycle discussions. The Board may or may not support initiatives that cannot fit within the guidelines.

The way in which department budgets are checked against guidelines is explained in the table that follows:

Column 1 shows the FY21 Budget after the FY21 merit pool has been applied and contracts settled, not what was voted during the 2020 Town Meeting.

Column 2 shows the FY22 Request to be voted by Town Meeting under this Article.

Column 3, Modeled COLA, models salary increases made after Town Meeting. With all union contracts settled, this represents the 2.0% modeled merit pay increase for Series 50/60 employees. This increase will be allocated to the department later as part of the FY21 merit pay distribution.

Column 5, New FTE Benefits, shows the benefit allocations of \$20,000 for each new full-time position to cover the additional benefit cost burden to the Town of that position. Benefits are funded from a Town-wide, non-departmental line item in the omnibus budget.

Column 6 adds the Modeled COLA and New FTE Benefits to the FY21 Request for the FY22 Total. This number represents the true cost to the Town of the departmental FY22 request in column 2 and is used to do the comparison to guidelines shown in the last column.

Column 7, FY21-FY22 Change, shows the percentage change from the FY21 Budget (column 1) to the FY22 Total (column 5). This is the number that is compared against the established budget guidelines. If the FY21-FY22 Change is less than or equal to the guideline for that department, the department is considered to be “within guidelines.” Otherwise, the department is considered to have “exceeded guidelines.”

Operating Cost Increases with COLA vs. Select Board Guideline

Department	Total FY22 Operating Costs by Department vs Guideline						
	1	2	3	4	5	6	7
	FY21 Budget	FY22 Art 8	Modeled MPP 2% COLA	FTE	Benefits New FTE	FY22 Total	FY21-FY22
Executive Director's Office	\$595,728	\$603,642	\$6,922	5	\$0	\$610,564	2.49%
Green Power	\$20,000	\$20,000	\$0	0	\$0	\$20,000	0.00%
Sustainable Energy	\$72,540	\$78,464	\$1,496	1.5	\$0	\$79,960	10.23%
Central Administrative Services	\$27,700	\$27,700	\$0	0	\$0	\$27,700	0.00%
Finance Department	\$487,626	\$491,640	\$4,436	5.5	\$0	\$496,076	1.73%
Information Technology	\$1,240,587	\$1,318,614	\$14,047	8	\$0	\$1,332,661	7.42%
Treasurer & Collector	\$461,881	\$468,035	\$5,400	4.5	\$0	\$473,435	2.50%
Town Report	\$4,000	\$4,000	\$0	0	\$0	\$4,000	0.00%
Council on Aging	\$458,207	\$482,405	\$6,813	8.3	\$0	\$489,218	6.77%
Veterans' Services	\$70,822	\$70,822	\$0	1.6	\$0	\$70,822	0.00%
Youth Commission	\$106,412	\$106,576	\$1,621	1.5	\$0	\$108,197	1.68%
Facilities Management	\$8,294,959	\$8,398,703	\$19,967	72.6	\$0	\$8,418,670	1.49%
Housing Development Corporation	\$6,500	\$6,500	\$0	0	\$0	\$6,500	0.00%
Historical Commission	\$750	\$750	\$0	0	\$0	\$750	0.00%
Memorial Day	\$5,000	\$5,000	\$0	0	\$0	\$5,000	0.00%
Celebrations Committee	\$4,700	\$4,700	\$0	0	\$0	\$4,700	0.00%
Zoning Board of Appeals	\$87,903	\$88,903	\$1,163	1.5	\$0	\$90,066	2.46%
Law	\$350,000	\$350,000	\$0	0	\$0	\$350,000	0.00%
Audit Committee	\$58,850	\$60,400	\$0	0.0	\$0	\$60,400	2.63%
Risk Management	\$576,335	\$610,922	\$0	0	\$0	\$610,922	6.00%
Street Lighting	\$142,000	\$142,000	\$0	0	\$0	\$142,000	0.00%
Town Clerk	\$383,155	\$392,618	\$1,169	4.0	\$0	\$393,787	2.77%
Board of Assessors	\$388,618	\$393,482	\$4,850	4.3	\$0	\$398,332	2.50%
Planning Board	\$342,082	\$362,205	\$5,454	4.6	\$0	\$367,659	7.48%
Advisory Committee	\$32,500	\$29,500	\$0	0	\$0	\$29,500	-9.23%
Reserve Fund	\$175,000	\$175,000	\$0	0	\$0	\$175,000	0.00%
Human Resources Board	\$439,225	\$443,219	\$6,408	5.5	\$0	\$449,627	2.37%
HR Article	\$0	\$180,000	\$0	0	\$0	\$47,721	0.00%
	\$14,833,080	\$15,315,800	\$79,746	128.4	\$0	\$15,263,267	2.90%
Police Department	\$6,895,048	\$7,072,081	\$1,341	61	\$0	\$7,073,422	2.59%
Special School Police	\$134,351	\$136,167	\$0	18	\$0	\$136,167	1.35%
Fire Department	\$5,984,279	\$6,133,763	\$0	57	\$0	\$6,133,763	2.50%
Building Department	\$595,171	\$599,400	\$8,893	8	\$0	\$608,293	2.20%
Sealer of Weights & Measures	\$17,700	\$17,700	\$0	0.4	\$0	\$17,700	0.00%
	\$13,626,549	\$13,959,111	\$10,234	144.4	\$0	\$13,969,345	2.52%
Public Works	\$7,539,650	\$7,701,306	\$26,787	88.0	\$0	\$7,728,093	2.50%
Library Trustees	\$2,735,700	\$2,798,402	\$5,786	37.7	\$0	\$2,804,188	2.50%
Recreation Commission	\$392,611	\$386,304	\$5,861	5.4	\$0	\$392,165	-0.11%
Board of Health	\$816,458	\$963,050	\$12,238	7.8	\$0	\$975,288	19.45%
Mental Health Service Initiative	\$269,658	\$281,735	\$0	0.0	\$0	\$281,735	4.48%
Natural Resources Commission	\$271,287	\$269,100	\$3,865	3.5	\$0	\$272,965	0.62%
Morses Pond	\$147,750	\$147,750	\$0	0	\$0	\$147,750	0.00%
Wellesley Public Schools	\$80,379,651	\$82,540,254	\$0	887.9	\$0	\$82,540,254	2.69%
Total FY21 vs FY22 Guideline	\$121,012,394	\$124,362,812	\$132,279	1,303.10	\$0	\$124,375,050	2.78%

D. Reserve Policy and Use of Free Cash

The Town has worked to maintain an appropriate level of reserves. This has been a key focus of the Select Board with the onset of the pandemic in developing the FY21 and again for the proposed FY22 budget. Sufficient reserves play a key role in the Town's maintenance of a high credit rating and, more critically, provide financial flexibility in a time of fiscal uncertainty.

The Total Reserves are the sum of Free Cash and all stabilization funds. The level of Total Reserves is measured as a percentage of current year budgeted Revenue. At the end of FY20, funds were returned to the General Fund from FY20 appropriations that went unspent, as well as revenues that exceeded budget estimates. These operating sources increased the Town's reserves to a total of \$24,104,463 (\$18,319,871 in Free Cash and \$5,784,592 in the Stabilization Funds), for a reserve level of 15.0% as of June 30, 2020.

Town of Wellesley Reserves

Fiscal Year Ended	Town of Wellesley Reserves					General Reserves % of Revenue
	Free Cash	All Stabilization	Total Reserves	Subsequent Year Revenue*		
06/30/20	18,319,871	5,784,592	24,104,463	160,705,760	15.00%	
06/30/19	16,171,779	5,503,397	21,675,176	156,077,076	13.89%	
06/30/18	14,615,285	4,639,367	19,254,652	150,310,131	12.81%	
06/30/17	12,129,416	4,508,231	16,637,647	144,856,184	11.49%	
06/30/16	11,858,182	4,391,173	16,249,355	141,886,226	11.45%	
06/30/15	8,831,500	3,463,322	12,294,822	139,358,469	8.82%	
06/30/14	10,336,925	3,384,372	13,721,297	131,460,102	10.20%	
06/30/13	10,950,782	3,094,076	14,044,858	123,796,817	11.30%	
06/30/12	10,499,623	3,071,289	13,570,912	119,305,603	11.40%	
06/30/11	8,439,070	3,045,628	11,484,698	113,863,387	10.10%	
06/30/10	9,471,751	3,022,256	12,494,007	111,600,676	11.20%	

* Does not include excluded debt, CPC or Traffic Revenue or retained earnings from the Enterprise funds

The use of stabilization funds requires approval by two-thirds of Town Meeting while Free Cash can be appropriated by a simple majority vote. Generally, it is prudent to use excess Free Cash as a non-recurring revenue source to fund one-time expenditures or a capital need or to replenish other reserves, because Free Cash levels reflect long-term operating results rather than just one-time results.

In December 2012, the Select Board adopted a Financial Reserves Policy with the following provisions:

1. Reserves will be maintained in a range of 8 to 12% of current year budgeted Revenue;
2. Reserves in excess of 12% may be used in accordance with the TWFP and be appropriated by Town Meeting; and
3. Reserves may be drawn below 8% for one-time, non-recurring extraordinary expenditures.

Based on FY21 projections, the estimated reserve level on June 30, 2021 is anticipated to be \$20,580,661 or 12.44% of FY22 Revenue (as adjusted per the table above). For FY22,

\$3,781,347 of Free Cash would be used to balance the budget. For comparison, \$2,639,066 of Free Cash was used to balance the FY21 budget. The increase is largely due to the loss of anticipated parking revenue from the impacts of COVID-19, requiring appropriation of \$894,685 to fund the Traffic and Parking operations. Total uses of Free Cash in FY22 of \$4,495,134 is well below FY21 which totaled \$5,864,475 (and included a supplemental appropriation of \$2 million for Hunnewell Design and a \$0.6 million appropriation for the Special Education Stabilization Fund). Finally, it is worth noting that, for the past three years, Reserves have exceeded the 8% to 12% of Revenues recommended by the policy.

DEPARTMENT, BOARD, COMMISSION AND SCHOOL BUDGET HIGHLIGHTS

The following tables provide three years (FY18-FY20) of actual budget totals for General Government as well as a comparison of FY21 adjusted budget with the FY22 budget request. Additionally, where a department is above guideline, a writeup providing contextual background and the results of Advisory's supportive/unsupportive vote follow the corresponding table.

A. GENERAL GOVERNMENT

General Government

	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Budget	FY22 Request	FY21-22 Change
Select Board - Administration						
Executive Director's Office	474,601	499,248	591,428	595,728	603,642	1.33%
Green Power Premium	0	0	0	20,000	20,000	0.00%
Sustainable Energy	19,304	38,877	40,429	72,540	78,464	8.17%
Central Administrative Services	28,826	26,500	27,700	27,700	27,700	0.00%
Finance Department	412,852	458,154	475,486	487,626	491,640	0.82%
Information Technology	974,713	1,092,195	1,204,513	1,240,587	1,318,614	6.29%
Treasurer & Collector	410,441	444,057	455,097	461,881	468,035	1.33%
Town Report	4,000	4,000	4,000	4,000	4,000	0.00%
Select Board – Human Services						
Council on Aging	422,718	437,159	446,417	458,207	482,405	5.28%
Veterans Services	68,000	69,150	70,502	70,822	70,822	0.00%
Youth Commission	98,034	101,777	104,460	106,412	106,576	0.15%
Select Board – Facilities Management Services						
Facilities Management*	7,483,537	8,042,779	8,242,901	8,294,959	8,398,703	1.25%
Select Board - Other Services						
Housing Development Corp	3,500	6,500	6,500	6,500	6,500	0.00%
Historical Commission	581	750	750	750	750	0.00%
Memorial Day	1,332	2,500	5,000	5,000	5,000	0.00%
Celebrations Committee	4,700	4,700	4,700	4,700	4,700	0.00%
Zoning Board of Appeals	60,244	88,665	85,469	87,903	88,903	1.14%
Select Board - Shared Services						
Law	248,823	375,000	340,000	350,000	350,000	0.00%
Audit Committee	58,100	58,200	58,850	58,850	60,400	2.63%
Risk Management	490,639	535,679	548,762	576,335	610,922	6.00%
Street Lighting	244,315	145,000	140,000	142,000	142,000	0.00%
Provision for Contract Settlements	0	0	0	231,264	0	-100.00%
TOTAL General Government	\$11,509,260	\$12,430,890	\$12,852,964	\$13,303,764	\$13,339,776	0.27%

*FMD contract has not yet been settled

1. Sustainable Energy Committee

The Sustainable Energy Committee (SEC) was established in 2010 to lead efforts to accomplish the ambitious goals of reducing town-wide greenhouse gas emissions. The SEC develops and works collaboratively to implement initiatives to reduce greenhouse gas emissions (GHG) from Wellesley's municipal, residential, commercial, and institutional sectors. The SEC's role in town government continues to evolve, from tracking and supporting community programs and municipal engagement to town-wide collaboration to achieve net zero carbon emissions by 2050. The Baker-Polito Administration established a net zero GHG emission as the new legal limit in 2050 with a formal determination signed in April of 2020.

The SEC's FY22 operating budget includes an FTE increase of 0.125 FTE (30 to 35 hours) for the Director at a cost of \$5,924. The additional hours are necessary to support development of the Town's Climate Action Plan, engage stakeholders across Town departments, as well as other related work including seeking out grants and other sources of funding. Expenses for the Committee will remain flat. The additional Director hours will create an 8.2% year over year increase to the SEC budget. Details of the SEC's operating budget can be found in the [Budget Book](#).

Advisory conducted a Supportive/Unsupportive vote. Advisory voted 13 to 1 in support of the Sustainable Energy Committee's budget. Advisory felt the increase in budget was appropriate given the undertaking of the Climate Action Plan initiative touched on above.

2. Information Technology

The Information Technology Department serves to provide information technology resources across Wellesley's Town Government. The department is charged with maintaining a secure and reliable high-speed network; installing, configuring, and troubleshooting computers and related equipment; implementing and administering enterprise databases and applications; and generally supporting platforms for communication and collaboration.

Much of the Department's efforts this past year were driven by preparations for and response to COVID-19. The department took steps to increase the Town's remote work capacity and used CARES Act funds to purchase equipment and software. Assets that were paid for with CARES Act funds that will be used on an ongoing basis must now be accounted for in the Town's budget.

The total operating budget requested for the Department in FY22 is \$1,318,614. This amount represents an increase of \$78,027, or 6.3% over FY21 levels. Personal Services costs are projected to increase 1.8%. Major drivers of operating expense include the maintenance of remote work capacity and a change in the accounting of certain software from Cash Capital to an operating expense.

Advisory conducted a Supportive/Unsupportive vote. Advisory supports the increased budget for the Information Technology Department and commends its staff for the good work they have done this past year. The Department has done a remarkable job in supporting, adapting and expanding the Town's technology infrastructure to support Town Government as it moved to a remote working environment. Advisory voted 13 to 0 in support of the Department's budget.

3. Council on Aging

The COA provides social services, activities and events, transportation, and a volunteer program to Wellesley residents over the age of 60. The COA Board has eleven members appointed by the Select Board for three-year terms. There are five full-time employees with benefits and seven part-time employees without benefits, equating to 8.3 FTEs.

In 2020, at the direction of the Select Board and the HR Board, the COA underwent a comprehensive organizational restructuring and change in leadership. This included a 90% turnover in office personnel, the reclassification of eight job descriptions, and the hiring of a new Director. Amidst all of this, the COA had to contend with significant operating changes as a result of COVID-19. Principally because of the job reclassifications that were implemented during the course of FY21 and not reflected in the FY21 budget, the COA's FY22 budget does not represent an apples-to-apples comparison to the approved FY21 budget. This has resulted in a budget increase that is out of guideline.

The COA FY22 budget reflects an overall year-over-year increase of 5.3% (\$24,198) to \$482,405. The increase consists entirely of salary increases over the non-reclassified levels that were utilized for the FY21 budget, while expenses and other items (grants) are essentially flat. The FY22 budget also reflects the addition of 0.1 FTE to account for a vacation-substitute social worker. Assuming the budgeted FY21 salaries were reclassified to reflect actual hiring during the year, the FY22 budget would reflect an overall year-on-year increase of 2.4% (\$11,409) and therefore be within guideline.

Advisory conducted a Supportive/Unsupportive vote. Advisory voted 13 to 0 in support of the COA budget. Advisory felt that the increase in budget was justified in light of the reclassifications that took effect in FY21 and the fact that the budget would be within guideline if the FY21 budget were adjusted to reflect the reclassifications. Advisory did express concern at the scope of the changes and advised that the COA adhere to rigorous and consistent budgeting in the future.

4. Audit Committee

The Audit Committee FY22 budget request shows an Increase of 2.63% from 58,850 to \$60,400, reflecting a new three-year engagement with Powers and Sullivan, the Town's current outside Auditor. The new contract increased 2.63% for the FY21 audit (with FY22 payment) but does not increase for the three years thereafter.

5. Risk Management

Risk Management appropriations are in support of the Comprehensive Liability Insurance Premiums. The Tax impact portion (removing the Enterprise Funds' share of premiums) of the increase was \$34,587 to \$610,922, resulting in a 6% increase. The increase is attributable to liability insurance market conditions and recent loss experience.

Detailed Budget information for General Government entities can be found at the following link: www.WellesleyMA.gov/2021budgetbook

B. OTHER GOVERNMENT

Other Government

	FY18 Actual	FY19 Actual	FY20 Budget	FY21 Budget	FY22 Request	FY21-22 Change
Town Clerk	238,486	312,796	312,742	383,155	392,618	2.47%
Board of Assessors	326,632	363,862	391,372	388,618	393,482	1.25%
Planning Board	279,019	325,278	328,246	342,082	362,205	5.88%
Advisory Committee	15,677	32,000	32,000	32,500	29,500	-9.23%
Advisory Reserve Fund	0	175,000	175,000	175,000	175,000	0.00%
Human Resources Board	334,958	352,083	420,434	439,225	443,219	0.91%
TOTAL Other General Govt	\$1,194,772	\$1,561,019	\$1,659,794	\$1,760,580	\$1,796,024	2.01%

1. Office of Town Clerk

The Office of Town Clerk budget reflects a 2.47% increase, but with MPP with modeled 2% Cost of Living Adjustment (per guideline policy) included, the department exceeds guideline at 2.77%. The primary drivers of the increase are higher postage and printing costs (reflecting adjustments caused by Early Voting by Mail) and the increase in the Director's Salary per Article 6 to be voted upon by TMMs.

Advisory conducted a Supportive/Unsupportive vote, 11 to 1 in support of the Office of Town Clerk Budget.

2. Planning Board

Overview

The Planning Board consists of five elected members and one appointed associate member. The Board guides the Town of Wellesley in preserving and enhancing Wellesley's quality of life by fostering a diverse housing stock, multi-modal transportation options, valuable natural resources, resilient infrastructure, and a thriving local economy. Particular Town land use goals are identified in the Town's Unified Plan 2018-2028. The Planning Board achieves these goals through the creation and implementation of Zoning Bylaws, policies, long-term planning, and by promoting citizen participation in the planning process. The Planning Board is responsible for the maintenance and update of the Town's Zoning Bylaws and Zoning Map. The Planning Board is also involved with the review of many projects throughout the Town.

The Planning Department is overseen by, and supports, the Planning Board to assist in the development and maintenance of a functional and attractive residential community by implementing the Zoning Bylaws and by initiating and reviewing projects.

In addition to the Planning Board, the Planning Department serves as professional staff to the Historical Commission, Historic District Commission, Design Review Board, and the Denton Road Neighborhood Conservation District Commission. It provides supplemental assistance to the Zoning Board of Appeals as needed, particularly for projects in the Residential Overlay District (RIO) and Comprehensive Permits under MGL c. 40B. The Department Administrator also supports the Housing Development Corporation by establishing and maintaining project files and waiting lists for individuals wishing to be entered into the HDC's lotteries. The Planning Director is the Town's Fair Housing Officer. The Department has frequent interaction with the Building Department and the Zoning Enforcement Officer on questions about the Zoning Bylaws.

The Planning Department is also involved with the review of many projects of all sizes throughout the Town. Such extensive efforts by Planning are a requirement of many of the new homes, renovations, and commercial developments in the Town which contribute to the annual new growth in the Town's tax base.

Budget

The Planning Department's requested budget reflects an overall year-over-year increase of 5.88% to \$362,205.

Projected Personal Service costs increase by \$15,323 or 5.1%, although staffing levels remain the same. This increase is driven largely by the Senior Planner position, (7% increase) and the Department Administrator position (8% increase) to bring both positions to levels appropriate for their respective responsibilities. There is also a \$7,500 increase for outside support services principally used for preparing minutes. This expense was inadvertently omitted from the FY21 budget request and so shows as an increase in the FY22 budget.

Projected Expenses increase by \$4,800 or 11.1%. Most of the increase is the inclusion of a new line item of \$4,000 for technology expenses. Much of this expense is for the purchase of cell phones for the Planners to facilitate working remotely and site visits which are a key part of the department's functions. Finally, Planning's Budget contains \$25,000 for hiring outside consultants to assist in key initiatives and projects as it did in the two previous years. In FY22, these funds will be used to engage a consultant to advise the Town on the structure and operation of the Planning Department.

Advisory conducted a Supportive/Unsupportive vote. Prior to voting several Advisory members expressed concern that the duties of the Planning Board had increased without a concomitant increase in FTEs. Several comments were made that an independent consultant should be hired to advise regarding staff turnover, the organization and responsibilities of the Department, salary levels within the Department, and to provide management training.

Advisory voted 13 to 0 in support of the Planning Department and Planning Board budget. Advisory felt that the percentage increase in budget was justified in light of the required increased salary levels. Further, Advisory is of the opinion that allocating \$25,000 to the Planning Board budget to hire an outside consultant to review the Department is not only justified, but desirable so that the Planning Board and Department can serve the Town in the most effective way possible.

Detailed Budget information for Other Government entities can be found at the following link: www.Wellesleyma.gov/2021budgetbook

C. PUBLIC SAFETY

Public Safety

PUBLIC SAFETY – BOARD OF SELECTMEN

	FY18 Actual	FY19 Actual	FY20 Budget	FY21 Budget	FY22 Request	FY21-22 Change
Police Department	6,036,264	6,342,056	6,553,273	6,895,048	7,072,081	2.57%
Special School Police	74,017	130,789	132,517	134,351	136,167	1.35%
Fire Department	5,340,680	5,481,195	5,618,423	5,984,279	6,133,763	2.50%
Building Department	513,802	548,897	582,711	595,171	599,400	0.71%
Sealer of Weights and Measures	13,488	18,550	17,700	17,700	17,700	0.00%
TOTAL Public Safety	\$11,978,251	\$12,521,487	\$12,904,624	\$13,626,549	\$13,959,111	2.44%

1. Police Department

The Police Department budget request reflects a 2.57% increase to \$7,072,081. The increase is largely attributable to contractually obligated salary increases for Sergeants and Patrolmen, and modifications to "step" increases for dispatchers. The Personal Services increase also reflects the impact of additional training required for most officers.

Advisory conducted a Supportive/Unsupportive vote, 13 to 0 in support of the FY22 budget request for the Police Department.

Detailed Budget information for Public Safety entities can be found at the following link: www.Wellesleyma.gov/2021budgetbook

D. BOARD OF PUBLIC WORKS

Board of Public Works

	FY18 Actual	FY19 Actual	FY20 Budget	FY21 Budget	FY22 Request	FY21-22 Change
Engineering	525,594	600,015	610,622	636,541	616,527	-3.14%
Highway	1,413,005	1,527,532	1,568,287	1,690,037	1,725,912	2.12%
Fleet Maintenance	166,187	204,384	208,462	243,762	247,768	1.64%
Park & Tree	1,562,809	1,616,224	1,641,947	1,752,330	1,762,135	0.56%
Recycling & Disposal*	2,192,215	2,357,894	2,370,689	2,427,769	2,530,332	4.22%
Management	395,735	390,879	407,028	410,034	439,455	7.18%
Winter Maintenance	869,229	357,420	366,355	379,177	379,177	0.00%
TOTAL Board of Public Works	\$7,124,774	\$7,054,348	\$7,173,390	\$7,539,650	\$7,701,306	2.14%

The Board of Public Works' budget request is within the Select Board's Budget Guideline.

Detailed Budget information for Public Works entities can be found at the following link:
www.Wellesleyma.gov/2021budgetbook

E. BOARD OF LIBRARY TRUSTEES

Board of Library Trustees

BOARD OF LIBRARY TRUSTEES

	FY18 Actual	FY19 Actual	FY20 Budget	FY21 Budget	FY22 Request	FY21-22 Change
Personal Services	1,931,522	1,983,058	2,032,158	2,111,345	2,149,550	1.81%
Expenses	541,261	554,621	585,015	624,355	648,852	3.92%
TOTAL Library Trustees	\$2,472,783	\$2,537,679	\$2,617,173	\$2,735,700	\$2,798,402	2.29%

The Board of Library Trustees' budget request is within the Select Board's Budget Guideline.

Detailed Budget information for the Board of Library Trustees can be found at the following link:
www.Wellesleyma.gov/2021budgetbook

F. OTHER COMMISSIONS AND BOARDS

Other Commissions and Boards

OTHER COMMISSIONS AND BOARDS

	FY18 Actual	FY19 Actual	FY20 Budget	FY21 Budget	FY22 Request	FY21-22 Change
Recreation Commission	355,055	367,524	383,367	392,611	386,304	-1.61%
Board of Health (BOH)	492,169	580,324	720,464	816,458	963,050	17.95%
Mental Health Services (BOH)	244,364	238,691	309,658	269,658	281,735	4.48%
Natural Resources Commission	216,017	233,448	263,622	271,287	269,100	-0.81%
Morses Pond (NRC/DPW/Rec)	129,708	143,250	145,250	147,750	147,750	0.00%
TOTAL Other Commissions/Boards	\$1,437,313	\$1,563,237	\$1,822,361	\$1,897,764	\$2,047,939	7.91%

1. Board of Health

Overview

The Board of Health (BOH), responding to the Town's public health needs, provides a wide range of direct services in environmental health, community health, public health nursing, mental health, communicable disease prevention and control, reduction of environmental health hazards (e.g., mosquito and rabies control, lead and asbestos abatement monitoring), employee health/wellness programs, and emergency preparedness. In addition, a core function of the Wellesley Health Department (WHD), operating under the direction of the BOH, is the enforcement of federal, state and local laws and regulations relating to public health in areas including public and private water supplies, food establishments, housing, camps, swimming pools, tobacco control, medical waste and social services. The WHD budget also funds mental health counselors in the Wellesley Public Schools and subsidizes the community's mental health services agency, Human Relations Services, which provides affordable, accessible mental health and counseling services to Town residents regardless of their ability to pay.

State and local demands on the BOH have increased the WHD's responsibilities in recent years. Recent actions at Town Meeting require the BOH to monitor gas leaks, enforce the Town's plastic bag ban, inspect certain home renovations related to the Demolition Delay bylaw, and inspect food recovery programs in the Wellesley Public Schools and area colleges as part of WasteWise Wellesley, a collaborative initiative by the SEC, DPW and NRC. Further State regulation changes and updates have involved a large number of additional tasks and increased reporting.

Budget

The requested BOH FY22 budget, including both core functions and mental health services, represents a 14.6% increase from FY21 to \$1,244,785. It reflects the increased obligations of its expanding role, as well as its broad role in keeping the community safe during a worldwide pandemic. In response to its broadening charter, in 2020 the BOH increased the current Nursing Supervisor position from 0.6 FTE to 1.0 FTE, added a 1.0 FTE Registered Nurse position, added seven hours per week to an existing 28 hour part-time position to create a full-time benefited, Licensed Social Worker position, and added 10 non-benefit, part-time hours per week, on a per diem basis, for Environmental Health Specialist Services. Expenses associated with those new hires and additional hours were covered by CARES Act funding through the first half of FY21. Special Town Meeting approved \$61,600 to cover those positions for the second half of FY21, meaning the positions and additional hours were reflected in the FY21 budget for only half of the year. The FY22 budget request reflects the full year impact for these items and is the primary reason the budget is over guideline. Finally, the budget for the part time role (0.5 FTE) of an on-call emergency social worker is being transferred to the Police Department (under Article 7) in FY22.

Advisory conducted a Supportive/Unsupportive vote. Advisory voted 13 to 0 in support of the Board of Health budget. Advisory felt that the increase in budget was justified in light of the fact that the increased hours for Board of Health staff, which is primarily responsible for the budgetary increase, has already been approved both by the Select Board (through disbursement of CARES funding) and Special Town Meeting.

The remaining Other Commissions and Boards budget requests are within the Select Board's Budget Guideline

Detailed Budget information for General Government entities can be found in the Budget Book at the following link: www.Wellesleyma.gov/2021budgetbook

G. WELLESLEY PUBLIC SCHOOLS

1. Overview

In FY21, the Wellesley Public School (WPS) system is comprised of ten school facilities, approximately 840.45 full-time equivalent employees (FTEs) and 4,362 students. At its meeting on February 9, 2021, the School Committee approved a School Department request for a total FY22 budget appropriation of \$82,540,254, which represents a 2.69% increase over FY21. Considering the disruption and changes in FY21 due to the COVID-19 pandemic, it is key to note that this budget is based upon the assumption of a full return to in-school learning for all students in FY22.

Although the General Fund on which the budget request is based has a reduction of 3.04 FTE, the expected headcount decrease in FY22 is eleven (11) employees. When the one-time non-General Fund COVID-19 related positions (27.10 FTE's and a headcount of 41) are included, the reduction totals 30.14 FTEs with an expected reduction in headcount of 52 employees. The one-time increase for RLS staff salaries was funded entirely from CARES funds and does not factor into the year-over-year operating budget comparison.

It should be noted that for FY21 the Select Board approved a separate additional appropriation for non-discretionary changes in special education costs to help insulate the regular education budget, and no additional special education appropriation is planned for FY22. The balance in the reserve currently totals over \$1.4 million.

	FY21 Voted	WPS FY21 Adjusted	Budget FY22 Request	FY21-22 Change
Instruction	\$52,515,355	\$52,132,585	\$53,792,431	\$1,659,847
Administration	1,409,423	1,749,553	1,467,237	(282,316)
Operations	2,880,769	2,933,252	3,009,099	75,847
Student Services	23,574,104	23,564,261	24,271,487	707,226
TOTAL OPERATING BUDGET	\$80,379,651	\$80,379,651	\$82,540,254	2.69%
FTE - General Fund	838.84	840.45	837.41	(3.04)
FTE - Grant and Revolving Fund	47.91	46.64	42.14	(4.50)
TOTAL FTE	886.75	887.09	879.55	(7.54)

*Under the guideline process for the Town, the cost of additional health and pension benefits for each additional FTE are to be included. This is \$20,000 per professional FTE, and \$7,500 for non-professional FTEs. However, the Town Meeting vote under Article 8 is only on the actual salary increases, without the benefits. In FY22, the total health benefit impact is negative (\$202,500).

Headcount vs. FTEs:

Headcount and full-time equivalents (FTEs) provide two different measures of staffing. The FTE provides the percent of time an employee works compared to the position standard. An employee who works 20-hours in a 40-hour position is considered a 0.5 FTE. The headcount is a count of employees regardless of their FTE. If two part-time employees cover one (1) position, the FTE could be 0.5 FTE plus 0.5 FTE or a total 1.0 FTE while the headcount would be two (2) people.

For details of personnel changes, see [FY22 Wellesley Public Schools Budget](#) (pages 250-255 per printed page number).

2. Clarifying Factors:

FY21 Q2 Budget Update:

Traditionally, in the fall, the district presents an adjusted budget which reflects changes that occur between ATM budget approval in the spring and the fall (after the school year has started) due to enrollment and other changes. The FY21 adjusted budget served as the basis of the variances in the FY22 budget.

The FY21 adjusted budget reflected a myriad of changes due to COVID-19 that are expected to be one-time only. The adjusted budget reflects an expected surplus of \$266,711 with \$1.5 million of Remote Learning School (RLS) salary expenses excluded as they are being funded by the Town's CARES Act grant.

There are three areas of potential savings in the FY21 budget for Q3 and Q4:

- Student Support Hours & Safety Care Training;
- PPE; and
- Transportation (due to 170 days of school and all students being home on Wednesdays).

There are also areas of potential unanticipated increases in spending:

- Fee Refunds: Some of these include WHS parking, pre-school tuition, art fees and student activity fees.
- Viral Testing: The district will be taking on the cost of viral testing in Q1 2021 and \$375,000 is included in the budget to address the cost of testing. The district is planning to apply the State Coronavirus Support Grant to those charges and the balance would be included in the operating budget.
- Food Services: Meal costs are higher than planned due to the change from cooked food to pre-packaged food per COVID-19 regulations. There is also a loss of a la carte sales. The district is working with its food service provider to try to increase food offerings and reduce costs.

WPS has received eight state and federal grants and the Town has received one federal grant related to COVID-19. These grants expire in a range of dates beginning in June and are being used for a variety of needs, including technology, nutrition and staff salaries. For details on all WPS grants, see [FY22 Wellesley Public Schools Budget](#) (pages 143-174).

Special Education:

The FY22 Budget for Special Education is \$24,271,487 and represents 29.40% of the total WPS operating budget. Currently, there are 792 students who are eligible for special education services. Below is a brief history:

Fiscal Year	FY17	FY18	FY19	FY20	FY21
Eligibility %	17.43%	16.94%	16.66%	17.23%	17.87%
# of Students	880	832	827	838	792

WPS has developed a comprehensive group of programs and services to serve students in-district whenever possible. It is estimated that these internal programs will save the town \$13.4 million dollars in the past year.

FY22 Special Education Out-of-District Budget Development:

In October out-of-district placement numbers totaled 58 students. For FY22 the projection is 56 students.

Placement Type	FY21 Voted Budget	FY21 Adj Budget	Variance (Adj-Voted)	FY22 Budget	Variance (FY22-FY21)	FY22 Number of Students
Out-of-State Schools	\$231,717	\$467,483	\$235,766	\$308,560	(\$158,923)	4
Collaboratives	\$1,043,521	\$995,843	(\$47,678)	\$693,127	(\$302,716)	9
Professional Services	\$58,561	\$70,377	\$11,816	\$77,148	\$6,771	0
Private Day Schools	\$2,584,041	\$2,608,852	\$24,811	\$2,769,475	\$160,623	33
Residential Schools	\$3,438,245	\$3,281,577	(\$156,668)	\$3,171,650	(\$109,927)	10
Out-of-District Total:	\$7,356,085	\$7,424,132	\$68,047	\$7,019,960	(\$404,172)	56

Circuit Breaker Funding Formula and FY22 Projection:

The state special education reimbursement program, commonly known as the circuit breaker program, was started in FY04 to provide additional state funding to districts to partially offset high-cost services provided to students with disabilities. The Student Opportunity Act (SOA), signed into law in December 2019, set the threshold at \$45,793 per qualifying student for FY19. Due to the pandemic, the implementation of the SOA has been delayed until FY22. Once implemented, the threshold amount will be adjusted annually by the foundation inflation index. Out-of-district transportation reimbursement will be phased in over four years, with the state reimbursing up to 75% of eligible costs (instructional and transportation), subject to appropriation.

The FY22 Circuit Breaker reimbursement projection under the SOA is based on the following.

- All students as of 12/10/2020 who are placed in a day or residential placement are expected to remain in those placements through the end of the school year.
- All settlements that were concluded by 12/10/2020 are included.
- In-district eligible costs are estimated to remain stable from last year.
- After the foundation index is applied, the per student offset is estimated at \$49,339.

As a result, the circuit breaker revenue offset estimate for FY22 is \$3,229,936.

FY22 Enrollment Projection:

Enrollment numbers directly impact the budget with respect to staffing requirements and other costs and drive the Level Services budget request. Once again, it is important to note that the FY22 budget has been developed with the assumption that school will open in Fall 2021 fully in-person.

In March 2020, Wellesley schools switched to a fully remote model due to the pandemic. This past fall schools reopened with a fully remote model at the Remote Learning School (RLS) and a hybrid model, with 2-4 days in school (depending on the cohort). Given the uncertainty, particularly at the time parents' enrollment decisions needed to be made, a significant number of

students migrated from WPS to other situations. FY21 saw a decrease of 396 students with students moving to such alternatives as private, parochial and home schooling. There were approximately 500 students in the RLS (with 278 in elementary school and the majority of that number in K-2).

Determining enrollment for FY22 is a difficult task. According to district administration, if the district applied its traditional enrollment modeling, there would likely be a vast understatement of students as the declining elementary trend would be applied to the COVID-19 impacted enrollment of FY21. This would have resulted in a projected total enrollment of 4,234 or a reduction of 128 students. Instead, the district engaged its demographer, Future Think for assistance in determining enrollment for FY22. A modified model was created that used K-5 enrollment figures that had originally been projected in FY20 for FY21 as the base and applied the same decline in enrollment factor to elementary enrollment. The result is a projection the School Committee believes is more realistic and reflects its expectation that many elementary students will be returning to WPS.

School / Level	FY21 Actual	FY22 WPS Traditional Model	FY22 WPS Modified Model	FY21 to FY22 Difference
Bates	284	279	321	+37
Fiske	264	259	275	+11
Hardy	224	208	235	+11
Hunnewell	228	232	258	+30
Schofield	336	336	368	+32
Sprague	317	311	342	+25
Upham	<u>157</u>	<u>156</u>	<u>203</u>	+46
K-5 Total	1,810	1,782	2,004	+194
WMS	1,089	1,018	1,018	-71
WHS	1,463	<u>1,434</u>	<u>1,434</u>	-29
Total	4,362	4,234	4,456	+94

The Future Think report from January 2020 is available here [Wellesley Public Schools website](#)
 The WPS enrollment report from October 2020 is available here [Wellesley School Committee website](#)

Based upon the projected enrollment, the district anticipates that there will be a need for 107 sections across all seven Elementary Schools, level to the number of sections in FY20 (pre-COVID-19). The School Committee class size guidelines are 18-22 students in grades Kindergarten through Grade 2 and 22-24 students in Grade 3 through Grade 5. In FY21, the Elementary Schools had more sections than would normally be necessary in order to accommodate students with required distancing. The district states that the reduction of students does not result in a decrease in sections for FY22 because the students who migrated out of district or into RLS were spread across grades and schools, and because of the anticipated return of a meaningful portion of elementary students who left the district this past year.

3. Budget Summary

For additional information, see the Wellesley Public School section of the Town Budget Book. [www.Wellesleyma.gov/2021budgetbook](#) For a more detailed executive summary of the WPS FY22 budget, see [FY22 Wellesley Public Schools Budget](#) (pages 9 through 16).

Personnel Costs and Savings:

Personal Services costs make up the majority of the School's budget each year and largely drive the year-over-year changes. As in most years the primary drivers are a) step and lane increases as well as Cost of Living Adjustments (COLA) for the majority of the staff under the various union contracts, and b) the impacts of changes in the composition of staff and staff turnover. The FY22 budget reflects additional complexity resulting from the staffing impacts of moving back to a full in-person learning model and anticipating the residual impacts of the pandemic on students and staff.

FY21 staffing in context - For FY21 there were staff hired and staff reassigned from their home school to support the RLS school, shown below.

Level	COVID-19 Staff Hired (New and Backfilled)	Funded through General Fund	Funded through CARES Act/Other Sources
Pre-School	3.60	0.00	3.60
Elementary	16.90	4.50	12.40
Middle School	10.00	4.10	5.90
High School	5.10	2.20	2.90
K-12 District Wide	2.30	0.00	2.30
TOTAL	37.90	10.80	27.10

Important points about the FY21 staffing are:

- The 10.80 FTEs funded with General Fund dollars are removed in the FY22 budget.
- A total of 27.10 FTEs is not included in the FY21 Adjusted Budget as these are currently being supported through the Town's CARES Act funds or other sources. This includes much of the RLS staff.

Staff Turnover - Staff turnover can result in a cost savings as often a teacher who is retiring is towards the top of the salary range (at or near the highest "step" and/or "lane") and a new employee who is hired is lower down in the salary range. The FY22 budget includes a projected turnover savings of \$650,000 equal to what was projected in the *original* FY21 budget request (before COVID-19 adjustments).

Level Service – increase of \$1,830,005:

A Level Service budget supports providing the same standard of service as the prior fiscal year. Level service increases in FY22 include special education personnel needs and the return of sports at WMS and WHS. The FTE change is a reduction of 7.04. Most of these reductions are reflective of the decrease in enrollment. The impact of the staff reduction and projected staff turnover is offset by the increased personal costs related to step and lane migration and COLA adjustments.

Level Service (COVID-19 Related) – increase of \$330,599:

For FY22, level service also includes additional costs that address education gaps created by the pandemic despite a return to full in-person learning. The programs under this category are listed below.

School / Program	Description	FTE	Cost	Benefits
Elementary	Social Work – 40 Summer Days	0.00	\$20,000	\$0
Elementary	Elementary Math Paraprofessionals	3.00	\$102,352	\$22,500
Elementary	Expense – Information Technology: Nearpod, Padlet, Seesaw Licensing	0.00	\$18,076	\$0
District	K-12 Math/Literacy Summer Program	0.00	\$57,500	\$0
WMS	Expense: Information Technology: Nearpod, Padlet	0.00	\$6,014	\$0
WHS	Academic Resource Center (ARC) Teacher	1.00	\$76,254	\$20,000
WHS	Science MCAS Tutor Support	0.00	\$3,000	\$0
WHS	Expense: Information Technology: Nearpod, Padlet	0.00	\$7,933	\$0
District	School Health: Immunization Registry	0.00	\$1,530	\$0
District	Expense: Information Technology: Report Writer, On-Line Registration	0.00	\$22,200	\$0
District	Expense: Information Technology: Zoom, Neverwear, Mobile Device Mgmt License	0.00	\$15,740	\$0
Sub-Total		4.00	\$330,599	\$42,500

When level service and level service (COVID-19 related) spending are combined they result in a reduction of 3.04 FTE, and an increase in budget of \$2,160,604. This brings the budget to the 2.69% increase for FY22 over FY21.

Strategic Plan and Critical Need Investments - \$0:

Given the 2.5% budget increase guideline provided by the Select Board for FY22, the School Committee asked the Administration to focus only on Level Service and the mitigation of educational gaps created as a result of the pandemic. As a result, the FY 22 budget does not include any Strategic Plan or Critical Need investments.

For more information related to the School Budget please see the Wellesley Public Schools Budget Document at [FY22 Wellesley Public Schools Budget](#).

Advisory conducted a Supportive/Unsupportive vote. Prior to the vote, the discussion within Advisory focused on enrollment and the interrelated issue of the sustainability of the budget.

Enrollment questions were about what the actual enrollment will be in the post-COVID-19 school year of FY22 and beyond. Concerns were voiced about the potential underutilization of the current schools and the assumptions that are being made as the town contemplates the building of two new elementary schools. Some Advisory members thought that based on elementary school enrollment projections and the projected 107 sections, there would likely be a large number, if not a majority of sections below the School Committee class size guidelines. Worth noting is that the original FY21 school budget request (pre-COVID-19 adjustments) contemplated a reduction of two sections to 105 elementary school sections. Enrollment was projected to be 2,060 students, 56 more than currently projected for FY22 with 107 sections.

Advisory members expressed concern about the sustainability of the WPS budget. Contractual salary increases alone have put the district up against the Select Board operating budget guideline every year in the recent past, thereby handicapping the District's ability to make "strategic" and "other critical needs" investments. These Committee members also articulated

the need for the district to be creative and flexible in managing the projected continued decline in school enrollment to allow more flexibility in future budget development. Advisory members brought up a number of options including the potential of redistricting the elementary schools earlier than currently anticipated (for the school construction projects).

Advisory suggests that the School Committee be prepared to come before Advisory in the Fall to update it on actual enrollment relative to class size guidelines and the School Committee's vision for managing sections and staffing going forward.

Advisory voted 8 supportive and 5 unsupportive of the Wellesley Public Schools FY22 budget.

H. SELECT BOARD – EMPLOYEE BENEFITS

Employee Benefits

	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Budget	FY22 Request	FY20-21 Change
Group Insurance	16,138,304	17,576,288	18,984,487	19,648,490	20,536,313	20,462,688	-0.36%
Workers Compensation	517,860	517,860	287,700	245,048	244,149	244,149	0.00%
OPEB Liability Funding	2,400,000	3,432,000	3,432,000	3,432,000	3,432,000	3,432,000	0.00%
OPEB Liability Funding Exclusion	600,000	0	0	0	0	0	0.00%
Retirement Contribution	6,390,114	6,621,863	7,056,425	7,487,909	7,965,781	8,234,817	3.38%
Unemployment Compensation	150,000	150,000	150,000	100,000	100,000	100,000	0.00%
Compensated Absences	90,000	90,000	120,000	120,000	120,000	120,000	0.00%
Non-Contributory Pensions	18,660	18,714	19,100	0	0	0	0.00%
TOTAL Employee Benefits	\$26,304,938	\$28,406,725	\$30,049,712	\$31,033,447	\$32,398,243	\$32,593,654	0.60%

1. Group Insurance

The Group Insurance budget covers the Town's share of health insurance premiums for active and retired employees. It also includes life insurance, dental insurance, long term disability insurance, an employee assistance program, and the Town's share of the Federal Medicare Tax. The tax-impact budget request is net of reimbursements from the Enterprise Funds for their personnel. In recent years, increases in health insurance costs have been a major factor in the difficulty of balancing the Town's budget.

In response, the Town implemented a number of changes, many of which have been subject to collective bargaining. In 2018 the Town reached an agreement with its unions to replace the "Rate Saver Plans" purchased through the West Suburban Health Group with two "deductible" plans that are more cost effective for the Town. The change has moderated health insurance cost increases, while continuing to provide an excellent choice of health care plans for employees and retirees. The Town's Memorandum of Agreement with the unions for health insurance was set to expire on June 30, 2021. The Town and unions negotiated a one-year extension of the agreement and will renegotiate a longer-term agreement for FY23-FY25.

Recently West Suburban Health Group injected reserves to stabilize rates for FY22, resulting in a relatively modest 3.4% increase in health insurance rates across all town offerings. Variability in health care costs in coming years is a concern, as the impact of deferred diagnoses and treatment from COVID-19 become clearer.

2. Worker's Compensation

The Town self-funds its Workers' Compensation program and has a dedicated employee within the Human Resources department to manage all claims and cases. The program includes the cost of reinsurance to protect against catastrophic cases. An actuarial analysis is performed annually to determine the adequacy of the self-insurance fund and to identify an annual

appropriation amount. Because of several years of good claims experience, the FY22 requested budget will remain the same as FY21 at \$244,149.

3. OPEB Liability Fund

Other (than Pension) Post- Employment Benefits (OPEB) liabilities are the cost of the Town's actuarially determined obligation to subsidize a portion of retiree medical insurance for retired Town and School employees. Health care cost inflation, an aging population, consistent benefit offerings, and longer life expectancy have collectively served to increase OPEB costs in recent years.

The Town has been a leader in the Commonwealth in providing an aggressive strategy that is now projected to fully fund its OPEB liabilities by 2032. OPEB contributions were increased annually over the course of a decade using a capital exclusion as part of the plan. Eventually, OPEB contributions were funded entirely within the levy. The current actuarial funding schedule recommends a level annual appropriation of \$3,432,000.

4. Pension

The majority of Town employees participate in a defined benefit pension plan, the Wellesley Contributory Retirement System (WCRS). Public School teachers and certain administrators are members of the Massachusetts Teachers' Retirement System, to which the Town does not contribute. WCRS members are required to contribute between 7 and 11% of annual covered Compensation. The Town is required to pay its share of the actuarially determined contribution, which includes amortization of past service costs. Employees do not participate in Social Security.

From FY97 until FY09, the Town did not make contributions to the WCRS, because the system was fully funded and investment earnings were more than sufficient to cover the annual cost to the Town. Town employees continued to make their contributions during this period, however. Following the severe downturn in global financial markets in 2008, the Retirement Board made the prudent decision to resume appropriating Town contributions to the system. Those contributions ramped up quickly, with the annual increases well above the rate of Town Revenue increases. Since 2016 the increases have been more in line with the Town's Revenue growth and, barring significant and ongoing poor capital market performance, should remain so.

Historical Pension Contribution

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Budget	FY22 Request
Contributory Retirement Pension Contribution	\$3,813,574	\$5,940,854	\$7,040,036	\$7,285,678	\$7,562,273	\$7,835,775	\$8,350,000	\$8,851,507	\$9,438,070	\$9,756,209
Tax Impact Portion	3,209,844	5,008,205	5,943,377	6,150,755	6,390,114	6,621,863	7,056,425	7,487,909	7,965,781	8,234,817
Year-over-year increase in tax impact portion	579,571	1,798,361	935,172	207,378	239,359	231,749	434,562	431,484	477,872	269,036
Percentage increase in tax impact portion	22.03%	56.03%	18.67%	3.49%	3.89%	3.63%	6.56%	6.11%	6.38%	3.38%

The FY22 appropriation of \$8,234,817 (up 3.38% from FY21), has been increased slightly to allow for an increase in the COLA (cost of living) base, which had been approved by Town Meeting.

This schedule is projected to achieve full funding by 2030. The current amortization schedule is based upon the assumption that the average annual investment return will be 6.625%, which is

more conservative than most other systems within the Commonwealth, but in line with assumptions of other systems nationwide. The WCRS remains one of the best funded systems in the Commonwealth.

5. Unemployment Compensation

The Unemployment Compensation budget is used to reimburse the Massachusetts Division of Employment Security for actual claims paid on behalf of the Town. The Town has the option of paying a fixed percentage of payroll, or actual expenses, and has chosen the latter, less expensive approach.

6. Compensated Absences

The Compensated Absences budget provides funds to pay eligible employees for sick and vacation time earned in prior years upon retirement, termination or death subject to the provisions of the respective collective bargaining agreements. Because these payouts cannot always be predicted or absorbed, this appropriation serves as a reserve for non-school budgets.

I. RECEIPTS RESERVED FOR APPROPRIATIONS

1. Traffic and Parking

Traffic & Parking Operating Budget

	FY18 Budget	FY19 Budget	FY20 Budget	FY21 Budget	FY22 Request	FY21-22 Change
Traffic & Parking Operations	\$1,548,950	\$1,046,336	\$975,018	\$1,228,015	\$894,685	-27.14%

Funds for Traffic and Parking expenditures are provided by parking meter receipts from on-street meters and the municipal parking lots. The receipts are deposited into the Town's Traffic and Parking Fund. The operating budget for the Traffic Fines Processing Department was moved to this non-tax impact budget some years ago. The budget funds the Traffic Fines Processing Department; traffic engineering services; meter maintenance; snow removal; sanding services for the Town's parking lots; and parking lot repair and maintenance.

The Operating budget request of \$895,684 is a 27% decrease from this past year. The change is largely due to a reduction of capital items (signal improvements and a traffic study for Wellesley Square) that were in the FY21 budget. Parking receipts were dramatically impacted since the declaration of emergency related to COVID-19 last March. Commuter lots, the primary source of parking receipts, have stood largely empty for all of FY21, and street parking was free through February of this year. FY22 receipts are projected to be only slightly improved, as it is at best uncertain when commuter activity will recover and to what extent.

J. CASH CAPITAL AND DEBT SERVICE

1. Departmental Cash Capital

The overall Cash Capital budget request for FY22 is an increase of 9.8% to \$4,260,119. However, it is important to note that, for both FY21 and again in FY22, the Select Board has endeavored to reduce Cash Capital outlays to preserve the Town's Reserves given the impacts to Revenue and the ongoing uncertainty caused by the pandemic. The Select Board, in partnership with the relevant Boards and Committees, has significantly reduced the requested budgets, deferring or eliminating many investments that were deemed to be less than critical needs.

Five Year Trend of Departmental Cash Capital

	FY18	FY19	FY20	FY21	FY22	FY21-22 % Change
Public Works	2,173,000	2,026,000	2,276,000	1,677,000	1,696,000	1.13%
Schools	2,009,253	947,629	1,101,028	828,691	816,739	-1.44%
Facilities - Schools	1,553,000	1,159,000	937,000	223,000	847,000	279.82%
Facilities - Town	322,000	691,000	913,000	665,000	360,000	-45.86%
Facilities - Total	1,875,000	1,850,000	1,850,000	888,000	1,207,000	35.92%
Planning Board	-	25,000	30,000	-	-	0.00%
Select Board	364,009	240,679	452,089	338,066	311,500	-7.86%
Library	100,612	76,800	124,300	70,725	122,880	73.74%
Town Clerk	-	-	-	-	16,000	100.00%
NRC	141,500	99,000	80,000	78,750	90,000	14.29%
Morses Pond	40,000	40,000	-	-	-	0.00%
Total Cash Capital	6,703,374	5,305,108	5,913,417	3,881,232	4,260,119	9.76%

Department of Public Works

The DPW Cash Capital plan for FY22 is \$1,696,000, a slight (1.1%) increase over FY21. Major components of the budget include vehicles and equipment (\$715,000), street and sidewalk improvements (\$455,000) and drainage system rehabilitation (\$260,000). It is worth noting that Cash Capital needs are projected to grow significantly over the next five years (averaging just over \$4 million per year over the FY23-26 timeframe). The projected increase is to come from a combination of deferred projects and deferred equipment purchases, as well as an anticipated increase in costs associated with such projects and assets in the future.

Schools

The School request of \$816,739, a slight (1.1%) decrease from FY21, is comprised primarily (\$764,046, 83.6%) of technology needs with replacement of computers, iPads and Chrome Books making up the majority of that. The technology investment figure is less than half of what was identified in the FY21 budget for FY22 spending. Technology needs will continue to be significant, and somewhat uneven, with more than \$6.0 million in projected technology expenditures over the next five years.

Facilities Management

The FMD Cash Capital Budget increases 35.9% to 1,207,000 in the FY22 budget. Although the budget is larger, the projects on the whole are smaller, reflecting a focus on critical needs. School related projects increase four-fold to a total of \$847,000 with a variety of relatively small projects across the various school buildings. The largest single school project is the continued (from FY21) installation of LED lighting in the middle school at \$275,000

Other Cash Capital

Select Board - The Select Board Cash Capital request is \$311,500, a 7.9% decrease from FY21. Cash Capital investments, as is true in most years, are centered in IT (37.9%) and the Fire Department (56.2%). Notable FY22 investments include turnout coats for the Fire Department and Recovery Hardware for IT. These two areas are projected to be the primary drivers of the significant growth in Select Board Cash Capital Requests over the next four years.

Cash Capital requests from other departments including the Wellesley Free Library and the Natural Resource Committee remain relatively consistent with FY21 and show significantly increased requests over the next four years.

2. Debt Service

This budget provides funds to pay the FY22 principal and interest payments due on all Town permanent and temporary loans (except those of the Enterprise Funds, which are paid from their respective budgets). For FY22 Debt Service for debt Inside and Outside the Levy will increase 9.1% to \$17,492,092.

While the capital plan shows the entire costs of projects in their expected year of appropriation, the debt service budgets for these capital projects are based upon estimates of the timing of cash flows (predominately staggered rather than all at once) needed to fund the projects. Debt service appropriations for debt that has been issued (existing debt) are much more predictable than for debt that has not yet been issued.

The Town currently enjoys a AAA bond rating, which enables it to borrow at favorable interest rates. Most of the Town's debt is amortized using a conservative level-principal (rather than level-payment) approach. Shorter amortizations, which cause debt appropriations to decline quickly and reduce interest charges, have been the Town's practice. In recent years, the Town has also saved significant amounts by refinancing existing debt at lower interest rates.

Historical Trend of Debt Service (Inside, Excluded & Total)

Debt Service	FY18 Budget	FY19 Budget	FY20 Budget	FY21 Budget	FY22 Request	FY21-22 Change
Total Inside Levy Debt Service	4,000,000	4,002,083	4,300,000	5,000,000	5,900,000	18.00%
Outside the Levy Debt Service	12,740,608	12,552,089	11,440,452	10,963,404	11,529,092	5.16%
TOTAL Debt Service	\$ 16,740,608	\$ 16,554,172	\$ 15,740,452	\$ 15,963,404	\$ 17,429,092	9.18%

Outside-the-Levy "Exempt" debt service has declined in recent years as the debt related to completed projects has been paid down. Exempt debt service is projected to increase in FY22, due to the recently approved Middle School Systems project. The Town's registered voters will likely be asked to vote on debt exclusion(s) totaling \$128.1 Million this fall to support the construction of two elementary schools. There will also likely be one other significant project proposed for debt exclusion in FY23, the renovation of the Town Hall's interior (\$15.5 Million).

There are also a number of significant projects to be funded with debt Inside the Levy (not debt exclusion), including the renovation of certain DPW facilities (\$9.4 Million). Levy borrowing over the next five years will, in aggregate, average \$6.8 Million per year.

If approved, debt associated with these projects (Inside the Levy and Exempt) will contribute to an increase in property owners' tax bills. Please see the "Future Projected Capital Projects and Borrowing Needs" section of the Town Wide Financial Plan starting on page 26. Additionally, the following charts and tables are valuable resources to gain context around the Town's projected Debt Service:

- Appendix-D - Summary of the Five-Year Capital Program that summarizes all anticipated major capital expenditures for FY22 – FY26 on pages 155 of this report for a schedule of major projects and projected costs
- Modeled Median Tax Bill to see a hypothetical projection of future annual tax bills based on the Median Property Value on page 27 of the TWFP report

ADVISORY CONSIDERATIONS, CONCLUSIONS AND RECOMMENDATIONS – ARTICLE 8, MOTION 2

Summary and Considerations:

The FY22 omnibus budget request is \$179,360,362; a \$5,119,331 (2.9%) increase over the Final FY21 omnibus budget request of \$174,241,031. This Advisory Report goes to print with a balanced budget for FY22 as required by Town Bylaws; the median tax bill is projected to be \$14,145 for FY22, an increase of 2.7% from the FY21 median tax bill of \$13,759.

Use of Free Cash, Reserves and Reserve Policy - The Town will use \$3,781,347 in free cash to balance the FY22 budget. This is 43.3% above a year ago, and generally above past years. The increase for FY22 is largely related to using free cash to offset a shortfall in Parking and Traffic revenues. In addition, the town will use \$113,787 of Free Cash to add to stabilization funds. The total uses of free cash of \$4,495,134 are below levels of the recent past.

Reserves: The Town's fiscally responsible, conservative budgeting leads to Free Cash being available at fiscal year-end for the next year's budget without compromising the Town's reserve levels, projected to be 12.5% of Revenues on June 30, 2021 (continuing a three-year trend of exceeding the Town's Financial Reserves Policy range of 8% - 12%). Additions to Free Cash come from prior year unused budgeted funds (i.e., turn backs) and greater than expected Town Revenues.

Cash Capital, Debt Service and Debt Policy - Cash Capital outlays in the FY22 budget are \$4.2 million, an increase of 9.8% from FY21 but well below the levels of FY18-FY20 when they averaged just under \$6 Million per year. Future Cash Capital requests will have to be managed aggressively. The Town's Five-Year Capital Budget Program (see Town Wide Financial Plan, page 32) shows that Cash Capital requests will average in excess of \$9.1 million in the coming four years.

Inside the Levy Debt Service increased 18% to \$5.9 million for FY22. It is likely to continue to grow with three significant projects currently scheduled in FY23 and FY24 that are planned to be funded with Inside the Levy borrowing: Middle School Parking Repaving - \$2.5 million, DPW Highway & Parks Building renovation - \$7.5 Million and RDF Administration Building Renovation - \$3.3 million.

The Select Board established a debt policy in 2018 that limits spending for Cash Capital plus Inside-the-Levy Debt Service to a range of 6.2% - 6.8% of budgeted Revenues. This is viewed as the appropriate level for maintaining assets, while avoiding operating overrides or compromising operating budgets. The Select Board has done a commendable job in developing the FY21 and FY22 budgets that have stayed at the low end of this policy. However, the Select Board and the relevant Town Boards, Committees and Commissions will face a very significant challenge to maintain future financing within policy. Some very tough choices will likely have to be made regarding which requested projects the Town can afford and which have to be modified, postponed or eliminated.

Nonetheless, Advisory continues to have a largely positive assessment of the Town's financial health despite the impacts of the pandemic, as demonstrated in the following areas: adequacy of reserves; strong revenue base; ability to generate cash that helps fund operations; and the significant progress the Town continues to make toward funding pension as well as Other Post-Employment Benefits (OPEB) liabilities. The FY22 budget, similar to that of recent fiscal years, includes a commitment to fund both the pension and OPEB liabilities in a conservative and appropriate manner. With the pension plan slated to be fully funded by 2030 and OPEB by 2032,

the Town remains at the forefront of municipalities in fulfilling its obligations to its retired employees. Bond rating agencies in turn reward the Town for funding these obligations through higher bond ratings, which result in lower borrowing costs for the Town. Advisory is also pleased that the Executive Director and the Select Board have been proactively working with the unions to continue to contain healthcare costs.

Future Capital Projects and Debt Exclusions - The Town is contemplating three major projects that will require voter-approved debt exclusions. These large capital projects over the next four or more years will likely cost more than \$145 million. The majority of this sum will be for the replacement of the Hunnewell and Hardy elementary schools. The Hunnewell project will be funded in the typical way the Town funds large capital projects. For the Hardy project, the Town is partnering with the Massachusetts School Building Authority (MSBA) and may be eligible for reimbursement of up to 30%, or approximately \$17 million, of the project costs which would reduce the aggregate figure cited above. Construction funding for renovation of the interior of the Town Hall would, like the elementary school projects, require a voter-approved debt exclusion. These projects, as with any significant addition to excluded debt, will put upward pressure on property owners' tax bills.

Overall Personal Service Expense - Personal service expense remains and will likely always be the largest driver of the Wellesley operating budget. It represents roughly two-thirds of the cost of total operations. The cost structure of Wellesley's personal services is based on a high percentage of union employees whose contracts include annual increases that in recent years have exceeded the rate of inflation. As a result, managing headcount will remain critically important. Maintaining or potentially decreasing headcount through greater efficiency while retaining our excellent level of service should be a primary goal throughout the Town's operations. It is worth noting there were effectively no additions to full time position equivalents (FTEs) across all departments in the FY22 requested budget. Also, of note, when long-term employees retire and are replaced with lower-paid younger employees, it serves to mitigate the overall Personal Services increase. Again, it is the hope of Advisory that the efficiency of overall Town operations will remain a priority and continue to improve.

School Budget - First, Advisory would like to commend the School Committee and all School staff for the truly amazing job they have done in responding to the pandemic, and their extraordinary efforts to continue to provide a world-class learning environment in unprecedented times. It is truly impressive when considering they were able to build, implement and manage the Remote Learning School and the hybrid learning model in a matter of a few months.

The School budget is above the budget guideline of 2.5% at 2.7% and is predicated on returning to a complete in-person learning model. The challenges of shifting to and from remote and hybrid learning models, as well as planning for Special Education and General Personal Service expenses, continue to make the School budget planning difficult while remaining within the Select Board's guidelines.

Special Education Expense: Special Education related costs continue to be unpredictable. Unanticipated changes in the School's out-of-district placements, as well as the varying level and delayed nature of State Special Education ("Circuit Breaker") aid, have often provided a challenge in developing the School budget and impacted overall Town budgeting.

In FY20 the Schools, with Select Board support, changed its budgeting process to budget for only "known and reasonably anticipated" Special Needs students. It was intended to ease pressure on the General Education segment of the budget which had been reduced in some years to meet the Special Education mandate. A stabilization fund for Special Education related expenditures

was established and initially funded. The fund was utilized to help cover unanticipated SPED costs during the FY20 budget cycle and an appropriation to replenish the fund was approved at ATM20. The School's FY22 request does not contemplate funding from the Stabilization Fund. Contributions to the Fund will be modest at \$57,000 (per Article 11). Advisory believes the Stabilization Fund approach continues to have merit.

Schools General Personal Expenses: It is estimated that cost of living adjustment (COLA) increases, combined with "step" increases for teachers who have not reached the top annual step and "lane" increases for teachers who get additional degrees, will continue to come close to or even exceed the Select Board's stated operating budget guideline of 2.5% by themselves at current staffing. This contractual obligation will remain an ongoing challenge to the Schools' in developing budgets that are within Select Board guidelines

Enrollment trends have a direct impact on planned staffing needs and budget forecasting. In the 2019-2020 academic year before COVID-19, class size was under guideline in 52% of the elementary school sections. The School had intended to reduce the elementary schools by two sections in the initial FY21 budget, prior to the outbreak of COVID-19. For FY22, the School is planning for 107 sections, the same as the 2019-2020 academic year despite a projected decline of enrollment from that time of 56 students. Advisory recognizes the challenge of managing class section size in a neighborhood school environment. However, given projections for a continued decline in enrollment, Advisory asks that the School Administration and the School Committee continue to review class sections and look at class guidelines of our benchmark towns to be certain they are managing the staff as creatively as possible to help contain the growth in the number of FTEs. This may help the Schools manage personnel costs and stay within future guidelines. As previously noted, Advisory unanimously voted in support of the overall Town budget, including the School budget, despite it being over guideline.

COVID-19 Related Government Assistance - For FY21 the Town received Federal Relief commitments (most notably the "CARES Act") totaling more than \$3.9 million with the majority of that (\$2.9 million) used in support of the Schools. The Federal Consolidated Appropriations Act passed this past December extended the date for COVID-19 related costs that could be reimbursed to December 31, 2021. With the extension of the deadline for the use of funds, the Town will not require any supplemental appropriations relating to School and Town operations for FY21. The Town will be monitoring unemployment costs for teachers who were hired for this school year for the RLS. As Federal assistance continues to be expanded, the Town may be able to absorb those costs without supplemental budget request. If not, the Town will submit supplemental budget requests at the anticipated fall 2021 Special Town Meeting.

The American Rescue Plan was recently passed into law. The law provides for financial assistance to municipalities and schools but specific information and spending requirements have yet to be issued. Funds are anticipated to provide assistance to programs and projects directly impacted by COVID-19, including school reopening assistance (PPE, ventilation, COVID-19 testing, vaccinations, class size, etc.)

Conclusions and Recommendations

The Advisory Committee appreciates and values the partnership and diligent work of the Finance Department, Town boards, staff of the boards and departments, as well as volunteers in the development of the annual budget. The preparation of this report takes a significant amount of preparation and coordination and could not have been done without this partnership. Advisory also commends the Select Board in collaboration with other Boards and Town staff in delivering a fiscally responsible, balanced budget. The past year was truly unprecedented. Developing a sound balanced budget is difficult in any year, let alone in the midst of a worldwide pandemic!

The challenges in delivering a balanced budget in FY22 remain the same as in recent past years, but are exacerbated by the ongoing impacts of the global pandemic, with the three key drivers of increasing costs being:

- Personal Service Expenses;
- Employee Benefits; and
- Capital Expenditures.

These items are and will likely remain the primary challenges for the foreseeable future. Difficult choices have been made -- and will have to be made -- on how best to manage the inherent growth of these items against the equally inherent limits to growth of the Town's resources.

Advisory members gave special consideration to the following points:

- 1) Supportive Unsupportive Votes – This year eight departments met the criteria for taking a Supportive/Unsupportive vote (compared to four last year) by being over the Select Board operating budget guideline. Of those eight departments, five were unanimously supported. The remaining three were also supported but with split votes: Schools (eight in favor to five opposed), Town Clerk (eleven to one), and Sustainable Energy Committee (thirteen to one).
- 2) Budget, Budget Process and Capital Planning – Advisory commends the work of the Finance Department and Executive Director, under the direction of Select Board, that have improved the operating budget process over the past several years. Looking forward, the Select Board has been clear with its expectations for the parameters and assumptions it will use for the development of budgets in the next two to three years: 2.5% increase in annual operating budgets and limiting Inside the Levy financing (Cash Capital plus Inside the Levy Debt Service) to the lower end (6.2% of Revenue) of the debt policy. These parameters are set against conservative Revenue growth assumptions. Although the Advisory Committee commends a conservative approach to operational budgets and capital expenditures in this time of fiscal uncertainty, it is concerned with the implications for investment in the Town's assets and infrastructure.

Based on the assumptions outlined in this year's Town Wide Financial Plan, the Select Board is projecting a combined two-year (FY23-FY24) deficit of roughly \$9.7 million. Much of the projected deficit can be attributed to significant increases in Cash Capital requests (in part reflecting deferred projects from FY21 and FY22) and increased Inside the Levy Debt Service (as more projects are funded with Inside the Levy borrowings). These increases are in addition to potential debt exclusions (if approved by voters) totaling almost \$145 million over this time period. The Select Board is very aware of the issue raised by the aggregation of these capital expenditures and in its words is "committed to a rigorous analysis of capital requests". Clearly some very difficult choices will have to be made. Advisory encourages the Select Board, working through the Executive Director and Finance Department, to continue their efforts to create a more systematic and strategic approach to capital planning that builds on a year-to-year planning process.

- 3) School Budget, and Enrollment – As previously stated, the Schools have a structural challenge with Personal Service increases based on the contractual obligations with the unions representing the majority of its staff. These obligations make it extremely difficult to stay within the Select Board Operating Budget guidelines. Advisory sees "right sizing" the number of school class sections (ensuring a large majority of sections are within class

size guidelines), while acknowledging the challenges of managing class size in a neighborhood school model, as the most likely approach to successfully meet the Select Board guidelines.

- 4) Enhance Efficiency, Ensure Security – Finally, as stated in prior reports, Advisory strongly believes that the Town must look for operational efficiencies wherever possible. The Select Board together with the Executive Director should carefully consider:
 - Centralization of IT resources where efficiencies and enhancements can be gained such as in storage, networking and remote access.
 - Outsourcing where it is more cost-effective and could reduce headcount and investing in software to improve workflow within and among Town departments.
 - Potentially consolidating finance, IT or other functions across the various departments to reduce cost and improve efficiencies (e.g., recent efforts to leverage metering and management infrastructure across Water and Sewer and the MLP).

Advisory also encourages broad and continued assessment of the security of the Town's technology platforms and infrastructure. There have been numerous reports in the media of municipalities and utilities being disrupted, shut down or held hostage to malware and other forms of hacking.

Advisory recommends favorable action, 12 to 0.

ARTICLE 8, MOTION 3

This Motion seeks authorization from the Town to transfer the sum of \$3,781,347 from Free Cash to Available Funds in order to balance the FY22 tax-impact budget.

Advisory supports this transfer of funds from Free Cash to adequately fund the budget proposed in Article 8, Motion 2.

Advisory recommends favorable action, 13 to 0.

ARTICLE 9. To see if the Town will vote pursuant to Section 53E1/2 of Chapter 44 of the Massachusetts General Laws, as amended by Section 86 of Chapter 218 of the Acts of 2016, to set the limit on the total amount that may be spent from each revolving fund for Fiscal Year 2022 as follows:

- a. Street Opening Maintenance Fund: \$225,000.00
- b. DPW Field Use Fund: \$200,000.00
- c. Turf Field Fund: \$150,000.00
- d. Tree Bank Fund: \$75,000.00
- e. Baler, Compactors, and other RDF Equipment Repair Fund: \$50,000.00
- f. Council on Aging Social and Cultural Programs Fund: \$140,000.00
- g. Teen Center Program Revenues Fund: \$50,000.00
- h. Library Room Rental Fund: \$35,000.00
- i. Lost/Damaged Library Materials Replacement Fund: \$20,000.00
- j. Brookside Community Gardens Fund: \$3,000.00
- k. Weston Road Gardens Fund: \$7,000.00
- l. Library Copier Fees Fund: \$20,000.00
- m. Cultural Council Revenues Fund: \$6,500.00

or to take any other action in relation thereto.

(Select Board)

In this Article, the Board of Selectmen (BOS) seeks Town Meeting approval to update Article 55 Revolving Accounts for the FY22 annual authorization or reauthorization of all the revolving funds listed in Chapter 55 of the Town Bylaws.

Overview

These funds were established according to Section 53E $\frac{1}{2}$ of Chapter 44 of the Massachusetts General Laws and (except for the recently created Cultural Council Revenues Fund) were updated at the 2017 ATM to remain in compliance with the changes implemented in the 2016 Massachusetts Municipal Modernization Act. These revolving funds are sourced solely from departmental receipts received in connection with the programs supported by the funds. Expenditures may be made from these revolving funds without further appropriation; they have no tax impact on the Town budget. Annual expenditures may not exceed the revolving fund balance or the authorization limits. Any earnings on these revolving funds are returned to the Town's General Fund. Per state law, the total of all revolving funds may not exceed 10% of the prior fiscal year's tax levy and no single board or department may spend more than 1% of that levy amount.

The table below contains an overview of the thirteen revolving funds addressed in this Article. The table includes the responsible board/department, the FY22 requested annual expenditure limit for the fund, and the history of past authorization levels.

Annual Expenditure Limit (\$) Revolving Fund	Expended By	ATM	FY20	FY21	FY22
Street Opening Maintenance	DPW	2006	225,000	225,000	225,000
DPW Field Use Fund	DPW	2006	200,000	200,000	200,000
Turf Field Fund	DPW	2011	500,000	150,000	150,000
Tree Bank Fund	DPW	2011	75,000	75,000	75,000
Baler, Compactors and other RDF Equipment Repair Fund	DPW	2017	50,000	50,000	50,000
COA Social & Cultural Programs	COA	2006	140,000	140,000	140,000
Teen Center Program	Rec. Dept.	2006	50,000	50,000	50,000
Library Room Rental	Library	2009	35,000	35,000	35,000
Library Lost/Damaged Materials	Library	2016	20,000	20,000	20,000
Brookside Community Gardens	NRC	2006	3,000	3,000	3,000
Weston Road Gardens	NRC	2017	7,000	7,000	7,000
Library Copier Fees Fund	Library	2018	20,000	20,000	20,000
Cultural Council Revenues Fund	Cult. Council	2019	6,500	6,500	6,500

The authorized expenditure limit for each revolving fund in FY22 is the same as it was in FY21. Note that in FY20, the Turf Field Fund limit was significantly increased in anticipation of needing those funds for replacement of the Sprague turf fields. In FY21, due to ongoing projects, the expenditure limit was significantly decreased from FY20, but the anticipated need is great enough to keep the limit at a higher level than in FY19 and prior years.

Advisory Considerations

Advisory supports favorable action on the annual reauthorization of the funds. Advisory continues to support the management of these programs through revolving funds, as approved consistently at Town Meetings since 2006. For all these revolving funds, expenditures are paid from cash receipts collected from outside sources specifically for the purposes designated and without any expense to the Town. When necessary, updating revolving funds by reclassifying them to be more appropriately aligned with their intended uses is a practical way of reflecting the changes in the use of the revolving funds that periodically occur. So, too, revolving funds periodically may be added or removed in order to keep current with evolving state requirements.

Advisory recommends favorable action, 13 to 0.

ARTICLE 10. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to the Special Injury Leave Indemnity Fund established under Article 9 of the 2017 Annual Town Meeting, or to take any other action in relation thereto.

(Select Board)

In this Article, the Select Board (SB) requests Town Meeting approval for the appropriation of \$45,275.00 to the Town's Special Injury Leave Indemnity Fund (the Fund). Article 9 of the 2017 Annual Town Meeting established the Fund solely for the payment of injury leave compensation and medical bills for police and firefighters injured on duty, pursuant to the authority granted by Massachusetts General Laws, chapter 41, §111F. Monies transferred into the Fund may be expended without further appropriation by the SB. The town annually appropriates the unused funds in the Injured On Duty insurance operating budget (measured at fiscal year-end), to be added to the Special Injury Leave Indemnity Fund. This Fund was established to ensure adequate public safety staffing by covering medical costs and wages lost to injuries when those costs outstrip the insurance policy and public safety operating budgets. Town management continues to evaluate the adequacy of funding provided for this purpose. For the past several years, the Town has sought insurance to provide indemnity coverage for the payment of injured on duty salaries, but the cost becomes prohibitive due to the Town's past claims history.

Advisory recommends favorable action, 12 to 0.

ARTICLE 11. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to the Special Education Reserve Fund established by the vote taken under Article 10 at the 2017 Annual Town Meeting to pay, without further appropriation, for unanticipated or unbudgeted costs of special education, out-of-district tuition or transportation, or to take any other action in relation thereto.

(Select Board)

Overview

The Municipal Modernization Act of 2016 authorized an additional reserve fund for special education, and the Town responded by creating its own Special Education Reserve Fund at ATM 2017. Revenues from Medicaid receipts related to special education were deposited into the fund at that time, with a plan to continue to build the fund in subsequent years.

Over the past two years, deposits of \$500,000 have been made to the Special Education Reserve Fund to further protect the School budget from unforeseen special education costs, for instance unanticipated out-of-district placements or other extraordinary expenses.

In FY21, special education costs did not exceed budget, and so the district will not require a Special Education Stabilization transfer out of the Fund for FY22. The Select Board recommends, as usual, contributing the prior year's Medicaid reimbursement receipts, which for FY22 will total \$57,000. However, since there was no pull on the Fund this year, and given the financial constraints of FY21, the Select Board is not recommending any further Free Cash deposit. Hence, there will no additional funding beyond the \$57,000 from Medicaid receipts.

Advisory Considerations

Advisory supports the proposed deposit of the prior year's Medicaid reimbursement of \$57,000 to the Special Education Reserve Fund. Advisory continues to believe that the Reserve Fund is an appropriate way for the Town to address unanticipated special education costs, with the belief that requiring both the Select Board and School Committee vote to authorize expenditures from the Reserve Fund provides sufficient oversight. With no additional transfer needed, Advisory supports the transfer of the prior year's Medicaid receipts of \$57,000.

Advisory recommends favorable action, 12 to 0.

ARTICLE 12. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to the Baler Stabilization Fund established by the vote taken under Article 10 at the 2016 Annual Town Meeting for replacement of the Recycling and Disposal Facility (RDF) Baler, RDF Compactors, and other RDF equipment, or to take any other action in relation thereto.

(Board of Public Works)

This Article seeks Town Meeting approval to transfer \$11,512 from Free Cash as of the June 30, 2021 certification.

The Baler Stabilization Fund was established during the 2016 Annual Town Meeting to properly account for funds that had previously been transferred to the then-called Baler Replacement Fund. The purpose of this fund is to reserve funds for the replacement of critical equipment of the Recycling and Disposal Facility, including the baler, compactors, and other equipment. The current balance in the fund is \$846,430. The baler has already exceeded its expected useful life and, through proactive and preventive maintenance, the DPW expects the Baler will not need to be replaced for at least another five years. The five compactors have also exceeded their expected useful life and are expected to enter a replacement cycle within the next five years.

Advisory Considerations

Advisory believes that funding the Baler Stabilization fund is an appropriate way to prepare for the replacement of critical equipment at the RDF.

Advisory recommends favorable action, 12 to 0.

ARTICLE 13. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Board of Public Works for the purposes of operating and managing the Water Program, or to take any other action in relation thereto.

(Board of Public Works)

Under this Article, the Board of Public Works (BPW) requests the appropriation of the Water Enterprise Fund's ("Water Fund") FY22 receipts and cash on hand as of June 30, 2021, for payment of the Water Division operating and capital expenditures in FY22, provided that the total amount of expenditures in FY22 shall not exceed \$9,867,360. This amount is \$210,999 less than the FY21 authorization and the decreases are primarily due to a decrease in Capital Improvements, reduced payments due for Debt principal, and the reduction of one full time position.

Water Enterprise Fund	FY21	FY22	\$ Change	% Change
Sources of Funds				
Water Fund Receipts				
Water Use Charges	5,655,736	6,517,806	862,070	15.2%
Non-Operating Income	458,585	447,841	(10,744)	(2.3%)
Non-Operating Contribution to Capital	0	0	0	0.0%
Loan Proceeds	350,000	1,834,823	1,484,823	424.2%
Total Receipts	6,464,321	8,800,470	2,336,149	36.1%

Depreciation	975,330	1,025,253	49,923	5.1%
Retained Earnings	2,638,708	41,637	(2,597,071)	(98.4)%
Total Sources of Funds	<u>\$10,078,359</u>	<u>\$9,867,360</u>	<u>(\$210,999)</u>	(-2.1)%
Uses of Funds				
Salaries	1,953,039	1,928,980	(24,059)	(1.2%)
Expenses				
MWRA Water	1,882,300	2,202,291	319,991	17.0%
Health Insurance/Retirement/Risk Management	736,263	755,152	18,889	2.6%
All Other Operating Expenses	1,307,745	1,294,665	(13,080)	(1.0%)
Subtotal - Expenses	3,926,308	4,252,108	325,800	8.3%
OPEB (Other post-employment benefits)	38,500	38,500	0	0.0%
Depreciation	975,300	1,025,253	49,953	5.1%
Total Personal Services and Expenses	<u>6,893,147</u>	<u>7,244,841</u>	<u>351,694</u>	5.1%
Non-Operating Expenses	548,695	494,800	(53,895)	(9.8%)
Non-Operating Expenses (Interest)	102,436	86,236	(16,200)	(15.8)%
Capital Outlay	1,260,000	1,080,000	(180,000)	(14.3%)
Non-Operating Capital Expenditures	0	0	0	0.0%
Debt	801,432	518,932	282,500	(35.3%)
Emergency Reserve	472,649	442,551	(30,098)	(6.4%)
Total Uses of Funds	<u>\$10,078,359</u>	<u>\$9,867,360</u>	<u>(\$210,999)</u>	(2.1%)

Overview

The Water Division provides water supply, storage and distribution to residential, commercial and institutional customers. The Town's water supply system includes wells, pumping stations, treatment facilities and a distribution system with two underground reservoirs. Water is supplied primarily from Town wells supplemented by the Massachusetts Water Resources Authority (MWRA). The principal expenses of the Water Division are for the maintenance and operation of the Town wells and distribution system, as well as for the purchase of supplemental water from the MWRA. In general, water purchased from the MWRA is more expensive than water produced from Town wells. The expenses of the Water Division are funded through the Water Fund, which is "non-tax impact." Revenues are received from rates charged to users. The budget is designed to break-even on a cash flow basis in a "moderate" water usage year. Water usage is subject to unpredictable, weather-related variation, which can affect revenues and expenses. To offset this variability, the Water Division budget includes a substantial contingency. Overall, cash and equivalents in the Water Fund at the end of FY22 are projected to be \$3.28 million. Interest earned goes to the Town's General Fund.

Sources of Funds

Total receipts in FY22 from ratepayers are projected to be \$6.5 million. This revenue is based on an estimated annual usage of 1.089 million CCF (or 815 million gallons) of Town water. Non-operating income shows the amount projected for water service demolitions and installations. These fees are paid by individual customers requiring service and does not affect water use rates. The BPW has not yet set water rates for FY22; the projected revenue assumes no increase for FY22.

Uses of Funds

The “Total Personal Services and Expenses” line in the Sources and Uses chart on the previous page shows that total operating expenses for FY22 are projected to be \$7,244,841, an increase of \$351,694 (or 5.1%) from the FY21 operating budget. Personal service costs are projected to be \$1,928,981, a decrease of \$24,059 (or 1.2%) from FY21 budget which is due to a net of the decrease of one employee and the expected FY22 pay increases for the Series 40/50/60 and the union employees. Expenses are increasing by 8.3%, primarily due to an increase in MWRA water purchases.¹

FY22 Capital Budget

The BPW projects capital outlays of \$1,080,000 in FY22, including \$50,000 for well cleaning; \$300,000 for water treatment plant upgrades; \$500,000 for water distribution system improvements \$200,000 for equipment replacement, and \$30,000 for building maintenance. Increases are due to programmed requirements for Water Treatment Plant Upgrades, Distribution Improvements and Equipment upgrades. Hydrant replacement and meter maintenance capital requests have been deferred for one year as prior year appropriations will be available to complete work planned for FY22.

Outlook

The Water Division is continuing a number of steps to improve local well yields to reduce the Town’s reliance on MWRA water. The Water Division also has a multi-year plan underway to make improvements to the water distribution system. The Division takes advantage of interest-free loans from the MWRA to minimize the impact to the rate payers. Last year, the Water Division began a town-wide replacement of water meters and this project is approximately two-thirds complete. This project will increase meter reliability and will also provide more timely information to help identify water leaks and water losses.

Advisory Considerations

Advisory believes the operating and capital budgets proposed in this Article are appropriate. In a climate of continued periodic water rate increases from the MWRA, the Town’s Water Enterprise Fund does a commendable job of keeping costs low through a greater reliance on the Town’s own water sources. In addition to controlling costs, the department is constantly looking to protect and improve the potential of the Town’s aquifers and to maintain and repair the miles of underground pipe to reduce water leakage. Advisory supports the Board of Public Works request for the funds required to operate the Water Enterprise Fund for FY2022.

Advisory recommends favorable action, 12 to 0.

¹ Since FY10, the percentage of water sourced from local wells has increased from 67% to 80% as a result of recharging existing wells and adding a new well in FY15.

ARTICLE 14. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Board of Public Works for the purposes of operating and managing the Sewer Program, or to take any other action in relation thereto.

(Board of Public Works)

Under this Article, the Board of Public Works (BPW) requests the appropriation of the Sewer Enterprise Fund's ("Sewer Fund") FY22 receipts and cash on hand as of June 30, 2021 for payment of the Sewer Division operating and capital expenditures in FY22 provided that the total amount of expenditures in FY22 shall not exceed \$10,576,048.

Sewer Enterprise Fund	FY21	FY22	\$ Change	% Change
Sources of Funds				
Sewer Fund Receipts				
Sewer Charges	\$8,242,438	\$8,441,503	\$199,065	2.4%
Non-Operating Income	65,750	68,424	2,674	4.5%
Grant/Loan Proceeds	485,000	1,385,000	900,000	200.0%
Total Receipts	8,793,188	9,894,927	1,101,739	12.4%
Depreciation	458,179	486,465	28,286	6.2%
Retained Earnings	514,171	194,655	(319,516)	(63.1)%
Total Sources of Funds	<u>\$9,765,538</u>	<u>\$10,576,048</u>	<u>\$810,509</u>	<u>8.2%</u>
Uses of Funds				
Salaries	\$893,891	\$878,530	(\$15,361)	(1.8%)
Expenses				
MWRA Sewer	6,245,000	6,494,800	249,800	4.1%
Health Insurance/Retirement/Risk Management	350,930	350,930	0	0.0%
All Other Operating Expenses	283,801	322,068	38,267	13.8%
Subtotal - Expenses	6,879,731	7,167,797	288,067	4.3%
OPEB (Other post-employment benefits)	16,500	16,500	0	0.0%
Depreciation	458,179	486,465	28,286	6.2%
Total Personal Services and Expenses	8,248,301	8,549,293	300,992	3.7%
Non-Operating Expenses	50,000	50,000	0	0.0%
Non-Operating Expense (Interest)	59,586	45,086	(14,503)	(24.3%)
Capital Outlay	620,000	1,140,500	520,500	57.8%
Debt	314,207	267,482	(46,725)	(16.3%)
Emergency Reserve	473,444	523,687	50,243	10.2%
Total Uses of Funds	<u>\$9,765,538</u>	<u>\$10,576,048</u>	<u>\$810,507</u>	<u>8.2%</u>

Overview

The Sewer Division provides for the construction, operation, and maintenance of the Town's sanitary sewer system including trunks, force mains and laterals and pumping and lift stations. Sewage is sent to the Massachusetts Water Resources Authority (MWRA) for treatment at the Deer Island Wastewater Treatment Plant. MWRA charges represent 75% of the Sewer Division's expenses.

The expenses of the Sewer Division are funded through the Town's Sewer Enterprise Fund, which is non-tax impact. Revenues are received through rates charged to users. Customer charges are based on indoor water use, which is subject to variation. To offset the resulting variability in revenue, the Sewer Division budget includes a substantial contingency. Interest earned goes to the Town's General Fund. Overall, cash and equivalents in the Sewer Fund at the end of FY22 are projected to be \$3.9 million. Interest earned goes to the Town's General Fund.

Sources of Funds

Total receipts in FY21 are projected to be \$9,984,927. This revenue is based on a projected usage of 771,000 CCF (or 576 million gallons) in FY22, even with FY21 levels. The BPW has not yet set sewer rates for FY22, though the projected revenue assumes a 2% rate increase as of July 1, 2021.

Uses of Funds

Total Personal Services and Expenses shows that operating expenses are projected to be \$8,549,293 in FY22, which is an increase of \$300,992 or 3.7% compared to FY21. This increase is driven primarily by a \$249,800 MWRA charge increase and a decrease of \$15,361 in salaries due to the reduction of the Sewer division's portion one full time position.

MWRA charges constitute approximately 75% of overall operating expenses. The projected MWRA charges are based on information the BPW has received from the MWRA Advisory Board and are subject to change.

Capital Budget

Capital outlays for FY22 are projected to be \$1,140,500, an increase of \$520,500 from FY21 primarily due to improvements to be made to the sewer system and a manhole replacement program which is eligible for MWRA grant and loan funding. More specifically, the FY22 capital program includes \$1,025,500 for sewer system and manhole rehabilitation, \$50,000 for ejector station improvements, and \$65,000 for equipment replacement.

Outlook

The BPW expects that MWRA charges will continue to increase in future years, as the MWRA faces increasing expenditures for the rehabilitation of the Deer Island Treatment Plant and other MWRA infrastructure. These increased charges will result in periodic sewer rate increases.

Advisory Considerations

Advisory believes the operating and capital budgets proposed in this Article are appropriate. Despite rising costs from the MWRA for sewage fees, the DPW does a commendable job of minimizing the impact to the Sewer Enterprise Fund budget. Advisory also believes that the increase in capital expenditures is appropriate to support continued investment in the Sewer infrastructure. Advisory is supportive of the Board of Public Works request for the FY22 funding for the Sewer Program.

Advisory recommends favorable/unfavorable action, 13 to 0.

ARTICLE 15. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to be expended under the direction of the Municipal Light Board for purposes of operating and managing the Municipal Light Plant, or to take any other action in relation thereto.

(Municipal Light Board)

Through this Article, the Municipal Light Board (MLB) requests the appropriation of revenues from ratepayers and other sources and cash on hand as of June 30, 2021 (FY21), for payment of the Municipal Light Plant (MLP) operating and capital expenditures in Fiscal Year 2022 (FY22).

Overview

The MLP has been established and is governed by Massachusetts General Law Chapter 164 and operates as an independent, Town-owned electric utility. The MLP provides electricity to approximately 9,000 residential customers and 1,200 commercial customers. All operations are funded from the sale of electricity to customers during the current year and retained earnings from prior years. The MLP also generates non-operating income from related services including:

- providing operations and maintenance to MassDevelopment-Devens¹;
- providing fiber connectivity for a Distributed Antenna System (DAS) for T-Mobile and Verizon Wireless;
- providing fiber connectivity for high-speed internet for Lightower²;
- providing streetlight maintenance for the Town of Acton;
- providing streetlight maintenance for the Town of Needham; and
- providing Small Cell Wireless antennas for AT&T and T-Mobile.

The MLP's principal FY22 estimated expenses are the purchase of energy on the wholesale market (\$13.9 million), Forward Capacity Market (FCM) expenditures³ (\$4.5 million), and transmission (\$6.1 million), which together total \$24.5 million or 78% of the MLP's operating budget. Although the MLB has been able to reduce energy costs by using favorable hedging strategies, ISO-NE regulated FCM costs have fluctuated dramatically and Transmission costs continue to rise. However, the MLP's Five-Year Financial Forecast projects significant cost reductions for FCM in 2022.

The MLP also owns and is responsible for the maintenance and improvement of the electric distribution system in Town as well as sub-transmission lines into Newton and Needham.

Revenues

The MLB has estimated that \$33.0 million of operating revenues and \$1.1 million of non-operating revenues would be sufficient to cover all operating and capital costs in FY22 (including the \$1.0 million payment to the Town). Wellesley residents and businesses continue to enjoy electric rates that are well below those charged in surrounding communities. As of December 2020, residents in Newton, Needham and Natick using 750 kilowatt-hours per month were paying 58% more than those living in Wellesley.

¹ The MLP maintains the electric infrastructure and supply lines to MassDevelopment real estate projects in Devens, a 4,400-acre former military base which was converted into a planned community in the late 1990s. The Devens contract generates the largest percentage of the non-operating MLP revenue.

² Lightower is a business-class internet access service provider that was purchased by Crown Castle, a Standard & Poor's 500 company, in November 2017.

³ FCM revenues are set by the Independent System Operator-New England (ISO-NE) based on the MLP's demand at the time of the New England system peak from June 1 to May 31 and paid to generators to encourage the construction of new power plants.

The MLP continues to explore opportunities to increase non-operating revenues since the MLP utilizes non-operating profits to reduce electric rates and fund energy conservation and renewable energy initiatives.

Operating Expenses

The FY22 Operating Expense budget of \$31.4 million is 6.3% below FY20, a decrease of \$2.1 million. The table below compares the MLP's historical and projected expenditures for FY18 to FY22:

Operating Expenses	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Budget	FY22 Requested
Administrative & General	\$788,300	\$820,100	\$712,300	\$658,500	\$665,144
Energy Purchases	14,934,700	16,519,000	13,471,000	14,604,700	18,767,516
Forward Capacity (a)	10,970,100	9,852,900	8,180,000	4,751,000	4,531,423
Transmission	5,375,900	5,567,100	5,238,000	6,403,200	6,089,915
Distribution	1,120,700	1,030,600	1,446,000	1,137,300	1,275,125
Customer Service	653,300	804,600	891,500	869,800	937,384
Depreciation	3,613,300	3,527,800	3,593,000	3,700,000	3,691,726
TOTAL	\$37,456,300	\$38,122,100	\$33,530,800	\$32,124,500	\$31,426,810

In addition to generating revenues required to meet the operating expenses outlined above, the MLP revenues are also used to fund the \$1 million annual payment to the Town's General Fund. In FY18, the MLP spent \$563,000 for the retrofit of 2,882 high pressure sodium streetlights with Light Emitting Diode ("LED") fixtures. The LED retrofit is saving Wellesley taxpayers \$130,000 annually.

The MLP's biggest expense is the purchase of electricity on the wholesale market, delivered to Wellesley through ISO-NE, a regional electricity transmission organization servicing New England. In the past, the MLP systematically reduced its risk by locking in energy prices using a layered and staggered portfolio approach. Using this strategy, the MLP purchased blocks of energy over a rolling five-year period, typically hedging 80% of its projected energy requirements for the current year and reducing the hedged energy percentage proportionately down to a target of 20% by the fifth year. The remainder of the needed energy was then purchased on the spot market. In response to the increased volatility of wholesale electricity prices during the summer and winter months, the MLP revised its *Power Supply Policy* to systematically increase the MLP's hedged position. In FY22, virtually all of the MLP's average monthly purchased power is hedged.

Although energy purchase costs are projected to decrease, the FY22 budget still continues to reflect the negative financial impact that ISO-NE policies have on all New England electric utilities. In FY07, the MLP's transmission costs were \$1.3 million while in FY21 they are projected to be \$6 million, an increase of 492% over this period. ISO-NE and the Federal Energy Regulatory Commission have established policies that guarantee investor-owned transmission assets a risk-free 11% rate of return, passed on as transmission costs to all New England electric utilities. The MLP has attempted to reduce costs by joining with other public power systems and opposing these various projects and policies.

The employee wages and benefits for the MLP's four functions – Administrative & General, Energy Purchases, Distribution, and Customer Service – are projected to increase by 6%. In

FY21, wages and benefits are estimated to total \$1,643,700 compared to \$1,741,000 in FY22. As an Enterprise Fund, Other Post-Employment Benefits (OPEB), and pension and medical insurance, must be fully funded by the MLP. Based on the most recent valuation, the MLB has fully funded its OPEB liability in FY21.

Capital Expenditures

The MLP has completed all past capital projects and is on schedule to complete all FY21 projects. The MLB continues to place the highest priority on providing reliable electric service to Wellesley residents and businesses. Long term reliability planning begins with the evaluation of the infrastructure required to serve residents and businesses and ends with service at the customer's meter. To meet these priorities, the FY22 Capital Plan focuses on reliability and cost.

Capital Budget	FY20	FY21	FY22
System Improvements	\$1,091,093	\$2,340,230	\$2,412,118
Upgrade Transformers	178,600	432,962	432,962
Overhead	86,700	152,949	152,925
Underground	115,400	152,948	152,925
Customer Related Work	31,400	242,857	242,875
Small Cell Attachments	523,791	380,800	504,418
Provide 200/400/600 AMP Services	1,059,000	843,037	798,704
Replace Vehicles	53,600	330,000	150,000
Maintain General Plant	46,700	53,300	50,000
Improve Technology/Other Projects	47,062	25,000	150,000
Internet Expansion	218,900	322,285	274,025
Street Lights	68,900	29,774	54,745
Total Capital Budget	\$3,521,146	\$5,306,104	\$5,226,697

Outlook

The MLP is well positioned to provide reliable electric service into the future with a well-maintained infrastructure, with net plant assets of \$60 million and less than \$1 million in debt. Equally important, the MLB has been proactive in adopting an energy procurement policy that reduces market risks and price volatility by hedging a greater percentage of its wholesale electricity requirements. There are, however, increased operating costs that will continue, all of which are beyond the MLP's control. As detailed earlier in this report, transmission costs have increased by more than 400% since FY07 and ISO-NE's policies will ensure this upward trend continues. Based on FCM prices established by ISO-NE, all New England electric utilities have experienced significant increases in FCM costs in the recent past although there has been a downward trend since FY20.

The MLP continues to look for ways to reduce its costs. Since 1996, its workforce has been reduced from 46 employees to 33. Despite this workforce reduction, the MLP has expanded revenues by undertaking non-operating projects such as MassDevelopment-Devens, dark fiber leases¹, pole-mounted antennas for improved cellular communications and providing internet service to business customers.

¹ A dark fiber is an unused optical fiber, typically installed as extra capacity when developing fiber networks to provide for future expansion and/or network redundancy. Electric utilities have routinely added additional fibers which they then make available for lease to other carriers.

The overall good condition of the distribution infrastructure along with a significantly hedged power supply portfolio should ensure Wellesley's electric rates remain among the lowest in New England for the foreseeable future.

Advisory Considerations

Advisory believes the MLP's operating and capital budgets are appropriate. The MLP has successfully and proactively managed its costs while finding opportunities to generate additional funds through its non-operating activities. Its ability to opportunistically hedge a significant portion of its purchased power portfolio continues to demonstrate its ability to navigate through the volatility and uncertainty of the market. The MLP provides reliable electric service to the Town at rates that compare very favorably to those paid in neighboring cities and towns. Finally, as provided in Article 8, the MLB makes an annual payment in lieu of taxes in the amount of \$1,000,000 which is well in excess of what would be received in taxes if Wellesley's electric service were provided by an investor-owned utility.

Advisory recommends favorable action, 13 to 0.

APPROPRIATIONS – SPECIAL CAPITAL PROJECTS

ARTICLE 16. To see if the Town will vote to hear and act on the report of the Community Preservation Committee on the Fiscal Year 2022 Community Preservation Budget, to appropriate or reserve for future appropriation, from FY 2022 Community Preservation Fund annual revenues and reserves, sums of money to meet the administrative expenses and all other necessary and proper expenses of the Community Preservation Committee for the Fiscal Year beginning July 1, 2021, to make debt service payments, and to undertake community preservation projects as recommended by the Community Preservation Committee, and which recommendations may involve the transfer or borrowing of funds and expenditures, or to take any other action in relation thereto.

(Community Preservation Committee)

This Article contains Motions that seek Town Meeting approval to make the appropriations from the Community Preservation Fund recommended by the Community Preservation Committee (CPC), as described in the *Report of the Community Preservation Committee* on page 122. Please refer to that Report for a more complete understanding of the Community Preservation Act (CPA) and the proposals the CPC recommends for approval.

Overview

Community Preservation Act (CPA) funds come from two sources: a surcharge on local property taxes and a “match” from the state CPA Trust Fund. The CPA requires that at least 10% of the funds be spent or reserved in each of three categories: open space, historic resources, and community housing. Funds that are not expended may be carried over for future use.

Based on estimated FY21 revenues of \$1,916,096, the CPC requests Town Meeting support of the following:

- Motion 1: An appropriation of \$85,000 for administrative purposes, and two appropriations of \$220,000 each to the Historic Resources Reserve and the Community Housing Reserve, all from Undesignated Funds.
- Motion 2: An appropriation of \$315,000 from Undesignated Funds to the Natural Resources Commission for procurement of a large weed harvester at Morse’s Pond.
- Motion 3: An appropriation of \$175,000 from the Undesignated Funds to the Recreation Department for a feasibility and design study of the Morse’s Pond beach and park area.

These requests are summarized in the tables below:

	<u>Open Space</u>	<u>Historical</u>	<u>Housing</u>	<u>Undesignated</u>
Reserve revenues for Specific Purpose and Administrative		\$220,000	\$220,000	(\$85,000)

Appropriations from Reserves	<u>Open Space</u>	<u>Historical</u>	<u>Housing</u>	<u>Undesignated</u>
NRC – Large Weed Harvester				(\$315,000)
Recreation – feasibility & design study, Morse’s Pond beach & park				(\$175,000)

Favorable action under these Motions would have no tax impact but would reduce the balance in the Community Preservation Fund available for future projects.

With a debt service payment of \$549,444 for the North 40 purchase as stated in the Article 8 Motion 2 Omnibus Budget, recommended CPA appropriations for FY21 total \$1,564,444. The proposal satisfies the 10% requirements noted above, and the projects received Favorable action by the Community Preservation Committee. For more details, see the CPC Annual Report, appended to this Report, and the Budget Book at www.Wellesleyma.gov/2021budgetbook

ARTICLE 16, MOTION 1: Administrative Costs and Reserves

The CPA permits the appropriation of up to 5% of estimated annual revenues for administrative purposes. These funds finance a part-time administrative assistant who is responsible for CPC clerical and reporting duties and are also used for consultants and engineers to help analyze and define potential projects that may receive CPA funding. The CPC anticipates that administrative funds will be utilized over the next year for an appraiser and consultants for the CPA-funded portion of the North 40. Any unused administrative funds revert to the undesignated balances. The appropriation of \$85,000 (4%) is the same as FY21.

Advisory Considerations

Advisory believes this is an appropriate request, and that reserving \$220,000 in revenues to both Historic Resources and Community Housing is reasonable and appropriate.

Advisory recommends favorable action, 13 to 0.

ARTICLE 16, MOTION 2: Morse's Pond Harvester

The aging large weed harvester at Morse's Pond is used to control the growth of weeds in the Pond, thereby preserving and enhancing the active recreational and open space value of Morse's Pond. The current large weed harvester is more than fifteen years old and is subject to frequent breakdown. This is becoming more problematic and, at some point, the harvester will not be repairable. The acquisition includes a new large weed harvester and its trailer.

The funds for this machinery, \$315,000 were appropriated in FY21 by CPC. Therefore, if approved by the Town Meeting, the procurement could be made immediately after ATM so that the weed harvester could potentially be available for this summer at Morse's Pond.

Advisory Considerations

Though some Advisory members wondered whether there are other, more cost-effective methods of weed control in the Pond, the CPC and NRC maintain that using the harvester is more environmentally friendly than applying chemicals and, in the long run, use of the harvester is also more cost effective for the Town.

Advisory recommends favorable action, 12 to 1.

ARTICLE 16, MOTION 3: Morse's Pond Design for Bathhouse and Beachfront Project

The 2018 ATM approved the use of CPA funds (\$40,000) to fund half the cost of a comprehensive analysis and recommendation for the Morse's Pond Bathhouse and Beachfront Project. The Recreation Department engaged the firm of Weston and Sampson to undertake the analysis and recommendation. They completed a comprehensive analysis which, among other tasks, involved engaging Town departments; holding three community forums; and determining the best layout to provide an enhanced experience for residents and visitors while respecting the unique historic nature and environmental qualities of the property. A wide range of topics were addressed

including parking, optimum access routes to the beach and bathhouse, security, and Town wellheads and water quality protection.

The Recreation Department has worked closely with Facilities Management and the Permanent Building Committee in developing the goals of the Feasibility and Design phase of the Project. This team is satisfied with the work of Weston and Sampson and feel they reflect the quality and value the Town seeks for this Project. Consequently, the Department intends to move forward with Weston and Sampson for the Feasibility and Design phase upon approval of this appropriation.

Advisory Considerations

This is a popular Project that will benefit many residents and visitors. The CPC has been in support of the Project for many years as a way to improve Morse's Pond, a Town treasure that serves a wide section of the Town's residents for passive and active recreation. Advisory members were generally satisfied that the Project was not excessive in its scope and, given the long history of the Project and the need for improvement in the facilities at Morse's Pond, supported moving forward with the Project.

Advisory recommends favorable action: 13 to 0.

ARTICLE 17. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Permanent Building Committee, for architectural and engineering designs, plans and other specifications, bid documents, permitting, and any associated costs related to the interior renovation and construction of the Town Hall located at 525 Washington Street, and for any other costs in connection therewith and, for the purpose of meeting such appropriation, to authorize the Town Treasurer, with the approval of the Select Board, to borrow said sum in accordance with Chapter 44, Section 7(1) of the Massachusetts General Laws, or any other enabling authority and to issue bonds or notes of the Town therefor, and that any premium received by the Town upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of the issuance of such bonds or notes, may be applied to payment of costs approved by this vote in accordance with Chapter 44, Section 20 of the Massachusetts General Laws, thereby reducing the amount to be borrowed to pay such costs by a like amount, or to take any other action in relation thereto.

(Select Board/Permanent Building Committee)

In this Article, the Select Board requests Town Meeting approval to appropriate \$1,850,333 for architectural and engineering designs, plans, and other specifications for repair and renovation of the Town Hall interior located at 525 Washington Street. This would be borrowed inside the levy.

Background

In 2012, the Town began to develop capital plans to address buildings in town that were in need of renovation and investment. Last renovated in 1985, Town Hall was included in this program, with an initial study in 2013.

Due to extensive disrepair on the outside of the building, the Town Hall Exterior Enclosure Project was judged to be the highest priority. This work began with a study in 2016, and construction was completed in February 2020 at a total cost of \$5.5 million plus feasibility study costs.

The significant nature of this work triggered MAAB (Massachusetts Architectural Access Board) handicap accessibility ADA regulations requiring certain ADA improvements to Town Hall. In addition, a consultant study determined that the building needs complete replacement of major

building systems including heating and cooling, fire/safety, electrical, plumbing and elevator. These systems were last upgraded in 1985, and all have performed significantly beyond their anticipated service life. As a result, the building today suffers from frequent mechanical failures. Further, storage of vital records is not in compliance with Secretary of State protection requirements, and, as Town Hall is composed of two original buildings, current wayfinding and circulation are challenging.

Work began on planning interior renovations in 2018:

- 2018: Visioning & Space Utilization Study completed
- 2019: Town Hall Annex Study completed
- Spring 2020 (onset of COVID-19): Town Hall Annex Design Fund request withdrawn by Select Board from 2020 ATM; decision made to pursue leased office space alternative for Land Use groups; Select Board focused on Town Hall Renovation project to modernize workspace
- November 2020: Supplemental Study on Town Hall interior renovation with leased space alternative completed

Objectives

The studies listed above have clarified both the conceptual intent of the project along with careful consideration of specific aspirations for the use of Town Hall.

The Select Board established the following Project Goals:

- acknowledge the historical significance of Town Hall;
- analyze and embrace the building's structure and fenestration into the design;
- organize clear and intuitive circulation for the public;
- provide spaces that effectively serve public and staff;
- improve meeting venues for boards and committees; and
- execute design in an efficient and cost-effective manner.

The design intent is that, through an efficient, sustainable, and cost-effective renovation, the Town Hall Interior Renovation project will:

- create a safe and healthy interior environment while also increasing the building's overall energy efficiency;
- improve and expand the program spaces to accommodate both current and future operational needs (including incorporation of lessons learned from COVID-19);
- make the building more welcoming and accessible to everyone;
- improve the public interface and create a more intuitive visitor experience;
- enhance the building's function as a primary meeting space; and
- acknowledge/highlight the architectural and cultural significance of key interior spaces.

Specifically, the project will correct a wide range of existing deficiencies:

- not fully MAAB/ADA compliant;
- inadequate Handicapped parking;
- outdated building systems including HVAC, Plumbing, Electric, Fire Protection;
- inadequate Security and Storage;
- insufficient and inflexible office spaces;
- inadequate Conference and Public Meeting rooms;
- disorienting Circulations; and
- confusing wayfinding and signage.

It will also allow for a series of program changes and facility improvements:

- additional required restrooms;
- right-sizing office spaces to relieve current overcrowding;
- new flexible “touchdown” workspaces for hybrid workers;
- additional and more appropriate meeting venues;
- new, larger, six-hour fire-rated vault to meet state requirements and create additional permanent storage space; and
- improve vertical and horizontal circulation through the building.

The outcome will be a new modernized, healthy and safe environment:

- new systems to create consistent thermal comfort, including Air Source Variable Refrigerant Flow Heat Pump System, dedicated fresh air system, MERV-13 filtration;
- new plumbing system;
- new fire protection system;
- new electrical, security, and communications system;
- new elevator;
- better daylight distribution;
- low level environment improvements (new slab floor, HVAC); and
- low-VOC (volatile organic compounds) and non-VOC material selections.

The project will also contribute to the Town’s sustainability goals:

- thermal improvement of envelope performance;
- new efficient systems that reduce Energy Use Intensity (EUI);
- all-electric heating and cooling systems;
- appropriate selection of lighting and plumbing;
- maintaining and/or increasing permeable site conditions; and
- addition of electric vehicle charging stations.

Finally, the conceptual design is intended to work with the limitations of the existing structure while maximizing the use of natural light, and to respect the historic aspects of the building by retaining its high quality, character-defining features:

- design within the existing masonry-bearing structure to the extent possible;
- organize program spaces by existing natural light and natural light requirements;
- match the location of program spaces to the available daylight from existing fenestration;
- clarify building circulation to better organize/navigate existing floor plates;
- consolidate meeting spaces in the original Town Hall side and office spaces in the original Library side;
- attic level -- reconfigure space to accommodate new fresh air mechanical equipment;
- third floor -- include open/flexible office space to take advantage of natural light;
- second floor -- add new stair/elevator to navigate split floor, renovate Great Hall, add new “touchdown space”, add toilets;
- first floor -- provide new accessible entry ramp (South side), open and closed offices, a renovated Juliani Room and West lobby, and clearer public circulation;
- lower level -- provide new insulated floor slab with vapor barrier to create a healthy, dry environment for office spaces, vault, mechanical room and staff toilets;
- build new accessible parking and accessible entrance; and
- perform targeted restoration of the historically significant Juliani Room, Great Hall, West Lobby, and east-side 3rd floor vaulted space.

Project Schedule and proposed Design Phase Appropriation

- Approve Design/Bidding Funds 2021 ATM
- Construction Funds Approved Fall 2022 STM
- Ballot vote on debt exclusion Fall 2022
- Construction begins January, 2023
- Construction complete Spring, 2024

Architect & Other Professional Services	
Architect & Engineers	\$1,296,579
Furniture, Fixtures & Equipment Design	\$59,500
Construction Manager at Risk Design Phase Services	\$112,742
Presentations	\$9,000
Reimbursable Expenses	\$15,000
Legal	\$5,000
Peer Review/Commissioning	\$30,000
Testing, Inspection & Haz Mat	\$25,000
Owner's Project Manager (OPM)	
Facility Management's Project Manager to perform	\$0
Other General Supplies	
Project Portal, Bid Docs, Printing, etc.	\$15,000
IT & Wellesley Media system planning	\$65,000
Fire Review	\$1,500
Contingency (15% Arch)	\$216,012
TOTAL REQUEST	\$1,850,333

Advisory Considerations

Several members of Advisory expressed concern about further adding to the Town's capital spending and to the residents' tax burden in light of major upcoming borrowing requests expected for two new elementary schools. After extensive discussion about the project and how it fits into the larger picture of the Town's overall capital plan, it was generally agreed that the decision should be made in that context. The need to meet MAAB/ADA requirements was recognized, but clarity was sought on other objectives of the renovation and what work was necessary versus a nice-to-have. Questions were also raised about timing, especially whether the State might allow delay in meeting the MAAB/ADA requirements so the project could be deferred.

At the same time, it was recognized that doing the project in pieces, for example by completing MAAB/ADA and critical system work now and doing desired redesign/upgrades later, has been proven to be inefficient and ultimately costs the Town more.

Regarding the potential for project deferral, the proponents advised that the current State deadline for completion of the MAAB/ADA work is January 2023 unless the Town can provide compelling reasons for delay. To accommodate the currently proposed construction schedule, a two-year extension to 2025 is already under discussion, but the potential for further extensions is unknown.

In addition, Advisory understands that all building systems are coming up on 40 years of service and are far beyond their estimated life with frequent failures. As a result, the combined MAAB/ADA and critical systems work, opined by the FMD Director as costing approximately \$14.5-\$15.5 million, represents by far the bulk of the total project budget and opportunities to reduce costs are minimal. In addition, while recent construction costs have benefitted from a low-activity environment, demand is expected to surge as Covid retreats. As a result, any delay will encounter inevitable cost escalation, currently estimated at 4% per year.

Considering all this, Advisory is satisfied that the project as proposed is appropriate and prudent. Even if further State extensions were granted, the MAAB/ADA work is necessary to accommodate all residents as soon as possible. Several Advisory members expressed that the systems work is critically necessary to provide a safe and healthy work environment for staff and visitors. Advisory members generally determined that the additional upgrades are a minor increment on the overall cost, would be much more costly if done later in a separate phase, and are important to providing the user experience that Town residents expect.

Further, Advisory understands the SB has worked to manage the overlap in school and Town Hall debt exclusions as best as possible given current timing needs for the various projects, including the need to relocate Town Hall personnel and School personnel and students, all of which require careful coordination and planning. In addition, over time, the SB has fine-tuned and scaled the project to meet the Town's needs in a cost-efficient way, for example by re-thinking the original Town Hall annex concept post-Covid, and by designing where departments should be located to maximize synergy and integration while managing the flow of visitors to citizen-facing departments.

Finally, the estimated construction cost of this project is only about 10% of the overall debt exclusion requests that are planned for this ATM and a Fall 2021 STM, so delaying or reducing the scope of this project has significant downside with only a small impact on the overall capital challenge.

Advisory recommends favorable action, 12 to 1.

ARTICLE 18. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to be expended under the direction of the Board of Public Works, for engineering designs, bid documents, construction, reconstruction, rehabilitation, and repair of Grove Street, including street, sidewalk and/or drainage repairs and improvements, including all cost incidental and related thereto; for the purpose of meeting such appropriation, to authorize the Town Treasurer, with the approval of the Select Board, to borrow said sum in accordance with Chapter 44, Section 7(1) of the Massachusetts General Laws, or any other enabling authority and to issue bonds or notes of the Town therefor, and that any premium received by the Town upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of the issuance of such bonds or notes, may be applied to payment of costs approved by this vote in accordance with Chapter 44, Section 20 of the Massachusetts General Laws, thereby reducing the amount to be borrowed to pay such costs by a like amount, or to take any other action in relation thereto.

(Board of Public Works)

This Article seeks an appropriation of, and authorization for the Town to borrow, \$3,000,000 for the reconstruction of Grove Street from 51 Grove Street to the Needham town line, a distance of approximately 1.2 miles.

Grove Street is a major north/south arterial route through Wellesley. The street was last resurfaced in 1993, and a leveling top course of pavement was placed on portions of Grove Street between Benvenue Street and the Needham Town Line in 2017. The street has undergone numerous resurfacings resulting in reduction of the curb reveal on both sides of the street in some locations. This results in the roadway and sidewalk being at the same elevation at those locations, creating safety issues and concerns for pedestrians. The condition of the sidewalk at certain locations is also poor. From a technical engineering perspective, the sidewalk and curbing issues are best addressed at the same time the roadway reconstruction is performed. National Grid has recently performed extensive work on Grove Street leaving trenches that further degrade the condition of the road.

It is anticipated that cold plaining of the roadway will be performed, sidewalks will be removed and replaced where warranted, and existing drainage issues will be corrected. As with all DPW capital street projects, a 'Complete Streets' assessment was undertaken to consider the concerns of all abutters and users in identifying improvements to be made. The design includes other important factors such as safety, and maintenance of the residential character of the neighborhood (even though the road is a significant north/south commuting route) as far as possible and practical.

This project will provide a new roadway surface, replacement of sidewalks, new ADA wheelchair ramps, storm drainage system improvements, bicycle 'sharrows', and signs and pavement markings as required.

Favorable bids for this project were received in February 2021 and, if funding is approved, construction will take place during the summer and fall of 2021.

Advisory Considerations

Advisory supports the reconstruction of Grove Street. This project has been delayed several years for a variety of reasons, most recently due to the prioritization of the Great Plain Avenue Rotary Project. Advisory believes this project is needed to address the deterioration of the road, as well as the minimal curbing and poor condition of the sidewalks which could pose a risk to

pedestrians if left unaddressed. Of note, the accepted bid recently received for this project is approximately \$250,000 below the successful bid received for this project a year ago.

Update: Advisory originally voted favorable action on this Article with a project cost of \$3,250,000, which was subsequently revised to the current \$3,000,000.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 13 to 0.

AUTHORIZATIONS

ARTICLE 19. To see if the Town will raise and appropriate, transfer from available funds, or borrow a sum of money to be expended under the discretion of the Board of Public Works for water and/or sewer line rehabilitation, and for any equipment or services connected therewith, or to take any other action in relation thereto.

(Board of Public Works)

This motion seeks authorization for the sewer Fund to borrow up to \$242,500 from the Massachusetts Water Resources Authority (MWRA). The borrowing would have no tax impact to the Town.

The MWRA Sewer Infiltration/Inflow Local Financial Assistance Program provides a combination of grants and interest-free loans for sewer rehabilitation work. The Town of Wellesley is eligible to receive grants and loans under the MWRA's I/I financing program. The loan is interest-free and to be repaid over ten years. Actual borrowing takes place in several stages, to coincide with the work schedule.

Funds from these MWRA loans and grants will be used for a multi-year sewer line rehabilitation project to reduce infiltration and inflow into the Town's sewer lines. Infiltration is water that seeps into the sewer lines due to cracks or unsealed joints; inflow is water that enters the sewer lines through direct connections (such as illegal sump pumps). Currently, infiltration/inflow is a major contributor to the Town's sewerage flow, upon which annual sewer charges from the MWRA are based.

Town Meeting has previously approved a total of \$2,716,755 of MWRA Sewer Infiltration/Inflow borrowing that resulted in the receipt of \$2,992,945 of grants for this purpose. The proposed borrowing of \$242,500 qualifies the Town for an additional \$727,500 in grant funding.

The amount to be borrowed this year is based on sewer rehabilitation work completed in FY21 and work to be completed in FY22. The total amount of the work completed is projected to be \$970,000 with 75% of this amount reimbursed through a MWRA grant (\$727,500) and the remaining 25% reimbursed through an interest-free loan (\$242,500). Note that the percentage split between the amount funded through the MWRA grant and the MWRA interest-free loan varies from year to year.

Advisory Considerations

The MWRA funding mechanism has been brought to Advisory previously for consideration. It is Advisory's position that the funding mechanism continues to be cost effective and the proper way to proceed with sewer rehabilitation projects in order to responsibly address maintenance of a key part of the Town's infrastructure.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 13 to 0.

ARTICLE 20. To see if the Town will vote to appropriate the sum of \$29,744.90 (TWENTY-NINE THOUSAND SEVEN HUNDRED FORTY FOUR DOLLARS AND NINETY CENTS), received from the Commonwealth Transportation Infrastructure Fund (“Fund”) pursuant to St. 2016, c. 187, § 8(c)(i) for calendar year 2019, to address the impact of transportation network services on municipal roads, bridges and other transportation network services in the Town including the complete streets program established in Section 1 of Chapter 90I of the General Laws and other programs that support alternative modes of transportation, or to take any other action in relation thereto.

(Select Board)

Advisory expects no motion under this article.

ARTICLE 21. To see if the Town will vote to authorize the Select Board to petition the General Court for special legislation authorizing said Board, as the local licensing authority, to issue licenses for the sale of wine and malt beverages only or all alcoholic beverages to be drunk on the premises under section 12 of chapter 138 to restaurants and function rooms with a seating capacity of less than fifty (50), subject to the maximum number of such licenses as authorized by section 17 of said chapter 138; or take any other action in relation thereto.

(Select Board)

Overview

Currently, the Town of Wellesley allows alcohol licenses for restaurants having 50 or more seats. Passage of Article 21 at Town Meeting will permit the Select Board (SB), as the local licensing authority, to petition the State Legislature for special legislation (A Special Act) that will allow them to issue licenses for the sale of alcohol to restaurants with a seating capacity of less than fifty (50). This special legislation requires enactment by the General Court and approval of the House of Representatives, State Senate and Governor.

It is important to note that this seating capacity change does not impact any regulations relative to “intent to dine” or the amount or types of licenses available in Wellesley. The impact of this change would only be to allow establishments with less than 50 seats to apply for licenses in the categories of Wine & Malt, Common Victualers -- All Alcohol or Wine & Malt, Common Victualers – All Alcohol with Function Room. It does not affect Clubs - All Alcohol, Dining Halls - Educational Institutions, or Wine and Malt in Food Specialty Stores Consumption for Off Premises Only licenses.

The last time Wellesley’s Special Act was amended was in 2011. The Town proposed to reduce the required seating from 100 to 50 for All Alcohol licenses, and asked to add up to 12 licenses for beer and wine only. The General Court slightly modified the request, approving 50 seats but adding only six beer and wine licenses. Wellesley currently has 29 total licenses, with ten All Alcohol and six Wine and Malt currently unassigned and available.

In 2021, the SB believes the retail business landscape is changing yet again, as it frequently does, and presents this proposal as part of the Town’s efforts to ensure its retail centers can compete and remain relevant. Wellesley currently has over 15 vacancies in its commercial districts with various footprints. As in 2011, the SB is undertaking an effort to attract small businesses. Merchants, residents, and government officials have suggested that some vacant properties would be viable and attractive locations for smaller-sized restaurants, and might encourage more visitors to enjoy a meal while shopping in the Town.

As part of evaluating this change, preliminary discussions were held with several restaurant owners; landlords; members of the Newton Needham Regional Chamber of Commerce

(Wellesley and Watertown recently joined the NN Chamber) and its Restaurant Sub-committee; leasing agents in Wellesley for the commercial districts; and several comparable communities. The results identified trends toward food establishments as anchor tenants, smaller restaurants with quality food options, and restaurants/chefs seeking suburban rather than urban locations. In general, Wellesley is not able to take advantage of these opportunities because the smaller restaurant model does not fit the current regulations, and these up-and-coming entrepreneurs are choosing to locate in neighboring locations that are less restrictive. Also, various residents have expressed a desire for more dining choices in Wellesley.

The SB believes a reduction in the seating capacity requirements for alcohol licenses would provide businesses (new and existing) the flexibility to survive and thrive economically. It would also create an opportunity for different business models, and support adding opportunity and vitality to the Town. Coming out of COVID, the SB expects the smaller restaurant format is likely to continue as there is less start-up risk. This proposed change is intended to allow Wellesley to be prepared for this new growth as restrictions ease and the economy begins to recover economically.

Other communities in the area have already moved in this direction and have commented that the changes have allowed restaurants to occupy smaller footprints to the benefit of their Towns. Below is a sampling of minimum seating requirement for on-premises alcohol permits (All Alcohol and Wine & Malt only), in several like communities, using the language they provided based on their regulations:

- **Sudbury:** No seating minimum
- **Needham:** No seating minimum
- **Westwood:** Minimum of 35 seats
- **Weston:** No specific seating limitations
- **Concord:** No minimum seating requirement
- **Natick:** 100 seats required for all-alcohol licenses; 15-99 seats eligible for beer/wine only
- **Lexington:** Minimum seating of 18 for licensure
- **Winchester:** 2018 TM lowered minimum seating requirement from 100 to 24
- **Wayland:** No minimum seating requirements

At an open forum meeting on March 18, 2021 sponsored by the NN Chamber, local restaurateurs and small business owners voiced their support for this change and indicated that the move to lower minimum seating would be a critical step in revitalizing Wellesley's depressed business district. The participants felt strongly that Wellesley could be a destination, but that due to multiple barriers including extremely high rent, restrictions on bar seating, restrictions on "intent to dine" order flexibility, and alcohol seating requirements, opening new venues is difficult.

At the SB meeting on March 22, the SB heard from Wellesley residents, business owners, potential business owners, and leasing agents in support of Article 21. All agreed that lowering the seating requirement for an alcohol license would be useful. It was evident that businesses are seeking flexibility in order to do business and change with the times. The SB heard from companies that wanted to invest, operate and/or expand in Wellesley, but had decided not to because of rents, regulations and the lack of a professional, thriving, and diverse restaurant scene.

No one joined the meeting in opposition to Article 21.

Following public comment, the SB considered options for setting a specific new minimum seating number, but ultimately decided that it would be better to retain flexibility to adjust the number as circumstances evolve. Hence, the proposal to Town Meeting and the Legislature is to allow the SB to henceforward set the minimum seating required for an alcohol license at its discretion, as is the case in a number of other towns as indicated above.

Advisory Considerations

While heavily in favor of the intent of this article to support local business activity and adapt to changing circumstances, some Advisory members were concerned that not specifying a minimum number could give the SB too much authority to change the requirements of seating arbitrarily. They felt there should be a consistent policy for all interested restaurants, assuming the establishments are in compliance with local laws. Others acknowledged the concern, but argued that this is a much needed and timely change based on consumer preferences and the impact of the Covid-19 lockdown on our business districts. Some members recognized the concern but expressed that the SB will likely be constrained by market forces to ensure that the number could not be changed too frequently, and were assured that, once a restaurateur has a license, they would be "grandfathered" into the previous minimum number. Given the uncertain nature of the economic recovery, they felt it would be helpful for the SB to have the requested flexibility.

Advisory recommends favorable action 12 to 0.

ARTICLE 22. To see if the Town will vote to add, modify, or delete certain personnel policies and procedures for Town employees not covered by collective bargaining agreements, or authorize the Human Resources Board to do the same, in accordance with Article 30.10 of the Town Bylaws Personnel Policies Nonunion Employees, or to take any other action in relation thereto.

(Human Resources Board)

Overview

The Human Resources Board (HRB) requests that the Town revise the Town of Wellesley Personnel Policy by amending the list of paid holidays to include Juneteenth Independence Day (June 19), which changes are reflected in the Town of Wellesley Personnel Policy Updates document, on file with the Town Clerk.

This change is in response to a proclamation issued on June 19, 2020 by Massachusetts Governor Charlie Baker declaring that "Juneteenth Independence Day" in the Commonwealth of Massachusetts shall be observed each year on June 19th. Juneteenth commemorates the end of slavery in the United States and is an opportunity to reflect on the need to continue working toward racial justice. On June 19, 1865, Major General Gordon Granger and his Union troops landed in Galveston, TX and announced that the Civil War had ended. Major General Gordon read a proclamation declaring that all enslaved people were free. The first Juneteenth was celebrated a year later in Texas and today is recognized across the country to mark this important milestone.

Previously, Juneteenth was observed in Massachusetts on the Sunday that is closest to June 19th of each year. The new proclamation results in a state holiday during the work week, with the holiday to be observed on Friday or Monday when June 19th falls on a Saturday or Sunday, respectively. As a result of the Governor's proclamation, the Town's personnel policies are to be updated to reflect Juneteenth Independence Day as a paid holiday for the Town's non-union employees. Treatment of union employees will be handled separately in the collective bargaining agreements to which the Town is a party.

Advisory Considerations

Advisory believes that the revision to the Personnel Policy to reflect Juneteenth Independence Day is appropriate in light of the Governor's proclamation and more generally to express support for the Town's commitment to the goal of creating a more equal and just society by acknowledging the significance of Juneteenth.

Advisory recommends favorable action, 13 to 0.

AMEND TOWN/GENERAL BYLAW

ARTICLE 23. To see if the Town will vote to improve the requirements for delivery of the Advisory Report to Town Meeting by amending Article 11 of the General Bylaws, and/or other appropriate bylaws, or take any action in relation thereto.

(Advisory Committee)

Overview

As technology has become better, faster and more prevalent throughout the Town, Advisory has been asked by Town Meeting Members and Town residents about whether we could reduce costs and reduce use of paper by eliminating the printed version of the Advisory Report. During various ad hoc discussions, it was clear that some TMMs continue to prefer a printed copy, while others would be happy without a printed copy.

During the pandemic, after the 2020 ATM was postponed until June 2020 and Town Hall was closed, Advisory consulted with Town Counsel about how to comply with the requirements in the Town Bylaws regarding delivery of the Advisory Report without access to Town Hall and without the ability to have people in close proximity to each other to stuff and seal envelopes. Given the state of emergency at the time, Town Counsel advised that electronic delivery would be sufficient, but only due to the restrictions imposed by the pandemic. In the end, Advisory was able to send out the Report in a paper version as normal, but the conversation about electronic delivery was brought to the forefront.

Advisory conducted a survey of TMMs regarding whether they would prefer to have the Advisory Report delivered in paper form, electronic form, or both, and got the following results from 223 TMMs:

- 114 or 51.12% - electronic only
- 63 or 28.25% - both
- 46 or 20.63% - paper only

Given that more than half of the TMMs polled would opt to have only the electronic version of the Report if provided the option, it was clear that Advisory should have the flexibility to provide that option. After further consultation with Town Counsel, Advisory was told that providing only an electronic version of the Report to TMMs would not satisfy the delivery requirements in the current version of the bylaw. As a result, Advisory decided to propose to amend the bylaw to allow for more flexibility now and in the future, as technology becomes even more prevalent. Advisory will allow TMMs to opt out of receiving the paper version of the Report when they begin their term.

The proposed change would add the following to the Advisory Report bylaw (Article 11.8):

The Committee shall have the discretion to provide the option for each Town Meeting Member and Town Department to opt out of receiving a mailed copy of the report and, in such case, the Town Meeting Member or Town Department shall receive the

report by electronic delivery. For purposes of this section, electronic delivery shall include, without limitation, the delivery, via email, of a copy of the report or a link to the digital version of the report available on the Town website.

Advisory Considerations

Advisory members were generally supportive of providing an option for an electronic version of the Report, but were cognizant of the fact that many TMMs may not have regular access to a computer and/or internet to allow for access to the electronic version and/or to communicate their preference to Advisory. Therefore, it is important to ensure that the default delivery method of the Report be the paper version, so that only those who specifically communicated their preference for electronic delivery to Advisory would not receive the paper version. In order to minimize administrative costs in reaching out to TMMs about their options, Advisory intends to request TMMs opt out (or not) of receiving the paper copy of the Report upon their election to Town Meeting, and the option will only change if that TMM reaches out to Advisory later in their term. Advisory members were supportive of allowing for this flexibility in the delivery of the Advisory Report.

Advisory recommends favorable action 12 to 0.

ARTICLE 24. To see if the Town will vote to adopt proposed new sustainable energy goals pursuant to ARTICLE 12. Sustainable Energy Committee, Section 12.3 General Duties, and to authorize amendments to Article 12. Sustainable Energy Committee, which will, among other things, change the name of the Sustainable Energy Committee to the Climate Action Committee; or take any other action in relation thereto.

(Sustainable Energy Committee)

ARTICLE 24, MOTION 1

Overview

This Motion asks Town Meeting to adopt goals proposed by the Sustainable Energy Committee (SEC) for the town to achieve net zero town-wide carbon emissions by 2050.

In 2009, Town Meeting established a goal to reduce the Town's greenhouse gas emissions (GHG) to 10% below 2007 levels by 2013. In 2014, Town Meeting established a goal to reduce the Town's GHG to 25% below 2007 levels by 2020. Both goals were met.

The Town follows the greenhouse gas emission goals set by the Commonwealth of Massachusetts, which adopted a net-zero carbon emission goal for 2050. The Commonwealth's Executive Office of Energy and Environmental Affairs has supported this goal by publishing extensive reports to provide data, resources, and guidance for municipalities along with a "2050 Decarbonization Roadmap Report" and "2030 Clean Energy and Climate Plan" that "detail policies and strategies to equitably and cost-effectively reduce emissions and combat climate changeto meet its 2050 goal".

The SEC notes the GHG emission reduction goals established in 2014 by Town Meeting ended in 2020 and, per the SEC General Duties to "propose sustainable energy goals to reduce greenhouse gas emissions", proposes new goals as specified above.

Advisory Considerations

Some Advisory members who were not in favor of the motion questioned whether the goals were achievable if the model for measuring GHG emissions was not available for parts of the transportation sector, specifically vehicular traffic through town. There was concern that the

absence of such data might increase pressure on other sectors, including commercial buildings. Others considered the timeline too ambitious or premature given the current availability of data.

Advisory members who voted in favor of the motion acknowledged that the motion is an expressed commitment to goals and not a mandate, and supported the adoption of new Town-wide GHG emissions reduction goals as a means for measuring the Town's progress towards achieving the net zero Town-wide GHG emissions goal by 2050. The Commonwealth of Massachusetts is providing data and resources to support the net-zero by 2050 goal. One Advisory member viewed a focus on promoting sustainable buildings as necessary and positive.

Advisory recommends favorable action, 8 to 5.

ARTICLE 24, MOTION 2

That this Town Meeting amend the existing Town Bylaws ARTICLE 12 – SUSTAINABLE ENERGY COMMITTEE as follows:

ARTICLE 12. CLIMATE ACTION SUSTAINABLE ENERGY COMMITTEE (Established ATM 2010, Article 33. Amended ATM 2018.)

12.1 Membership. The Town shall have a ~~Climate Action Sustainable Energy Committee~~ consisting of 7 members. The ~~Select Board of Selectmen~~, the Municipal Light Board and the School Committee each shall appoint one member. These members may be a board member, officer, official or paid employee and may be a non-resident of the Town. The ~~Select Board of Selectmen~~ shall also appoint the remaining four members from residents active in the Town's volunteer ~~sustainability sustainable energy~~ initiatives or others who bring relevant expertise, such as knowledge about ~~climate action sustainable energy practices~~, ~~sustainability, clean energy~~, marketing, or community engagement.

12.2 Term. The term of office shall be three years commencing on July 1. Members may be reappointed at the end of their term.

12.3 General Duties. The Committee shall propose ~~climate action sustainable energy~~ goals, to reduce Town greenhouse gas emissions from the municipal, residential, commercial, industrial and institutional sectors, to Town Meeting. The Committee shall prepare a multiyear ~~Climate aAction pPlan~~ to achieve the Town ~~greenhouse gas emissions sustainable energy~~ goals and shall revise it as needed. The Committee shall work with municipal departments, businesses, institutions, and civic and volunteer organizations to initiate and carry out actions to achieve these goals and shall coordinate municipal activity with initiatives of these other organizations. The Committee shall prepare an annual Town-wide emissions inventory and develop an annual action plan that includes significant planned initiatives by both municipal and community organizations. (Amended ATM 2018.)

12.4 Staff. The Committee shall appoint a ~~Sustainability Director sustainable energy coordinator~~ and such other staff as it deems necessary.

12.5 Annual Report. The Committee shall report to Annual Town Meeting on (a) the actions of the prior year, (b) emissions trends and performance as compared to the Town goals, (c) any proposed revisions to the multiyear ~~Climate Sustainable Energy~~ Action Plan, and (d) recommended action plans for the coming year.

12.6. Budget. The Committee shall prepare an annual budget which will be subject to approval by the Selectmen Board. The Selectmen Board is responsible for presenting the budget to the Advisory Committee and for presenting the motion for the budget appropriation to Town Meeting.

12.7 General Provisions. The Committee shall also be governed by Articles 2 through 7 of these bylaws and other provisions of these bylaws applicable generally to all boards, except as it is specifically directed by law or a provision of these bylaws to act otherwise.

Provided, each appointing authority shall have thirty days after the above bylaw becoming effective to make their appointments, which shall be as follows:

- a. The three members to be appointed by the Board of Selectmen, the Municipal Light Board and School Committee shall be for an initial term of three years, and thereafter for a term of three years.
- b. The terms of the community members to be appointed by the Board of Selectmen shall be two for an initial term of two years, and two for an initial term of one year, and thereafter each for a term of three years.

Overview

Per the above, this Motion asks Town Meeting to authorize amendments to the existing Town Bylaw, Article 12 - Sustainable Energy Committee, that will change the name of the Sustainable Energy Committee (SEC) to the Climate Action Committee and replace “sustainable energy” with “climate action” or “greenhouse gas emissions” (GHGs) phraseology throughout the document, among other changes.

As background, in 2010 the Wellesley Green Ribbon Study Committee recommended and Town Meeting voted to establish the SEC, and set an initial target for reducing town-wide GHGs. Although the name invoked sustainable energy, GHGs and climate change were an explicit focus. The 2010 Advisory Report noted “...Such actions to reduce greenhouse gas emissions will not only contribute to the overall regional and global mitigation of climate change...”

Since 2010, the SEC notes that the terminology for this discipline has evolved significantly. Much of the early focus was naturally on the sources of energy and their contribution to GHGs and climate change, and hence the phrase sustainable energy was commonly used. Nevertheless, per the Advisory report, the SECs responsibilities have always included goals and actions to reduce the Town’s GHG emissions, not just to promote sustainable energy. Today, in the popular literature “climate change” has become a more accurate and comprehensive appellation for the research and efforts associated with GHG reduction and sequestration, and is widely used to name the groups and programs involved.

From the time of the SEC’s establishment, it was acknowledged that in order to achieve its goals they would have to work with other Town entities across a broad scope to design and implement actionable plans to achieve the GHG reduction goals. The 2010 Advisory Report says: “The Town’s Sustainable Energy Committee, working together with Town boards and departments, will be charged with the task of determining which measures are most appropriate for the Town to implement and gaining approval from Town Meeting or other governing body as necessary...” Over the years, the SEC’s work has ranged from collaborating with FMD to create sustainable guidelines for municipal buildings to efforts on effective waste management.

The SEC believes that the name and terminology changes better reflect the Committee’s activity, and are the more common and appropriate way to describe its function. In addition, the SEC is

launching the Climate Action Plan and believes changing the Committee's name to Climate Action Committee would highlight its direct link to that effort, and be more readily understood by the Wellesley community which would help strengthen the Committee's engagement efforts.

In a recent communication, the SEC affirmed that the goal is "to more accurately reflect what the Committee has been and is currently doing", and do not see this as altering "the authority and role of the SEC". They continue to characterize themselves as "a resource to assist all Town departments and the community with reducing our GHG emissions and improving our resilience to climate change impacts".

Advisory Considerations

Advisory recognizes and is appreciative of the Sustainable Energy Committee's (SEC) accomplishments since its creation in 2010.

Several members expressed concern that the proposed amendments to the Bylaw do more than change the name of the Committee and could result in an enlargement of scope and duties: from energy-specific to all things climate related, and from a focus on the sources of sustainable energy to a broader consideration of energy consumption. One concern for example was whether the changes would allow the SEC to propose zoning changes that affect merchants, or to mandate certain actions to achieve the goals in the Climate Action Plan. Those concerned were not necessarily against a change, but felt any changes to scope needed to be recognized, understood, and acknowledged.

Others felt that the proposed language better articulates what the Committee is already doing, for example reporting on GHG emissions rather than just sustainable energy metrics. Some members also stated that the changes appropriately link the work on the Climate Action Plan, and is better aligned with modern terminology used by other Towns and by the State which, in turn, may facilitate collaboration with those entities. In addition, the name change is expected to reduce confusion with Sustainable Wellesley, a local non-profit organization. Finally, it was felt that the timing for a name change is right as the Town considers new GHG goals and is considering a Climate Action Plan.

Advisory agrees the current name, Sustainable Energy Committee, is not fully reflective of its work, and is neither easily understood by the community nor consistent with the name of corresponding entities in other cities and towns. Further, Advisory acknowledges the focus on a Climate Action Plan requires amendments to Article 12 bylaw to better align the goals, activities, and municipal and community engagement to the mission of the Committee, and is satisfied that the changes do not expand the current scope of the Committee.

Advisory recommends favorable action, 13 to 0.

ARTICLE 25. To see if the Town will vote to amend the General Bylaws as follows:

1. By correcting identified grammatical, typographical, and formatting errors;
2. By instituting a consistent internal arrangement protocol (lettering and numbering) throughout the General Bylaw with updated references;
3. By amending the references to the Zoning Bylaw in the General Bylaws to reflect the change from Roman Numerals to Arabic Numbers, as adopted under Article 29 of the 2019 Annual Town Meeting;
4. By instituting a consistent method of referencing the dates, dollar amounts, Town departments, boards, committees, officers, and employees;
5. By adding references to statutory citations;
6. By amending certain bylaw provisions to track the statutory language that the bylaw provision is intended to reflect;
7. By deleting the words "him" or "her" and the phrase "him or her", where such words or phrase appears in the General Bylaws, and inserting, in place thereof, the word "their";
8. By deleting the words "himself" or "herself" and the phrase "himself or herself", where such words or phrase appears in the General Bylaws, and inserting, in place thereof, the word "themselves";
9. By deleting from Article 1.3 the phrase "Gender and" and the first sentence, so that Article 1.3 reads as follows:
 - 1.3 Number. The singular and plural forms of words shall be deemed interchangeable wherever appropriate.
10. By inserting at the end of Article 2.1, the following:

For purposes of these Articles, "public body" shall have the meaning provided in G.L. c.30A, §18.
11. By deleting Article 2.4, in its entirety, and inserting, in place thereof, the following:

2.4 Notice to be Filed and Posted. Notice shall be filed with the Town Clerk and posted on the Town's website in accordance with the Open Meeting Law. Meeting notices shall also be made available in or around the Town Clerk's office so that members of the public may view the notices during normal business hours.
12. By deleting the word "board" where such word appears in Article 2, Article 2A, and Article 3, and inserting, in place thereof, the phrase "public body";

13. By deleting the comma in the header of Article 3.3 and inserting, in place thereof, the word “and”;
14. By inserting after the phrase “applicable exemptions” in Article 3.7 and Article 3.8, the phrase “to the Public Records Law, G.L. c.4, §7.”;
15. By amending Article 8.21 by inserting the word “Vote” as a new section header;
16. By inserting a new subsection e and f in Article 9.7, to read as follows:
 - e. Four members of the Community Preservation Committee; and
 - f. Members of other committees as authorized by Town Meeting.
17. By deleting the last sentence in Article 13.1, in its entirety;
18. By inserting after the phrase “three years” in Article 18A.2.f, the phrase “, one of whom is a member of the Wellesley Housing Development Corporation”;
19. By adding the letter “A” after the phrase “Chapter two hundred and sixty-eight” in Article 19.43.e.iv;
20. By amending the last paragraph in Article 19.43 to read as follows:

This section shall not apply to the following licenses and permits: Open Burning Permits (G.L. c. 48, § 13); Permits for Sales of Articles for Charitable Purposes (G.L. c. 101, § 33); Clubs and Associations Dispensing Food or Beverage Licenses (G.L. c. 140, § 21E); Dog Licenses (G.L. c. 140, §137); Sporting, Fishing, Hunting, Trapping Licenses (G.L. c. 131, §12); Marriage Licenses (G.L. c. 207, §28), and Theatrical Events and Public Exhibition Permits (G.L. c. 140, §181).

21. By deleting the phrases “Electric Code”, “Building Code”, “Fuel Gas Code”, and “Plumbing Code”, and inserting, in place thereof, the phrase “Massachusetts Electrical Code”, “Massachusetts Building Code”, “Massachusetts Fuel Gas Code”; and “Massachusetts Uniform State Plumbing Code”, respectively, where such phrases appear in Article 23;
22. By inserting the phrase “or delete an existing position from” after the phrase “add a new position to” in the third sentence in Article 30.5;
23. By deleting the phrase “Civil Service,” in its entirety, from the first sentence in Article 31.1;
24. By deleting the phrase “Department of Elder Affairs”, and inserting, in place thereof, the phrase “Executive Office of Elder Affairs”, where such phrase appears in Article 33;
25. By deleting the word “Article” and inserting, in place thereof, the word “Chapter” in Article 34.5A Section I.

26. By deleting the word "ordinance" and inserting, in place thereof, the word "bylaw" in Article 34.5C Section VI.a;
27. By deleting the phrase "Commission of Veterans' Services of the Commonwealth", and inserting, in place thereof, the phrase "Massachusetts Department of Veterans' Services" in Article 39.4;
28. By amending the title of Article 41 to read as follows:

Article 41. Zoning Board of Appeals

29. By inserting, in the appropriate alphabetical order, a new definition into Article 46A.2, as follows:

NCD – means a Neighborhood Conservation District in accordance with this bylaw.

30. By deleting the last sentence in Article 49.33.6, which reads, "This by-law shall take effect May 4, 2012.", in its entirety.

And which a redline copy of the General Bylaws showing said amendments shall be made available on the Town's website and at the Town Clerk's Office for inspections;

or to take any other action in relation thereto.

(Town Clerk/ Select Board)

This Article seeks to amend the General Bylaws to improve consistency in formatting. The need covers many areas including the use of capital letters, bolding and underlining, font, use of Arabic numbers instead of Roman numerals as adopted under Article 29 at the 2019 Annual Town Meeting, use of gender-neutral pronouns as adopted under Article 24 at the 2020 Special Town Meeting 2, and, especially, subheading structure. Many of these inconsistencies have crept in over time due to turnover in staff and software updates. In addition, there is a need to expand the index and add citations.

Advisory Considerations

Advisory notes that Town Clerk has consulted extensively with Boards, Committees, Department Heads, and Town Counsel in proposing these changes. In addition, for subheading structure, comparable Towns were surveyed in detail, and a specific recommended approach for Wellesley was developed.

Advisory has reviewed the redline proposal available at [Town-Bylaws---Redlined-Version](#), believes the proposed changes are thorough, reasonable and appropriate, and views this as an impressive undertaking by the Town Clerk and staff.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 13 to 0.

ARTICLE 26. To see if the Town will take the following actions:

1. Vote to accept the provisions of Chapter 44, Section 55C of the Massachusetts General Laws to establish a trust to be known as the Wellesley Affordable Housing Trust Fund, whose purpose shall be to provide for the creation and preservation of housing that is affordable in the Town of Wellesley for the benefit of low and moderate income households;
2. Amend the General Bylaws of the Town by inserting a new Article 20 to be entitled "Wellesley Affordable Housing Trust Fund," as follows:

WELLESLEY AFFORDABLE HOUSING TRUST FUND

20.1 There shall be a Board of Trustees of the Wellesley Affordable Housing Trust Fund, composed of members of whom at least one shall be a member of the Select Board, and at least one shall be the Executive Director. The Executive Director shall have the power to vote. The Select Board shall appoint the Trustees for terms not to exceed two years, except that two of the initial trustee appointments shall be for a term of one year, provided said Trustees may be re-appointed at the discretion of the Select Board. Vacancies shall be filled by the Select Board for the remainder of the unexpired term. Any member of the Board of Trustees may be removed by the Select Board for cause after the opportunity of a hearing.

20.2 The Trustees are hereby authorized to execute a Declaration of Trust and Certificate of Trust for the Wellesley Affordable Housing Trust to be recorded with the Norfolk Registry of Deeds and filed with the Norfolk Registry District of the Land Court.

20.3 The powers of the Board of Trustees, all of which shall be carried on in furtherance of the purposes set forth in G. L. c. 44, § 55C, shall include the following:

- a. To accept and receive real property, personal property or money, by gift, grant, contribution, devise or transfer from any person, firm, corporation or other public or private entity, including but not limited to money, grants of funds or other property tendered to the trust in connection with any ordinance or by-law or any general or special law or any other source, including money from G. L. c. 44B;
- b. To purchase and retain real or personal property, including without restriction investments that yield a high rate of income or no income;
- c. To sell, lease, exchange, transfer or convey any personal, mixed, or real property at public auction or by private contract for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertaking relative to trust property as the Board deems advisable notwithstanding the length of any such lease or contract;
- d. To execute, acknowledge and deliver deeds, assignments, transfers, pledges, leases, covenants, contracts, promissory notes, releases, grant agreements and other instruments sealed or unsealed, necessary, proper or incident to any transaction in which the Board engages for the accomplishment of the purposes of the Trust;
- e. To employ advisors and agents, such as accountants, appraisers and lawyers as the Board deems necessary;

- f. To pay reasonable compensation and expenses to all advisors and agents and to apportion such compensation between income and principal as the Board deems advisable;
- g. To apportion receipts and charges between incomes and principal as the Board deems advisable, to amortize premiums and establish sinking funds for such purpose, and to create reserves for depreciation depletion or otherwise;
- h. To participate in any reorganization, recapitalization, merger or similar transactions; and to give proxies or powers of attorney with or without power of substitution to vote any securities or certificates of interest; and to consent to any contract, lease, mortgage, purchase or sale of property, by or between any corporation and any other corporation or person;
- i. To deposit any security with any protective reorganization committee, and to delegate to such committee such powers and authority with relation thereto as the Board may deem proper and to pay, out of Trust property, such portion of expenses and compensation of such committee as the Board may deem necessary and appropriate;
- j. To carry property for accounting purposes other than acquisition date values;
- k. To borrow money on such terms and conditions and from such sources as the Board deems advisable, to mortgage and pledge Trust assets as collateral;
- l. To make distributions or divisions of principal in kind;
- m. To comprise, attribute, defend, enforce, release, settle or otherwise adjust claims in favor or against the Trust, including claims for taxes, and to accept any property, either in total or partial satisfaction of any indebtedness or other obligation, and subject to the provisions of this act, to continue to hold the same for such period of time as the Board may deem appropriate;
- n. To manage or improve real property; and to abandon any property which the Board determined not to be worth retaining;
- o. To hold all or part of the trust property uninvested for such purposes and for such time as the Board may deem appropriate; and
- p. To extend the time for payment of any obligation to the Trust.

20.4 The Board of Trustees shall provide for an annual audit of the books and records of the Trust. Such audit shall be performed by an independent auditor in accordance with accepted accounting practices. Upon receipt of the audit by the Board of Trustees, a copy shall be provided forthwith to the Select Board.

And

Deleting all instances of the term “Wellesley Development Corporation” from any amendment to the General Bylaws approved at the Annual Town Meeting

- 3. beginning April 26, 2021, and inserting, in place thereof, the term “Affordable Housing Trust” or “Board of Trustee”, as applicable;

or to take any other action in relation thereto.

(Select Board)

Advisory will make its recommendation at or before Annual Town Meeting.

AMEND ZONING BYLAW

ARTICLE 27. To see if the Town will vote to amend the Zoning Bylaw by deleting every instance of the term "Wellesley Housing Development Corporation" and inserting, in place thereof, the term "Affordable Housing Trust" or "Board of Trustee", as applicable, from the Zoning Bylaw and any amendment to the Zoning Bylaw approved at the Annual Town Meeting beginning April 26, 2021; or take any other action in relation thereto.

(Select Board)

Passage requires 2/3 vote.

Advisory will make its recommendation at or before Annual Town Meeting.

ARTICLE 28. To see if the Town will amend the Zoning Bylaw by (1) amending the definition of or adding a definition for the following terms in Section 1B:

Abandoned Sign	Diameter at Breast Height (DBH)
Address Sign	Direct Light
Administering Agency or Monitoring Agent	Director or Planning Director
Affordable Housing	Directional Signs
Affordable Housing Restriction	Directory Sign
Affordable Rental Unit	District
Affordable Homeownership Unit	Drainage Review Rules and Regulations
Altered	Drip Line
Animated Sign	Driveway
Annual Average Daily Traffic (AADT)	Earth Disturbance
Applicant	Eligible Household
Application	Entrance
Approving Authority or Plan Approval Authority	Exterior Architectural Feature
As-of-Right Development	Externally Illuminated Sign
Assisted Units	Façade of the Business
Audible Sign	Establishment
Average Daily Traffic (ADT)	Federal Emergency Management (Agency) FEMA
Awning	Fixture
Awning Sign	Flag
Banner	Flashing Sign
Beacon	Flood
Best Management Practices (BMP's)	Flood Insurance Rate Map (FIRM)
Build Factor	Flood Insurance Study Report (FIS Report)
Building	Flood Plain District
Building Sign	Floodwater Storage Capacity
Business Establishment	Floodway
Caliper	Foot candle
Certified Arborist	Free Standing Device
Changeable Copy	Front Yard
Child Care Facility	Frontage
Child Care Use	Fully Shielded Luminaire
Commercial Districts	Gasoline Filling Station
Commercial Message	Glare
Commission	Governing Laws
Conservation Use	Grading and Drainage Plan
Constructed	Ground Sign
Construction Mitigation Plan	Gross Floor Area
Construction Project	Gross Leasable Floor Area
Critical Root Zone (CRZ)	Hazardous Waste
Cutoff Angle	Height
Department	Height of Luminaire
Design Guidelines	Illuminance
Design Hourly Volume (DHV)	Impervious Cover
Development	
Development Lot	
Development Project	
Device	

Impervious Surface	Principal Use
Inspector of Buildings	Private Swimming Pool
Institutional Use	Project of Significant Impact (PSI)
Internally Illuminated Sign	Projecting Sign
K-Factor (K)	Protected Tree
Lamp	Rear Yard
Level of Service	Recreational Accessory Use
Light Trespass	Recreational Use
Lot	Redevelopment
Lumen	Residential Districts
Luminance	Restaurant
Luminaire	Reverse Lit
Lux	Roadway Impacted by
Major Construction Project	Development Traffic
Maneuvering Aisle	Roof Sign
Maneuvering Space	Secondary Conservation Areas
Maximum Groundwater Elevation	Service Area
Mining of Land	Side Yard
Minor Construction Project	Sign
Motor Vehicle	Sign Face
Moving Sign	Sign Permit
Multi-Faced Sign	Site Plan
Multi-Family Dwelling	Site Plan Approval
Natural River Channel	Site Plan Review
New Development	Sky Glow
Non-Conforming Sign	Small-Scale Retail Establishment
Normal Grade	Solid Waste
Obscene Matter	Special Flood Hazard Area
Office and Professional Districts	Standard Information Sign
Office or Office Use	Standing Sign
Office High-Tech or Office High-Tech Use	Storage Area
On-Site Stormwater System	Structure
One-Family Dwelling	Temporary Sign
Open Face	Total Living Area plus Garage
Operation and Maintenance Plan	Space
Out-of-Store Marketing Device	Town
Overstory Tree	Toxic or Hazardous Materials
Parking Area	Tree
Parking Space	Tree Bank Fund
Peak-Hour Traffic (PH)	Tree Protection & Mitigation Plan
Peak-Hour Factor (PHF)	Tree Removal
Pennant	Tree Save Area
Permanent Sign	Tree Yard
Person	Underlying Zoning
Personal Wireless Service Facilities	Unrestricted Unit
Personal Wireless Services	Use
Portable Sign	Wall Sign
Primary Conservation Areas	Watershed Protection District
Principal Building	Window Sign
	Yield Plan

and (2) by amending corresponding sections of the Zoning Bylaw to provide for consistent definitions throughout, or take any other action in relation thereto.

(Planning Board)

But I still haven't found what I'm looking for."

Whether seeking the definition for "Development" (Section 14B), "Direct Light" (Section 16G.C), or "Flashing Sign" (Section 22A), many who attempt to locate definitions in Wellesley's Zoning Bylaws have likely found themselves uttering the above-quoted line from the rock band, U2. Article 28 proposes to amend the Zoning Bylaws to collect, into a single section Section 1B, various terms defined previously in multiple, disparate sections of the Zoning Bylaws.

Advisory Considerations

Advisory notes that the currently proposed amendment to the Zoning Bylaw is part of an on-going, multi-year effort to recodify the Zoning Bylaw. Advisory supports the Planning Board's efforts to make the Zoning Bylaws more accessible and clearer through the proposed consolidation of defined terms into a single section of the bylaws.

Advisory recommends favorable action 13 to 0.

ARTICLE 29. To see if the Town will amend the Zoning Bylaw to update references to types of structures and living arrangements by:

1. Amending the definitions of Independent Elderly Housing, Shared Living facilities, Town House, and related terms;
2. Inserting definitions of Boarding House, Housekeeping Unit, Multi-Unit Dwelling, Multi-Unit Single-Unit Dwelling, Two Unit Dwelling;
3. Replacing the usage of Multi-Family Dwelling with Multi-Unit Dwelling, One-Family Dwelling with Single-Unit Dwelling; Single Family Dwelling with Single Unit Dwelling; and Two-Family Dwelling with Two Unit Dwelling;
4. Deleting the following terms Family, Multi-Family Dwelling, One-Family Dwelling, Single-Family Dwelling.

or take any other action in relation thereto.

(Planning Board)

"The difference between the almost right word and the right word is really a large matter - 'tis the difference between the lightning-bug and the lightning."

- Mark Twain

It can certainly be inferred, based on the above quote, that Mr. Clemens would approve of Article 29, which seeks modernize terminology in the Zoning Bylaws. Principally, changes are proposed in certain definitions to refer to "unit" rather than "family." For example, rather than refer to a One-Family Dwelling, the Zoning Bylaw will, after amendment, refer to a One-Unit Dwelling.

Advisory Considerations

Advisory notes that these proposed amendments, like the amendments proposed in Article 28, are part of an on-going, multi-year recodification of the Zoning Bylaws. Advisory supports the amendments proposed in this Article to find the “right words” for Wellesley’s Zoning Bylaws. The proposed amendments will also support expected future work to be done on the Bylaws in connection with recodification.

Advisory recommends favorable action 13 to 0.

CITIZEN PETITIONS

ARTICLE 30. To see if the Town will vote to amend the zoning map of the Town of Wellesley by rezoning the portion of 2 Edgemoor Avenue currently zoned as Single Family 10,000 square feet area to Business District, such that the entirety of 2 Edgemoor Avenue shall now be zoned entirely within the Business Zoning District.

(Citizen Petition)

Overview

The Article, if approved, would amend the Zoning Map to rezone 2 Edgemoor Avenue in its entirety into Business District. Currently the property is zoned ~1/3 Business District and ~2/3 Single Family 10,000 square feet. The owner of 2 Edgemoor Avenue operates an automobile detailing business, and would like to use the entire property for business.

In a similar situation on an adjacent lot, the 2019 ATM voted to rezone 999 Worcester Street from a split-zone Business and Single Residence 10,000 square feet District to Business District in its entirety. However, this parcel is offset from abutting neighbors, thereby creating a buffer zone. At a notified public hearing, the neighbors to 999 Worcester Street were apprised of the request for rezoning to all Business District, and did not object to the rezoning.

In contrast, the Single Family 10,000 sq. ft. zone at 2 Edgemoor Avenue abuts the Edgemoor Circle condominium complex. The Planning Board held a Public Hearing on March 1st, and no citizens or residents appeared. The Planning Board then agreed to keep the Public Hearing open until 15 March, and again there was no input from citizens or residents regarding the rezoning.

The Planning Board has suggested to the Petitioner that, with no objection from the abutting condominium residents or concerned citizens, the Planning Board would approve rezoning the bulk of the existing Single Family 10000 square feet zone to Business District as requested by the Petitioner, but with a 20 foot deep portion abutting the Edgemoor Circle Condominiums being rezoned to Single Residence A, which portion could be used for parking of vehicles associated with the business at 2 Edgemoor Avenue.

The Petitioner has accepted this compromise and intends to request, at the 2021 ATM, that the Town Moderator allow a ‘friendly amendment’ to this Article to rezone the existing Single Family 10,000 square feet section of 2 Edgemoor Avenue to Single Residence A zoning of the first 20 feet abutting the Edgemoor Circle Condominium complex, with the remainder of the section to be rezoned as Business District.

Advisory Considerations

Advisory agrees that the owner of the business at 2 Edgemoor Avenue should be able to use the entire property under a Business District; however, they also respect the privacy of the existing condominium complex. Advisory believes the friendly amendment will accommodate the interests of all parties -- the Petitioner, residents of the condominium complex, and the Planning Board.

However, Advisory voted on the original language in the Article, which would re-zone the property as Business District with no Single Residence A carve out. If the friendly amendment is presented as expected, Advisory will discuss and vote on the amendment at ATM.

Advisory Recommends favorable action; 10 to 1, with 2 abstentions.

GENERAL

ARTICLE 31. To see if the Town will vote in accordance with Section 15A of Chapter 40 of the Massachusetts General Law to transfer the care, custody, management and control of 818, 822, and 826 Worcester Street (Parcel ID 159-74, 159-75, and 171-76, respectively) to the Wellesley School Committee, for School Department purposes, or to take any other action in relation thereto.

(Select Board/School Committee)

Advisory expects no motion under this Article.

ARTICLE 32. To see if the Town will vote to rescind authorized and unissued loans, to authorize the transfer of unused proceeds from previously issued loans to one or more eligible appropriations, and/or to amend existing borrowing authorizations on unissued debt in order to allow the use of premiums for project costs and to reduce the amount of the borrowing so authorized in accordance with Section 20 of Chapter 44 of the Massachusetts General Laws, as amended by Section 67 of Chapter 218 of the Acts of 2016, or to take any other action in relation thereto.

(Select Board)

In this Article, the Select Board seeks Town Meeting approval to (1) rescind debt that was previously appropriated at various Annual and Special Town Meetings in the past but never issued; and (2) transfer funds that were borrowed but unused on existing projects to reduce the borrowing needs for those projects. All items in this year's motion are to rescind open debt appropriations that will not need to be issued as other funding has been received:

TM Vote	Project	Total Authorized	Debt	Amt to be Rescinded	Comment
STM Oct 2018, Art 2	MSBA Feasibility (1)	\$2,500,000	\$99,170		MSBA reimburse
ATM 2019, Art 24	Quint Fire Truck (2)	\$735,000	\$264,000		Gifts received
STM2 Oct 2020, Art 6	Main Library Refresh (3)	\$2,863,408	\$60,000		Gifts received

Notes:

- (1) MSBA reimburses a portion of costs as invoices are paid.
- (2) Total of contributions received from Babson and Wellesley Colleges.
- (3) \$60,000 gift was received.

Advisory Considerations

This is a standard housekeeping article intended to close out elements of authorized debt that are no longer needed, either because of lower project costs or because gifts towards the project have been received. For projects that anticipate gifts or other funding, the full amount of the debt is authorized, and then portions rescinded as gifts come in. The rescissions reduce unnecessary bookkeeping and free up Town borrowing capacity. Advisory considers this to be an appropriate and prudent action.

Advisory recommends favorable action, 12 to 0.

ARTICLE 33. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Select Board, for the purpose of paying expenses related to the settlement of claims, actions, and proceedings against the Town, or to take any other action in relation thereto.

(Select Board)

Advisory expects no motion under this Article.

ARTICLE 34. To see if the Town will vote to authorize the Select Board, on behalf of the Town, to dispose of tangible Town property having a value in excess of \$10,000.00 (TEN THOUSAND DOLLARS), on such terms as it may deem advisable, or to take any other action in relation thereto.

(Select Board)

In this Article, the Select Board seeks Town Meeting approval to dispose of tangible Town property with a value over \$10,000. This year, the SB proposes to dispose of excess slate roofing materials held by DPW.

These were originally acquired as part of the Sprague School Roof Replacement Project in 2014. The contractor was required to provide “attic stock”, and added several additional pallets at no cost. It is these additional supplies -- about 3700 slate roof tiles -- that are the subject of this motion.

FMD advises they have a more-than-adequate supply of replacement tiles for the roof without these extras. The tiles are taking up DPW yard space which would be better used for their own construction supplies and materials. Further, a sale/auction would return funds to the General Fund.

Advisory Considerations

Given the FMD and DPW representations, Advisory deems this request reasonable and appropriate.

Advisory recommends favorable action, 12 to 0.

ARTICLE 35. To see if the Town will vote to authorize the Select Board to appoint one or more of its members as a fire engineer, or to take any other action in relation thereto.

(Select Board)

This Motion authorizes the Select Board (SB) to appoint one or more of its members as Fire Engineer. When dealing with administrative matters within the Fire Department, the SB is required to convene as the Board of Fire Engineers. Examples of these administrative matters are hiring and termination of Fire Department personnel and review of major policy issues. It is Town custom for all SB members to be appointed to act in this capacity.

Advisory recommends favorable action, 12 to 0.

ARTICLE 36. To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to be expended under the direction of the Police Department, for installation, construction, reconstruction, rehabilitation, and repair of the Wellesley Communications Center, including work stations, radio system replacement and Fire Station Alerting System replacement, including all cost incidental and related thereto; for the purpose of meeting such appropriation, to authorize the Town Treasurer, with the approval of the Select Board, to borrow said sum in accordance with Chapter 44, Section 7(1) of the Massachusetts General Laws, or any other enabling authority and to issue bonds or notes of the Town therefor, and that any premium received by the Town upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of the issuance of such bonds or notes, may be applied to payment of costs approved by this vote in accordance with Chapter 44, Section 20 of the Massachusetts General Laws, thereby reducing the amount to be borrowed to pay such costs by a like amount, or to take any other action in relation thereto.

(Select Board)

This Article seeks an appropriation of \$435,135 for an upgrade of Dispatch radio system, radio tower, workstations and fire alert system, described below. This project has been a part of the Town's Capital Plan for several years.

Overview

The Dispatch radio system, radio tower, workstations and fire alert system are the backbone of public safety operations that allows Dispatchers to immediately relay information to police officers, fire fighters and paramedics so they can respond to service calls in the community.

Dispatch Radio

The current Motorola radio system was installed in 2001 during the communications center upgrade following the consolidation of police, fire, and ambulance dispatch operations into one location. This radio system has exceeded its useful life expectancy of 15 years and is no longer supported by the manufacturer. If any components of the radio system stop working, we may be unable to fix them and could lose the ability to utilize the radio system.

The new dispatch system is a 64-bit computer-based system with the capacity to upgrade with new features through firmware upgrades, and is designed for future expansion based on Internet Protocol (IP) standards. This makes the system more fluid and available to keep pace as technology improves.

Tower

The radio tower in the rear of the police station is over 50 years old and is currently at maximum capacity for communication antennas with no further expansion potential. The current radio tower was not structurally designed to hold the number of antennas needed for current radio communications.

Workstations

The dispatcher workstations are over 20 years old and do not allow for any depth or height adjustments. Additionally, they must be replaced concurrently with the radio and fire alerting systems to ensure a proper fit amongst the components. The new workstations will also bring the Emergency Communications Center into ADA compliance.

The system the department is seeking to purchase is the Avtec Scout EX Dispatch Console T-1, consisting of three workstations for the dispatchers. Each workstation offers the dispatcher

complete control of the police and fire department's radio system, including fire station alerting capabilities. Hence, the new dispatch console will enable effective and secure communication across the board for police, fire and EMS services in town. The Avtec T-1 console also offers dispatchers integration capabilities across multiple applications and resources for enhanced response coordination between our own agencies and outside agencies.

The Avtec T-1 Dispatch Console will be purchased through Industrial Communications under the Commonwealth of Massachusetts ITT57 State Contract for Two-Way Radio Communications Equipment and Services for state contract.

Fire System

The current Zetron Fire Station Alerting System was installed in 1999, and initially used a copper wire connection between stations and Dispatch. Years later, the unit was modified to operate on the Town's fiber optic network, but is not optimized for the modern network system. In contrast, the new Zetron version is a self-monitoring communications system used to alert emergency personnel with 24-hour call notifications that can simultaneously broadcast over station systems and apparatus mobile devices.

This upgraded system is used in almost every Fire Department in Massachusetts, and by 35 of our mutual aid partner communities. It can be programmed for different tones for differing types of calls: Fire, EMS and public services/non-emergency. Also, in addition to time-critical alerts, the system has the capacity to open station doors for mutual aid companies, as well as turn off stoves and other devices when calls come in.

There are no annual service fees with the Zetron system, and the Fire Department cannot recall having had any unit service issues with the current version. The company has been in business for over 40 years, and has over 40,000 units installed in over 100 countries. The system is NFPA 1221 compliant for a Fire Station Alerting System. The Zetron system self-monitors every two seconds between all units to confirm connectivity, and will use the existing town-owned fiber optic network.

Advisory Considerations

Advisory believes the Select Board request for appropriations to fund the installation and construction of an updated Wellesley Communications Center, including workstations, radio system replacement, and Fire Station Alerting System is critical to the continued seamless operations of our police, fire and EMS front line workers. (The tower is scheduled to be an FY23 budget request.) Advisory believes that the \$435,135 appropriation is reasonable and appropriate for this project. Advisory is supportive of the Select Board's request for funding of the Dispatch Radio System.

Advisory recommends favorable action, 12 to 0.

REPORT OF THE COMMUNITY PRESERVATION COMMITTEE

The Town of Wellesley adopted the Massachusetts Community Preservation Act (CPA) in 2002 and formed the Wellesley Community Preservation Committee (CPC). With the adoption of the CPA, Wellesley put in place a 1% surcharge on local property tax bills with the proceeds of the surcharge creating Wellesley's Community Preservation Trust.

A portion of the funds raised through the local surcharge are "matched" by the State through the Massachusetts Community Preservation Trust Fund, which is funded through fees collected at the Registry of Deeds. While the original State matches were 100%, as the number of municipalities joining the CPA has grown and receipts at the Registry of Deeds have been inconsistent, the State match has declined to as low as 17%. With an increase in fees at the Registry going into effect in 2020, the hope is that the State match will hold above 20%.

By statute, CPA funds can be utilized in four areas: open space, historic preservation, recreation and community housing. Each year, the Town is required to appropriate a minimum of 10% of all CPA revenues to three reserves: open space, historic resources and community housing. These funds can be expended or "banked" for future use. Also, by statute, up to 5% of CPA revenues can be appropriated for administrative uses, including office expenses, administrative help and consultants to evaluate potential CPA projects. Revenues not designated to one of these reserves go into an undesignated account and can be used in any of the four allowable areas, including recreation.

Wellesley's CPC is required to have representatives from five designated boards: the Historical Commission, the Natural Resources Commission, the Planning Board, the Recreation Commission, and the Wellesley Housing Authority. The CPC is permitted to have a maximum of four additional members appointed by the Moderator. The CPC accepts applications for requests for CPA funding, reviews the proposals and makes recommendations for action at Town Meeting.

In addition to the four allowable areas of use for CPA funds, Wellesley's CPC evaluates proposed funding requests based on a number of additional criteria and discussion points Does the project preserve a resource or opportunity that would otherwise be lost? Will the project have a significant long-term benefit to the community? Does the funding leverage other public or private funding? Does the project fit in with the Town's long-term planning? Is the project consistent with the guidelines and goals set out in town-wide planning efforts? Does the proposal have the support of multiple boards and committees? Will the project benefit a large cross-section of the Town? It is important to note that CPA funds cannot be used for maintenance or ordinary operating expenses.

For additional background on the MA CPA, guidelines for communities and statutory requirements, surcharge information and the Community Preservation Trust Fund account balances, please check the following website: www.mass.gov/lists/community-preservation-act-cpa-payments-decile-reports-and-other-information

Since 2002, Wellesley Town Meeting has approved 91 CPA appropriations. To see a list of Wellesley CPA projects as well as what the other 185 CPA communities in Massachusetts have done with their CPA funds, visit the Community Preservation Coalition website at: www.communitypreservation.org/databank/info

In 2020, Town Meeting approved funding for the completion of the softball field rehabilitation project, the restoration of historic atlases for the Planning Department, the restoration of the basketball court at Perrin Park, the installation of sensory-inclusive playground equipment at

Warren Park, a consultant to analyze the field lighting at the Hunnewell Fields athletic complex and the reconstruction of the aqueduct bathroom facility at the Hunnewell Fields.

FY20 local surcharge revenues were \$1,341,103; the State match received was \$310,875 and interest income was \$122,995. The total revenue was \$1,774,973. The CPC makes recommendations for appropriations based on revenues received and not expected future revenues.

Wellesley CPA Financial Plan: July 1, 2020 to June 30, 2026
March 3, 2021

REVENUE	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Local Surcharge	\$1,341,103 103.0%	\$1,408,158 105.0%	\$1,478,566 105.0%	\$1,552,495 105.0%	\$1,630,119 105.0%	\$1,711,625 105.0%	\$1,797,206 105.0%
State Match (match %)	\$310,875 23.9%	\$382,938 28.6%	\$464,692 33.0%	\$487,927 33.0%	\$512,323 33.0%	\$537,939 33.0%	\$564,836 33.0%
Interest Other Revenues	\$122,995	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
Total	\$1,774,973	\$1,916,096	\$2,068,258	\$2,165,421	\$2,267,442	\$2,374,565	\$2,487,043
APPROPRIATIONS	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Administrative	\$65,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Library - Digitization of Historic Maps	\$21,500						
Library - Fells Branch Children's Pollinator Garden	\$30,000						
Planning Board - Restore Historic Atlases			\$7,500				
WHA Assessment of WHA Properties				\$400,000			
NRC Duck Pond Bridge	\$91,000						
NRC - Restoration of Church Park	\$30,000						
NRC - Morses Pond Phase I Erosion Mitigation	\$150,000				\$150,000		
NRC - Morses Pond Harvester Replacement****	\$315,000						Undesig - Rec
****FY21 Appropriation to be approved at 2021 ATM							
NRC - Sensory Playground Equipment at Warren Park	\$12,000						
NRC - Lighting Consultant for Hunnewell Field Complex	\$20,000						
RC Beach & Bathhouse Study			\$175,000	\$800,000	\$3,025,000		Undesig - Rec
DPW - Softball Field Improvements 500K+400K* *\$400K is FY19 supplemental at 2020 ATM	\$900,000						
DPW - Perrin Park Basketball Court Restoration** **Motion is FY19 appropriation at 2020 ATM	\$25,000						
DPW - Hunnewell Field Restroom Facility* *FY21 Approved at Fall 2020 STM 2	\$525,000						
Other Projects (2021 and future)	\$0	\$135,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Subtotal Open Space	\$301,000	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Historic	\$21,500	\$7,500	\$0	\$0	\$0	\$0	\$0
Subtotal Community Housing	\$0	\$0	\$0	\$400,000	\$0	\$0	\$0
Subtotal Recreation	\$925,000	\$872,000	\$175,000	\$950,000	\$3,025,000	\$0	\$0
Other TBD	\$0	\$135,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Admin	\$65,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Total	\$1,312,500	\$1,099,500	\$710,000	\$1,885,000	\$3,560,000	\$535,000	\$535,000
Appropriations funded by Debt	FY20	FY21	FY22	FY23	FY24	FY25	FY26
North 40 Borrowing \$10,000,000 Debt Service on North 40 Debt Service to 2045	\$552,044	\$553,444	\$549,444	\$550,244	\$550,644	\$550,644	\$550,244
							Undesignated

Wellesley CPA Financial Plan: July 1, 2020 to June 30, 2026
March 3, 2021

Planned Reserve Appropriations	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Open Space Reserve (satisfied by debt service)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Historic Reserve	\$170,000	\$205,000	\$220,000	\$230,000	\$240,000	\$250,000	\$260,000
Community Housing Reserve	\$170,000	\$205,000	\$220,000	\$230,000	\$240,000	\$250,000	\$260,000
Total Approp for Reserves	\$340,000	\$410,000	\$440,000	\$460,000	\$480,000	\$500,000	\$520,000
Fund Balances	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026
Encumbered*	\$2,534,184	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Open Space Reserve	\$68,277	\$68,277	\$68,277	\$68,277	\$68,277	\$68,277	\$68,277
Historic Reserve	\$637,913	\$857,913	\$1,087,913	\$1,327,913	\$1,577,913	\$1,837,913	\$2,112,913
Community Housing Res	\$925,565	\$1,145,565	\$975,565	\$1,215,565	\$1,465,565	\$1,725,565	\$2,000,565
Specific Reserves	\$1,631,755	\$2,071,755	\$2,131,755	\$2,611,755	\$3,111,755	\$3,631,755	\$4,181,755
Undesignated	\$3,765,899	\$3,007,551	\$2,580,566	\$155,343	\$837,142	\$1,606,462	\$2,459,061
Total Available	\$5,397,655	\$5,079,307	\$4,712,321	\$2,767,099	\$3,948,897	\$5,238,218	\$6,640,816
Total Assets	\$7,931,839	\$7,079,307	\$6,712,321	\$4,767,099	\$5,948,897	\$7,238,218	\$8,640,816

*For each year end, funds approved by the ATM are encumbered and no longer in Total Available

** FY2022 Source - future years on projected projects may be partially funded from undesignated

Based on these factors, the CPC recommends the following appropriations for approval at the 2021 Annual Town meeting under Article 16 of the Town Meeting Warrant. Including the debt service payment for the North 40 purchase of \$549,444 (included under Article 8), recommended CPA appropriations at this ATM total \$1,564,444.

Proposed Actions for 2021 ATM – CPC Article 16

Motion 1: Administrative Funds and Appropriations to Designated Reserves

The CPC requests the following:

- \$85,000 for administrative funds (4.8% of FY20 rev)
- \$220,000 to be appropriated to the Historic Resources Reserve (12.4% FY20 rev)
- \$220,000 to be appropriated to the Community Housing Reserve (12.4% FY20 rev)

The Town may appropriate up to 5% of estimated annual reserves for administrative purposes. These funds are used to fund any consultant fees or professional services used to analyze potential CPA projects. In addition, the salary of a part-time administrative assistant, dues for membership in the Community Preservation Coalition, and any other administrative expenses. Any unused funds revert to the Wellesley CPA undesignated balances.

The CPC requests an appropriation of \$85,000 taken from the Undesignated Balance as of June 30, 2020.

As outlined above, by State CPA statute the Town is required to appropriate or reserve for future use a minimum of 10% of estimated annual revenue for three designated purposes: open space, historic resources and community housing. The debt service payment on the CPA funds used in the purchase of the North 40, \$549,444 approved under Article 8, fulfills the required annual contribution to the Open Space reserve. Therefore, the required 10% appropriation is requested for the two remaining reserves, Historic Resources and Community Housing.

The CPC requests \$220,000 be appropriated to both the Historic Resources Reserve and the Community Housing Reserve, funds taken from the Undesignated Balance as of June 30, 2020.

Motion 1 Total recommended Appropriation: \$525,000, taken from the Undesignated Balance as of June 30, 2020.

Motion 2: Appropriation to the Natural Resources Commission

Sponsors: Natural Resources Commission, Department of Public Works
Project: Large Weed Harvester for Morses Pond

Recommended Amount: \$315,000 to be made available at the close of this ATM, taken from the Undesignated Balances as of June 30, 2020

Morses Pond is a significant asset for the Town of Wellesley, for both its active and passive recreational uses and for its value as an open space wildlife habitat. This appropriation will help ensure the ongoing health of the pond and the valuable role it plays in our community.

One of the earliest CPA appropriations, \$75,000 in 2004, funded a Comprehensive Pond Management Study. The report from that study, issued in 2005, recommended the purchase of a large mechanical weed harvester and in 2006, Town Meeting approved a CPA appropriation of \$250,000 for the weed harvester that now needs to be replaced.

An update to the Comprehensive Pond Management Plan in 2017 outlined the effectiveness of mechanical weed harvesting on Morses Pond, noting the excessive weed growth without harvesting which was exhibited on the occasions when the harvester was out of order. That update noted that the harvester would not likely remain functional for much longer. The consultant recommended the NRC/DPW start planning for the replacement. Since then, the DPW has managed to keep the harvester working on and off. A replacement harvester was added to the five-year capital plan.

The DPW operates the weed harvester and maintains and stores this large piece of equipment. It also keeps records on the number of hours it is used and the amount/weight of the weeds cut to help track the effectiveness of the program and the health of Morses Pond. While indications are that the health of the pond is better than ever, the work to maintain that quality is ongoing. The heavy use of lawn fertilizers and storm water runoff continue to be a major source of growth of weeds, despite the Town's educational campaigns and public outreach on this subject.

the first appropriation for the analysis of the pond management in 2004, CPA funds have been utilized for phosphorous inactivation equipment, dredging of the pond, a study of erosion of the Morses Pond shoreline and the recommended remediation and bank stabilization.

The CPC has been committed to the preservation of Morses Pond since the very early days of the CPC. Our predecessors on this committee took a town-wide, long-term perspective with the goal of funding projects with significant long-term impacts. The current CPC is in agreement and believes projects aimed at preserving Morses Pond fulfill that goal.

We hope Town Meeting will join us in support of this appropriation.

Motion 3: Appropriation to the Recreation Department

Sponsor: Recreation Department, with the support of NRC and DPW
Project: Phase II, Morses Pond Bathhouse and Beachfront Project

Recommended amount: \$175,000 to be taken from the Undesignated Balances as of June 30, 2020.

In 2018, Town Meeting approved a CPA appropriation of \$40,000 to fund half the cost of a comprehensive analysis of the programmatic and facility needs at Morses Pond, or Phase I of the Morses Pond Bathhouse and Beachfront Project. The goal of the study was to generate a

masterplan of what might be possible for a rehabilitation of this important Town recreation facility. This FY22 appropriation will support the next phase of a potential rehabilitation project.

The Recreation Department engaged the firm of Weston and Sampson to undertake the master planning. Their work included the analysis of existing conditions, exploration of community needs and collecting expressed desires of the community. Town departments were engaged and three community meetings were held to address a wide range of topics: the siting and condition of the current bath house, parking and circulation needs, security issues and Town wellhead and water quality protection.

The goal is to improve the Morse Pond bathhouse and beach and the surrounding area to enhance the experience of all its visitors, while respecting the unique historical nature and environmental qualities of the property. The concepts in the masterplan were well-received by the Recreation Department, as well as the NRC and DPW.

Phase II of this project will determine the feasibility of the masterplan options so that the overall project can progress to design drawings and cost estimates at a level where the project can be thoroughly assessed by the town with the intent to seek funding for full final design. The Recreation Department has worked closely with Facilities Management and the Permanent Building Committee in developing its goals for this next phase. The team is satisfied with the work of Weston and Sampson and intends to move forward with them upon approval of this appropriation.

Weston and Sampson has worked with the Town on other projects, and many involved have been very favorably impressed with their ability to listen, their creative thinking and their respect for environmental concerns while addressing complicated issues. Their vision for this project at Morses Pond is a reflection of these qualities.

The CPC is fully supportive of a project to rehabilitate the bathhouse and beachfront at Morses Pond and has included funds for this project in its financial plan for a number of years. The pond is a Town treasure that serves a wide cross section of the Town for passive and active recreation and the project will benefit the Town in many ways.

We hope Town Meeting will join us in our unanimous support of this appropriation for Phase II of the Morse Pond Bathhouse and Beachfront Project.

The CPC thanks the staff of the many Town departments who have worked with us to move these projects forward this year and who are helping to plan for future CPA-funded projects. The Town of Wellesley is fortunate to have such capable staff working with such commitment during such challenging times. We also thank the many volunteers in our community who work diligently to make Wellesley the strong community that it is.

Respectfully submitted,
Barbara McMahon, Chair (Moderator Appointed)
Allan Port, Vice-Chair (Moderator Appointed)
Janice Coduri (Wellesley Housing Authority)
Emily Maitin (Wellesley Historical Commission)
Raina McManus (Natural Resources Commission)
Stephen Murphy (Moderator Appointed)
Mason Smith (Moderator Appointed)
Tom Taylor (Planning Board)
Mark Wolfson (Recreation Commission).

REPORT OF THE NATURAL RESOURCES COMMISSION

MISSION STATEMENT

The mission of the Natural Resources Commission is to provide stewardship of, education about, and advocacy for the Town of Wellesley's park, conservation, recreation, and open space system so the full value of the Town's natural assets can be passed onto future generations.

ORGANIZATIONAL STRUCTURE

The Natural Resources Commission (NRC) consists of five elected members with staggered terms of three years. The Natural Resources Commission appoints the five-member Wetlands Protection Committee for three-year terms and the eleven-member Trails Committee for one-year terms. The Commission also appoints the Landscape Advisory Committee, the Long-Range Planning Committee and other committees as required.

The department is staffed by three full-time employees including the director, the wetlands administrator, and a secretary; and one part-time environmental education and outreach coordinator.

The NRC is charged with the statutory responsibilities of Park Commission, Conservation Commission, Tree Wardens, Shade Tree and Pest Control Officers, and Town Forest Committees under Massachusetts General Laws Chapters 40, 45, 87, 131, and 132.

The NRC, serving as the Conservation Commission for the Town, delegates to the five-member Wetlands Protection Committee (WPC) the power and authority to administer and enforce the Wetlands Protection Act and the Town Wetlands Protection Bylaw. The WPC is supported by the Wetlands Administrator.

The Wellesley Trails Committee promotes, develops, and maintains the town's extensive trail system. There are forty-three miles of trails in Town, twenty-six of which are marked and have accompanying descriptions. Departmental staff supports the Trails Committee in an administrative capacity.

Representatives from the NRC also serve on the Community Preservation Committee (CPC), the Trails Committee, the Playing Fields Task Force, the 3R Working Group, and other committees as needed.

The NRC carries out its mission of Stewardship, Education and Advocacy in the following ways:

ENVIRONMENTAL EDUCATION AND OUTREACH (EE&O)

Due to the COVID 19 pandemic, the NRC adapted to continue to offer Environmental Educational content and opportunities to all ages of the Wellesley Community via expanded outdoor classes and the creation of video offerings, which included popular self-guided story walks and a properly distanced geology tour to a local organization.

This spring and summer watch for the annual citizen-scientist *City Nature Challenge*, and the new *Pollinate Wellesley* campaign which will provide support and guidance for residents who want to plant native species in their own yards.

We are especially proud of our ongoing partnership with the Wellesley Public Schools. This year during COVID-19, our EE&O Coordinator worked with students, teachers and administrators to support the Science Curriculum through:

- Guided Nature Walks on the topics of watershed protection and winter animal adaptation
- Zoom lessons and virtual nature walks for the Remote Learning School
- Wellesley High School:
 - Invasive Species Projects
 - Evolutions Class North 40 Vernal Pool
 - Individual Senior Projects

In addition, the NRC engages with and provides educational opportunities and project support to the community at large, including the Girl and Boy Scouts, Wellesley Merchants, the Housing Authority, Council on Aging, Youth Commission, Recreation Commission, and more. We partner with local environmental organizations including Sustainable Wellesley and the Wellesley Conservation Land Trust to broaden community engagement and sponsor educational programming. We encourage anyone to contact the NRC's EE&O Coordinator to learn more about our diverse and customizable program offerings. And please subscribe to our monthly Newsletter at www.wellesleyma.gov/NRC.

STEWARDSHIP OF THE LAND

The NRC is grateful to Wellesley residents, the Community Preservation Committee (CPC), and Town Meeting Members for their ongoing commitment to open space and recreation in Wellesley. The following capital projects, equipment, and studies were made possible with Community Preservation Act funding.

Active and Passive Recreation Improvements

Hunnewell Fields:

- **Softball Fields:** Renovations and upgrades are nearly complete on the Thomas E. Lee and the newly named Diane P. Warren softball fields, which include new dugouts, fencing, improved field drainage, scoreboards, and a new wetland resource area which will improve water quality and stormwater management.
- **Aqueduct Bathroom Replacement:** With technical assistance and project management from the Public Works Department, the long-awaited construction of a new pre-cast concrete bathroom is now underway.
- **Athletic Field Lighting:** The NRC has contracted with a lighting consultant to help explore the feasibility of improving the existing field lights at the Reidy and Warren fields and the tennis courts located along Washington Street in order to reduce energy consumption, enhance athlete's experience, mitigate light trespass and reduce hazard glare; and adding lights to the Hunnewell Track and Field, located across the street from the High School.

Duck Pond Bridge Restoration: Recently completed, the restoration of the Duck Pond Bridge has resulted in an attractive, safe, and ADA-compliant structure at this popular recreational area on the grounds of Town Hall.

Sensory Friendly Playground Equipment at the Annie F. Warren Park: This project, led by two high school students, resulted in the addition of sensory-friendly playground equipment to enhance the site for all users. Thanks to the DPW's Park and Tree Division for preparing the site and installing safety surfacing for these new inclusive amenities.

Perrin Park Basketball Court Restoration: Neighbors proposed new surfacing for the basketball court in the park, new hoops with nets, as well as the addition of a retractable net and the painting of lines for pickleball play in order to expand active recreational opportunities for all ages.

Morses Pond Shoreline Restoration: The NRC worked with environmental engineers Horsley Witten to develop and complete a long-term plan to preserve the Morses Pond shoreline. Construction of the first round of permitted sites is now underway by the DPW. Restoring the shoreline will protect Town water, trees, wildlife habitat, and recreational areas. Chosen sites will be enhanced to provide appropriate pedestrian access for fishing and canoe and kayak launches. The full Morses Pond Erosion Study is available on the NRC website.

Morses Pond Beach Improvements: The NRC works closely with Recreation, the Wetlands Protection Committee, the DPW, and Pond Manager Ken Wagner to improve the experience of Town beach visitors at Morses Pond. Improvements have included re-grading of the water's edge for safer entry, installation of a benthic barrier to retard plant growth, and streamlined water quality testing. The NRC is also reviewing the Recreation Commission's feasibility and design study for proposed building renovations at the Morses Pond beach area.

Comprehensive Pond Management: The small harvester and mobile phosphorus inactivation system are deployed according to recommendations in the Comprehensive Pond Management Plan for the eight ponds included in the plan: Abbotts Pond, Duck Pond, Longfellow Pond, Reeds Pond, Rockridge Pond, Farm Station Pond, Bezanson Pond, and Skating Pond. (The Plan does not include Morses Pond, which already has a management plan.) The full Comprehensive Pond Management Plan is available on the NRC website.

Upcoming:

Pollinator Corridors: Under its Grow Green Wellesley initiative, the NRC plans to expand upon the success of the Police Station and Central Park pollinator gardens by bringing native plantings to other Town lands as well as private residences in order to establish more pollinator-friendly habitats. Butterflies, bees and other insects are essential to a healthy ecosystem, and many of our fruit, vegetable and nut crops are reliant upon them. The NRC and DPW hosted one of three demonstration gardens in Massachusetts at the Police Station as part of a grant from Pollinate New England, an initiative of the Native Plant Trust, and plans to continue that collaboration by celebrating National Pollinator Week June 21-27, 2021.

Church Park Restoration: A rehabilitation of Church Park (located at the intersection of routes 16 and 135 in Wellesley Square), is planned by the DPW to provide a high quality and beautiful low maintenance native pollinator habitat landscape in this visible and heavily frequented pocket park. This project, made possible through CPA funding, will include the removal of a large concrete pad formerly used as a bus shelter.

Ongoing Land Stewardship:

Tree Planting Program and 37th Annual Tree City USA Award: The NRC continues annual funding and oversight of the town-wide tree planting program in cooperation with the Department of Public Works. Any resident may contact the NRC to request the installation of a free public shade tree under the tree program in order to help maintain the Town's tree canopy. Trees are essential to Wellesley's character as a green, shady, residential town. They are one of our most important natural resources. Public shade trees, and trees under certain conditions on private property, are protected by state law and town bylaw. Trees' many benefits include buffering weather changes, improving air quality, cleaning and replenishing groundwater, reducing erosion, providing important wildlife habitat, reducing sound and glare, screening unsightly areas, and

separating incompatible uses. Trees help maintain property values and add beauty to our lives. They are also one of our greatest tools for mitigating and averting climate change. The Tree Planting Program is essential to the NRC's mission of protecting our natural environment. Wellesley is proud to be the longest running "Tree City USA" in the Northeast, having been awarded the Arbor Day Foundation designation for the thirty-sixth consecutive year in June of 2020.

Brookside Community Gardens and the Weston Road Garden Club: The NRC staff continues to coordinate with the boards of Brookside Community Gardens and the Weston Road Garden Club to draft uniform governing policies, including the stipulation that gardens must be maintained organically, without the use of pesticides. In the summer the NRC staff members planted, maintained and harvested food for the Wellesley Food pantry at the 4C garden in the Weston Road Gardens. Weekly deliveries of grown and donated food crops were picked up and distributed every week.

Organic Integrated Pest Management (OIPM): All Town-owned lands are now under the OIPM policy, which prohibits the use of pesticides without a formal review and waiver process. The NRC and the Health Department urge residents to manage lawns and gardens organically to reduce exposure to dangerous toxins and to protect our ground and drinking water. Organic lawn management also reduces the nutrients and synthetic chemicals that contaminate our ponds and waterways and result in excess plant growth.

Grow Green Wellesley: The NRC will continue its successful collaboration with the Health Department/Board of Health to reach out to the public on important health matters, including landscape maintenance practices. This year, nearly 120 Healthy Yard signs were installed by NRC staff at homes where residents maintain their properties without the use of harmful pesticides. Learn more on our webpage.

Fuller Brook Park Preservation Project: The Park continues to be maintained under Park Maintenance and Management guidelines developed by the Fuller Brook Park Committee, and executed by the Department of Public Works. This four-year, five-million-dollar project was the result of many years of thoughtful planning by numerous stakeholders seeking to restore and preserve Fuller Brook Park as a vital part of the town's stormwater infrastructure, a means of alternative transportation, an important wildlife habitat, and a beloved recreational space. Working with our town's DPW staff and the Friends of Fuller Brook Park, the NRC will continue to evaluate the conditions in the park and help train and coordinate volunteers to ensure the highest standard of stewardship to the Park.

Invasive Species Management: The NRC continues to contract with Parterre Ecological to help manage the invasive species in Fuller Brook park. Under the direction of the DPW, and adhering to the Fuller Brook Park Maintenance and Management Plan, landscape technicians are targeting the host of invasive species that threaten the native plants in the Park, using primarily mechanical removal, and minimal herbicide applications. The NRC plans to extend the knowledge gained from this work to our other parks and open space.

Morses Pond Restoration Project: The Comprehensive Plan for the Management of Morses Pond was originally formulated and funded in FY 2007 to protect, preserve, improve, and maintain this critically important natural and recreational resource for the Town. The program focuses on rooted plant control, phosphorus and sediment inactivation, dredging, watershed management and education, Town Bylaw review and enhancement, low-impact development, construction, and demonstration efforts and program implementation. Since its original formulation, the project has

continued to be managed under a separate budget, which allows for allocation of funds specifically dedicated to Morses Pond, as well as transparency.

The principal purpose of the Morses Pond operating budget is to fund:

- the services of a consulting pond manager who monitors water quality and adjusts treatments
- the weed harvesting operation to clear the pond of invasive weeds
- the operation of a phosphorus inactivation system.

The NRC continues to work with pond consultant Dr. Ken Wagner, the Department of Public Works, and the Recreation Commission in restoring and maintaining the health of the pond. Now in its thirteenth year of implementation, the restoration continues to yield clear water quality year after year and has resulted in the clearest water quality in program history. Implementation of the automated phosphorus inactivation system has reduced the materials cost and allows for greater control of treatments, contributing to the overall water quality in the pond. However, nuisance aquatic plant growth continues to be the biggest management challenge in the pond.

One reason for the excessive growth of aquatic plants is the use of lawn care fertilizers which enter the pond and accelerate weed growth. Public outreach to discourage fertilizer use within the watershed continues with some success. However, weed control, especially over the past two seasons, has been exceptionally challenging due to warmer winters. The large harvester, purchased in 2007, has reached the end of its usefulness, and a funding request for a new large harvester was approved by the Community Preservation Committee and is awaiting this Town Meeting's approval. The Town has made a significant (and successful) investment in maintaining Morses Pond, and the town's commitment to this important natural town asset should be continued. The Annual Pond Reports can be found on the NRC's webpage.

Successful Biological Control of the Winter Moth: In 2018 the NRC approved the continuation of a successful effort to use biological methods to control the invasive European winter moth by releasing parasitic flies (species *Cyzenis albicans*) in Centennial Reservation. The parasitic flies disrupt the life cycle of the winter moth, acting as a natural control, and allowing the Town to significantly reduce pesticide use. This project is conducted in conjunction with UMass Amherst Extension specialists and scientists from MA Department of Conservation and Recreation. With the success of the parasitic fly release program, Wellesley residents are requested to limit spraying only to trees that will not survive a moth infestation in order not to kill the beneficial flies.

See Trails and Wetland Protection committees, below.

ENVIRONMENTAL ADVOCACY THROUGH PLANNING AND LEGISLATION

Tree Preservation Bylaw: The NRC worked with the Planning Board to review and recommend revisions to strengthen the 2011 Tree Preservation Bylaw. Those revisions were approved at the October 2020 Special Town Meeting.

Continued Action on Gas Leaks: Working off of the results of the NRC-commissioned gas leaks mapping by gas leak specialist Bob Ackley of Gas Safety Inc., the NRC continues working with Town Boards and local and statewide environmental organizations to address the more than 200 active gas leaks in Wellesley.

While leaking gas (methane) is a powerful greenhouse gas and is associated with health and safety risks, methane is also harmful to soil and vegetation, and can kill valuable shade trees by depriving them of oxygen.

Specific actions taken this past year include:

- Working with the regional Gas Leaks Allies, the Gas Leaks Kill Trees, and other organizations to productively engage with National Grid to facilitate repairs
- Publication of the Gas Leaks of Significant Environmental Impact (SEI) map. (This new map is available on the NRC website.)
- Testing of tree planting and removal sites with a Combustible Gas Indicator (CGI) to avoid planting near gas leaks, and to help document gas leak related tree mortality.

Advocating at the State level for laws which protect the environment, and us, against harmful environmental toxins.

DEPARTMENT GOALS AND INITIATIVES FOR THE COMING YEAR

The goals of the Natural Resources Commission are to provide the Town with the highest quality of environmental leadership, planning, and management; to establish sound environmental policy; and to protect and improve the Town's natural and outdoor recreational resources. Projects and initiatives to further these goals were developed at the Annual Retreat and include the following:

- Promote Environmental Stewardship and Education
- Preserve and Expand the Town's Tree Canopy*
- Promote healthy, hearty and pollinator friendly landscapes on Town land and on private property
- Ensure planning, preservation and maintenance of passive and active open spaces
- Protect the Town's surface, ground and drinking waters
- Fix Wellesley's gas leaks
- Advocate for local and state-wide Legislation that supports these goals

Each of these goals relates to action and policy recommendations explicitly outlined in the Unified Plan, including promoting protection and enhancement of the tree canopy, managing properties to promote habitat and biodiversity, and raising public awareness about landscape best management practices by public and private property owners.

WELLESLEY TRAILS COMMITTEE

If the last year has taught us anything, it's that our open spaces are incredibly important (and popular!). We thank our Trails Committee for taking it upon themselves during COVID-19 to maintain these valuable recreational resources, and to quickly pivot from providing guided group walks to creating self-guided walks for all to safely enjoy.

Trail Maintenance and Expansion

Committee members monitor assigned trails, perform basic trail maintenance, check trail markers, fill map pamphlet holders, and replenish doggie bag dispensers. Members also plan improvements and develop new trails to augment the network.

Projects

- Documented an infrastructure database of the trails network for planning maintenance projects.
- Member of the Unified Plan Mobility Working Group.
- Assisted in design study for the Rte-9 Landline pedestrian crossing at Cochituate Aqueduct.

- Participated in the Town's Complete Streets Survey, NRC's North Forty Bio Blitz, and the City Nature Challenge.

Outreach

- Conducted three fall guided walks with 110 participants, and Kids' Trails Day with 85 kids and parents. Spring walks were cancelled due to the COVID-19 pandemic.
- Ran a North Forty fall walk for the Garden Club.
- Sponsored an Eagle Scout project that installed steps for a side trail from the Crosstown Trail to the Boston Sports Institute from Dale St.
- Participated in DCR's Lower Falls Shared-Use Trail Feasibility Study for a trail connection from the MBTA Riverside Station to Wellesley.
- Worked with John Hancock and DCR on proposed new trails along the Charles River from the Wellesley Office Park to Rte-9.
- Assisted the Town of Medfield in evaluating proposed changes for the Charles River Link Trail at the Medfield State Hospital grounds.

WELLESLEY WETLANDS PROTECTION COMMITTEE

The NRC serves as the Conservation Commission for the Town of Wellesley and delegates to the Wetlands Protection Committee (WPC) the power and authority to administer and enforce the Wetlands Protection Act (G.L. Chapter 131, Section 40) and the Town Wetlands Protection Bylaw (Article 44). The NRC appoints five volunteer members to the WPC, along with no more than two associate members. The Committee meets on a 21-day cycle and provides technical assistance to current and prospective homeowners, developers and other Town organizations and departments on projects that may impact local wetland resources. The Committee continues to assess local regulations and consider revisions to best protect these important resources.

APPRECIATION

The NRC thanks the many volunteers who help protect and maintain Wellesley's open space and natural resources. We also express our appreciation to the staff of the Department of Public Works who work with us to fulfill our mission. And finally, we offer our many thanks to recently retired Assistant Town Engineer Doug Stewart and Animal Control Officer Sue Webb who assisted us throughout their careers.

REPORT OF THE PLANNING BOARD

In accordance with the provisions of Section 26, *Notice of Public Hearings*, of the Zoning Bylaws, and Chapter 40A of the General Laws of the Commonwealth of Massachusetts, the Planning Board convened a duly advertised public hearing on Monday, March 1, 2021 on the proposed amendments to the Zoning Bylaws as contained in the Warrant for the April 26, 2021 Annual Town Meeting (Articles 27, 28, 29, and 30); and then continued this duly advertised public hearing on Monday, March 15, 2021. Following the close of the public hearing on March 15, 2021, as further required by the Zoning Bylaws and General Laws of the Commonwealth of Massachusetts, the Planning Board produced this Report with recommendations on the articles for consideration (Articles 27, 28, 29, and 30) by Town Meeting.

Article 27 – Amend the Zoning Bylaws by deleting every reference to the term “Wellesley Housing Development Corporation” and inserting in place thereof, the term “Affordable Housing Trust” or “Board of Trustees”, as applicable in the existing Zoning Bylaws and also to any amendment to the Zoning Bylaws approved at the Annual Town Meeting beginning April 26, 2021.

**Final Recommendation – Adoption, contingent on the passage of Article 26
(Planning Board voted 5-0)**

Article 27 was initiated through and is sponsored by the Select Board together with Article 26.

In Article 26 the Select Board seeks to establish a Wellesley Affordable Housing Trust Fund whose purpose will be to provide for the creation and preservation of housing in the Town that is affordable for low- and moderate-income households. The Trust will take the place of the Wellesley Housing Development Corporation.

Article 27 proposes to delete all references to the “Wellesley Housing Development Corporation” that appear in the Zoning Bylaw and inserting in its place either “Affordable Housing Trust” or “Board of Trustees” as applicable.

Upon approval of Article 26, Article 27 represents a ministerial change to the Zoning Bylaws that syncs the Zoning Bylaws to the Town Bylaws. It is appropriate and essentially required.

Therefore, because this would be a corrective measure, the Planning Board supports the amendment proposed under Article 27, should Article 26 pass, by a vote of 5-0.

Article 28 – Amend the Zoning Bylaws by (1) amending or adding Definitions in Section 1B and (2) by amending corresponding Sections of the Zoning Bylaws to provide for consistent definitions throughout, or take any other action in relation thereto.

**Final Recommendation: Adoption
(Planning Board vote 5-0)**

Article 28 was initiated through and is sponsored by the Planning Board as part of its ongoing efforts to recodify and improve the Zoning Bylaw. It proposes to amend *Section 1B. Definitions* by inserting in Section 1B definitions which appear in other Sections of the Zoning Bylaws either by moving the definition to Section 1B from its current location or by referencing in Section 1B that the definition is to be found in its current location. All definitions are to be listed alphabetically. The text of the Article in the Warrant lists the affected definitions.

Section 1B provides definitions for many words and terms used in the Zoning Bylaws. As new Sections of the Zoning Bylaws were added over time, the definitions that applied to a new Section were frequently incorporated within that Section. The unintended consequence of having two concurrent, yet distinct, systems for defining terms created confusion in where to look for a Definition and may also create inconsistencies in how a definition might apply.

The Planning Board sees this as a structural, almost ministerial, change that will bring consistency to the Zoning Bylaw, eliminate inaccuracies and redundancies, and facilitate further recodifications of the Zoning Bylaw. Article 28 seeks to improve the structure of the Zoning Bylaw by having all definitions set forth or referenced in a common location. This is a structural improvement that the Planning Board believes is essential to a more usable Zoning Bylaw.

At the same time the Planning Board recognizes that there is value in having related definitions, generally technical, grouped in a particular section for ease of use. Examples are definitions for Traffic Review in Section 16A Project Approval, definitions for lighting terminology in Section 16G Outdoor Lighting, and definitions concerning signage in Section 22A Signs. Therefore, Article 28 proposes to keep many such definitions in their current location and only cross reference them in Section 1B.

The Planning Board is also mindful that consolidating definitions may have unintended consequences. Definitions in Section 1B will apply to the entire Zoning Bylaw. It is possible that if a term currently defined in a Section other than Section 1B is also used in other sections, the usage in the other section could differ from the definition.

To avoid such unintended consequences, the Article frequently uses the formulation that defined term ABC "has the meaning provided in Section ZZ for use in Section ZZ". The purpose of this formulation is to limit the usage of the defined term to its current usage in the specific section and thereby not accidentally change the meaning of the term if used elsewhere. As a next step in recodification, the Planning Board will need to focus on these situations and make appropriate changes either by adopting the term for the entire Zoning Bylaw or by adjusting definitions. Given the scope of the Article, the Planning Board felt it better to approach this in two steps: Article 28 will improve the structure of the Zoning Bylaw without making substantive changes and subsequent efforts will address any substantive issues with certain definitions.

The balance of Article 28 is to make conforming changes to the Zoning Bylaw. If the definition has been moved to Section 1B, it is deleted from its current location. Efforts are also made throughout the Zoning Bylaw to capitalize defined terms when they are used.

Therefore, based on the above, the Planning Board supports the amendments proposed under Article 28 by a vote of 5-0.

Article 29 – Amend the Zoning Bylaws to update references to types of structures and living arrangements in four instances:

- 1. Amending the definitions of Independent Elderly Housing, Shared Living facilities, Town House, and related terms;**
- 2. Inserting definitions of Boarding House, Housekeeping Unit, Multi-Unit Dwelling, Multi-Unit Single-Unit Dwelling, Two-Unit Dwelling;**

3. Replacing the usage of Multi-Family Dwelling with Multi-Unit Dwelling, One-Family Dwelling with Single-Unit Dwelling, Single-Family Dwelling with Single Unit Dwelling; and Two-Family Dwelling with Two-Unit Dwelling;

4. Deleting the following terms Family, Multi-Family Dwelling, One-Family Dwelling, Single-Family Dwelling;

or take any other action in relation thereto.

**Final recommendation – Adoption
(Planning Board votes 5-0)**

While Article 28 was ministerial and brings structural changes to the Zoning Bylaws, Article 29 is substantive. The Town of Wellesley's Zoning Bylaws date from 1925. Some of the definitions reflect the mores of that period, where dwellings were the center of family life and family had a traditional, one-dimensional meaning.

The Planning Board recognizes that more neutral definitions are mandatory in the twenty-first century to accommodate a broader variety of living arrangements and to lessen any inequitable application of the Zoning Bylaw. These changes are pre-requisites for further efforts to recodify the Zoning Bylaw and the adoption of new Sections of the Zoning Bylaw.

The principle change is to remove the use of the word "family" and replace it with "unit" so that for example "One-Family Dwelling" and "Multi-Family" becomes "Multi-Unit". These changes build upon the current definition of "Dwelling Unit" already in the Zoning Bylaw and term "Housekeeping Unit" which is already imbedded in the existing definition of "Family". It should be recognized that these terms will need to be further reviewed as some limitations contained in them may not fully meet current expectations for zoning provisions. Nonetheless, the Planning Board believes that the changes proposed by Article 29 represent an important step in improving the Zoning Bylaw.

Therefore, based on the above, the Planning Board supports the amendments proposed under Article 29, by a vote of 5-0.

Article 30 – Citizen Petition to amend the Zoning Map of the Town of Wellesley by rezoning a portion of the parcel known as 2 Edgemoor Avenue currently zoned Single-Residence District - 10,000 square feet to Business District and Single-Residence A District.

**Recommendation – Endorsement of the Citizen Petition as modified
(Planning Board voted 5-0)**

Article 30 was initiated and is sponsored by a group of Wellesley residents through a Citizen Petition to the Board of Selectmen. It proposes to amend the Zoning Map of the Town of Wellesley to rezone 2 Edgemoor Road (Parcel 205-2) to be entirely within the Business District.

Currently the property is split-zoned, with a portion closest to Worcester Street zoned Business and the majority of the property zoned Single Residence. It is currently used for business purposes and supports an automobile detailing enterprise. Rezoning will enable greater use of the property for purposes allowed in a Business District.

The Planning Board is supportive of the desire to rezone the property to the Business District. It is used for business purposes and is currently bounded to the south by 1005 Worcester Street

and on most of its eastern side by 999 Worcester Street, which are both fully within the Business District.

The Planning Board is concerned however that the Business District has no side yard setback, so that structures on the property could be built to the side property line and so directly abut the neighboring property known as Edgemoor Circle, a neighborhood of condominiums within the Single Residence District. Within the Business District Section of the Zoning Bylaws, there is NO side yard setback so any future building at 2 Edgemoor Avenue could extend to the edge of the property.

The Planning Board, wanting to support a business owner developing his property, yet wanting to balance this by protecting the privacy of the neighboring abutters, suggested to the Citizens that the rezoning of the parcel at 2 Edgemoor Avenue should be a division of the land where the southern portion becomes Business District and a northern portion that is twenty feet wide becomes Single Residence A.

The Single Residence A District is a buffer district between Business and abutting residential zones. It allows for parking, but no structures may be erected. The specificity of twenty feet matches the side yard setback of the Single Residence District – 10,000 square feet. The Board felt that this was equitable and protective.

It is the Planning Board's understanding that this solution is acceptable to the proponents of the Citizens Petition and that the Moderator feels this change falls within the scope of the original Petition.

Therefore, based on the above, the Planning Board supports an amended Citizen Petition which would rezone the northern 20 feet of the Property in the Single Residence A District and the rest of the Property in the Business District by a vote of 5-0.

REPORT OF THE SUSTAINABLE ENERGY COMMITTEE

Town Meeting established the Sustainable Energy Committee (SEC) in 2010, to lead efforts to accomplish the goal adopted at the 2009 Annual Town Meeting (ATM) to reduce town-wide greenhouse gas (GHG) emissions 10% below 2007 levels by 2013, to monitor and report progress toward that goal, and to propose further goals for emissions reductions to Town Meeting. The 2014 ATM adopted the SEC proposal to establish a new goal to reduce town-wide emissions 25% below 2007 levels by 2020.

The SEC has seven appointed members, with staggered terms of three years. The Board of Selectmen (BOS), Municipal Light Plant (MLP), and School Committee each appoint one board member, officer, official, or paid employee. The BOS appoints the remaining four members from among residents or others with relevant interests and expertise.

MEASUREMENT OF 2020 EMISSIONS AND TRENDS

2020 Emissions and Changes from 2019

As shown in the table below, Wellesley's total 2020 GHG emissions decreased 14.4% from 2019 levels. Historically, town-wide GHG emissions have varied only a few percentage points from year-to-year. The significant emissions reduction in 2020 can be attributed to pandemic-related changes in activity patterns as well as to milder weather in the 2020 heating season compared to 2019.

Preliminary Greenhouse Gas Emissions (CO ₂ e) in metric tons						
Electricity/Natural Gas/Fuel Oil	Share of Total 2020 Emissions	2020 Emissions	2019 Emissions	2019 - 2020 Percent Change	2007 Emissions	2007 - 2020 Percent Change
Residential	32.5%	101,429	107,106	-5.3%	136,236	-25.5%
Commercial	12.6%	39,246	44,328	-11.5%	61,203	-35.9%
Colleges	9.4%	29,186	34,659	-15.8%	46,668	-37.5%
Municipal	1.9%	5,962	6,730	-11.4%	9,723	-38.7%
Building Subtotal	56.4%	175,823	192,822	-8.8%	253,830	-30.7%
Waste	0.6%	1,777	1,559	14.0%	2,027	-12.3%
Gas/Diesel	43.0%	134,249	170,076	-21.1%	160,468	-16.3%
Total Emissions	100.0%	311,849	364,457	-14.4%	416,325	-25.1%

GHG calculations are based on actual municipal and college energy use data, actual electric and natural gas use by households and businesses, and estimates for heating oil consumption, fuel efficiency in the transportation sector, and the conversion factors that translate energy use into GHG emissions. The methodology is guided by the U.S. Community Protocol for Accounting and Reporting of Greenhouse Gas Emissions and calculated using ICLEI – Local Governments for Sustainability software.

Buildings in the commercial, college, and municipal sectors all show GHG reductions over 10% between 2019 and 2020, reflecting reduced building usage in 2020, especially during the spring stay-at-home order. Residents spent more time at home in 2020, leading to a 6% increase in electricity use in Wellesley homes. However, warmer temperatures in the 2020 heating months contributed to a 9% reduction in GHGs from natural gas and fuel oil, resulting in a 5% drop in overall GHG emissions from residential buildings.

Transportation-related emissions between 2019 and 2020 dropped 21%. Typically, Wellesley traffic counts averaged over past years are used to calculate GHG emissions from gasoline and diesel used in on-road vehicles. Given the lack of 2020 traffic data, this method was insufficient to capture dramatic, pandemic-related changes in the town's 2020 traffic patterns. Therefore, statewide 2020 data showing average reductions in vehicle miles traveled (see Figure 1), were used to conservatively estimate the pandemic's effect on vehicle miles traveled in Wellesley in 2020.

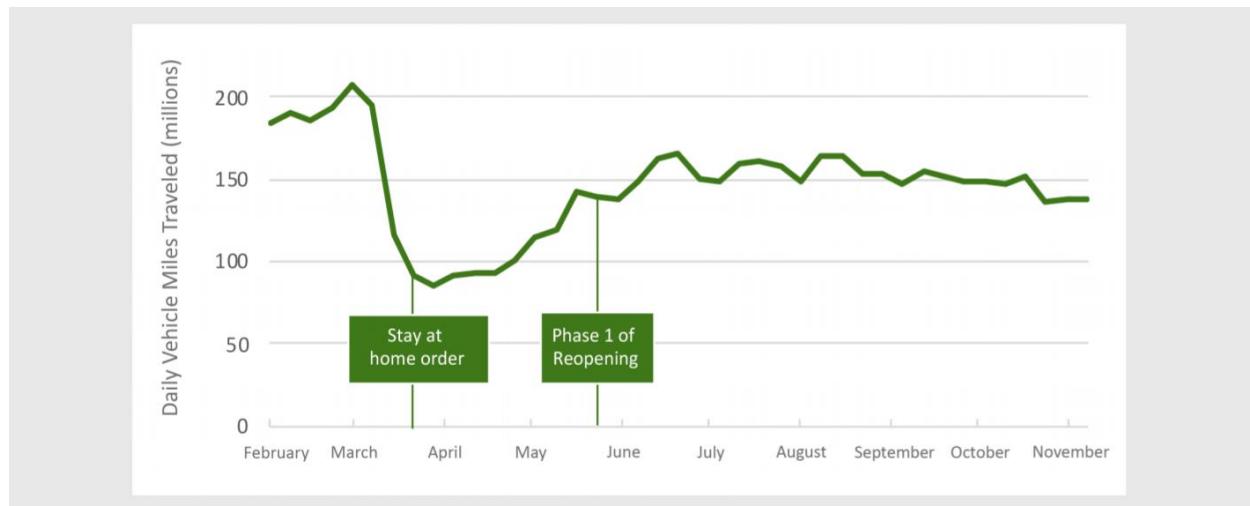


Figure 1. Statewide Total Weekday Daily Vehicle Miles Traveled (all vehicle types, averaged by week)¹

Waste sector emissions increased 14% in 2020, mirroring a similar increase in the tonnage of solid waste accepted at Wellesley's Recycling and Disposal Facility (RDF), with materials discarded by the residential and commercial sectors rising by 12% and 26%, respectively. The increase in residential waste reflects more people eating, working, and generating waste at home during the pandemic. Although commercial waste increased by 26% compared to 2019, waste is a small sector of our town's emissions and tends to fluctuate with the economy, building demolition waste, and fees for waste disposal in Wellesley and the surrounding area. Emissions from municipal waste dropped by 30% from 2019 levels as municipal building occupancy was lower in 2020.

Overall 2007-2020 Emissions Trends

As of 2019, Wellesley had reduced its overall GHG emissions by 12% compared to 2007 but was not on track to meet its goal of reducing emissions 25% below 2007 levels by 2020. This shortfall resulted primarily from the large and growing impact of the transportation sector. However, significantly lower energy consumption in buildings and transportation in 2020 led to a 25% reduction in emissions below 2007 levels. This outcome is largely an artifact of the pandemic, but also reflects a warm 2020 heating season and long-term emission reductions in buildings and waste sectors. Long-term trends that have contributed to GHG emissions reductions since 2007 are outlined below.

¹ Massachusetts Executive Office of Energy and Environmental Affairs. December 2020. *Massachusetts 2050 Decarbonization Roadmap*. Page 36. <https://www.mass.gov/doc/ma-2050-decarbonization-roadmap>

- **Decarbonization of the electricity grid:** Over the last 13 years, energy powering the grid shifted from coal and oil to natural gas and included more clean energy sources, lowering the emissions per unit of electricity by 29%.
- **Transition from heating with fuel oil to natural gas:** Many homes, businesses and college buildings switched from heating with fuel oil to natural gas, which releases fewer GHG emissions per unit of energy. New, more efficient heating systems and building weatherization also helped to minimize increased natural gas consumption.
- **Electricity consumption:** Electricity use increased by only 0.5% despite a roughly 4% increase in the Wellesley population. New, more efficient electric heating and cooling systems, appliances, and lighting in Wellesley buildings helped to keep electricity consumption level.
- **Changes at Wellesley College:** Wellesley College decreased its natural gas use and emissions by sourcing electricity from Wellesley's Municipal Light Plant instead of generating it on-site.
- **Waste reduction:** Increased recycling, lightweighting of packaging materials, as well as food waste recovery and composting contributed to reductions in waste tonnages and resulting emissions.
- **Transportation:** Increased fuel efficiency in vehicles was not sufficient to offset the steadily increasing number of vehicle miles traveled between 2007 and 2019. Reduction in vehicle miles traveled during the pandemic significantly lowered the town's GHG emissions in 2020.

While post-pandemic emissions in Wellesley are expected to rise again in 2022 and beyond, some pandemic-related changes such as work-from-home may persist into the future and help Wellesley to retain some of the emission reductions seen in 2020. As described below, the SEC is recommending new, more ambitious GHG emission reduction goals to ATM 2021. A climate action planning process, currently underway, will develop a road map for achieving these goals.

Note that 2020 GHG inventory results are marked as preliminary since emissions factors for the electricity grid are updated annually with a one-year lag. GHG inventory results for 2019 have been updated with the recently released 2019 factor. The SEC will finalize the 2020 results in 2022 and publish them in the Report to ATM 2022.

COMMITTEE ACTIVITIES IN 2020 AND EARLY 2021

In addition to tracking and analyzing GHG emissions, as described above, the SEC led and contributed to a number of initiatives, detailed below, aimed at reducing the Town's carbon footprint.

Climate Action Plan

The SEC launched a climate action planning process. The Climate Action Plan (Plan or CAP) will serve as a comprehensive road map for achieving new GHG emissions goals the SEC is proposing to ATM 2021 (Article 24): reduce town-wide GHG emissions 50% below 2007 levels by 2030, 75% below 2007 levels by 2040 and to net-zero emissions by 2050. The Plan will also detail resilience, economic, equity, and other benefits of addressing climate change. In Fall 2020, the SEC worked with Town staff and board members to design a planning process, create public outreach materials, and prepare a request for proposals for a consultant to support data collection and analysis. The SEC will hire a consultant in mid-March. The consultant will work with sector-specific working groups to identify, prioritize, and time climate actions in energy, building, mobility, waste, natural resource, and governance sectors. The SEC also commenced a CAP community engagement effort that will continue throughout the year and will include public forums,

presentations to community groups, print and digital media, an interactive website, and opportunities for public feedback. The CAP will be a dynamic working document. The SEC will oversee annual evaluation and updating of the CAP going forward. The SEC will also work with Town departments and the community to coordinate CAP implementation.

Green Communities

In Spring 2020, the SEC worked with the Facilities Management Department (FMD), Department of Public Works (DPW), MLP, and the Police Department to obtain a Green Communities grant of \$137,920 to fund the following projects:

- Interior LED retrofit in the High School auditorium and gymnasium;
- Exterior LED retrofit in municipal parking lots; and
- Two hybrid police cruisers.

As of February 2021, the High School LED retrofit is complete and the municipal parking lot and police cruiser projects are nearing completion.

Municipal Sustainable Building Guidelines

Municipal Sustainable Building Guidelines (the Guidelines) outline a process and criteria by which the Town may design, construct, and operate municipal buildings in a cost-effective and sustainable way such that these projects minimize GHG emissions and other forms of environmental degradation, support the health, comfort and productivity of building occupants, and conserve resources. The Guidelines also encourage the construction and renovation of buildings that are resilient and adaptable to a changing environment and flexible such that they accommodate multiple uses. MSBG present a minimum level of requirements for the design and development of new buildings and roofs, major renovations, large additions, and private development on Town-owned land. The Guidelines are reflected in ongoing projects such as the new Hunnewell and Hardy Schools, the interior renovation of Town Hall, and the Morses Pond beach house.

The following seven boards committed to Municipal Sustainable Building Guidelines for building improvements and the construction of future town buildings: Select Board, Municipal Light Board, Board of Public Works, Natural Resources Commission (NRC), Recreation Commission, Wellesley Free Library Board of Trustees and School Committee.

Building Electrification and Sustainable Zoning

The SEC and Sustainable Wellesley, the local grassroots environmental nonprofit organization, formed a working group to participate in the Rocky Mountain Institute's Building Electrification Accelerator Program. This group explored avenues to building electrification, including zoning bylaw amendments, that would promote sustainable building projects and reduce GHG emissions. A new working group with the Planning Department is exploring amendments to introduce sustainability into zoning bylaws. The first of these amendments are expected to come before Town Meeting in Fall 2021.

Gas Leaks

Members of the SEC continue to participate in the on-going Multi-Town Gas Leaks Initiative which brings together cities and towns in National Grid territory to work with the utility to accelerate progress on gas leaks. Gas leaks are made up of methane which is 86 times more potent as a greenhouse gas than carbon dioxide. At the end of 2019, National Grid reported 256 gas leaks in

Wellesley. The climate action planning process will consider the impact of gas leaks on Wellesley's carbon footprint, public health, and ecosystems.

Working with the Municipal Light Plant

The SEC contributes to the Municipal Light Plant's WECARE Program, Incentive Design Working Group and to the implementation of incentive programs such as the Clean Comfort air-source heat pump initiative, residential solar rebate project and electric vehicle off-peak charging program.

Town-wide Mobility Working Group

The SEC participates in the Town-wide Mobility Working Group and is engaging members of this group in developing the mobility portion of the Climate Action Plan.

WasteWise Wellesley

The SEC continues to lead WasteWise Wellesley and the 3R (Reduce, Reuse, Recycle) Working Group (DPW, SEC and NRC) to identify and capitalize on win-win opportunities associated with sustainable materials management. Programs such as cafeteria recycling, food rescue and food waste diversion, the Metrowest Food Recovery Program and The Repair Café were on hold through much of 2020 due to COVID-19.

Green Collaborative

To connect over thirty environmentally interested groups across Town, the SEC facilitates "Wellesley's Green Collaborative," which hosts speakers and lively discussions on sustainability topics. The Green Collaborative held a sustainable buildings event in early 2020 and a zero-waste webinar in September 2020. Upcoming webinars in Spring 2021 will highlight air-source heat pumps and the Climate Action Plan.

Proposed Name and Staffing Changes

ATM 2021 Article 24 proposes changing the Sustainable Energy Committee's name to the Climate Action Committee. The proposed name connects the Committee to the Climate Action Plan, and plan implementation.

The SEC Operating Budget Request seeks a 5 hour/week increase in the Director's position to support work on the Climate Action Plan.

Conclusion

Wellesley must take more aggressive action to reduce greenhouse gas emissions and build resilience to climate change impacts. The Inter-governmental Panel on Climate Change recommends net-zero emissions by 2050 to keep globally averaged temperature rise to within 1.5 Celsius. The Baker Administration and the Massachusetts House and Senate have all expressed support for this same net-zero goal and for 2030 and 2040 interim targets. The Climate Action Plan will provide a road map for reaching the abovementioned new, more ambitious GHG emission reduction goals. The SEC will work with Town departments and the community to develop the Plan and coordinate its implementation.

SUSTAINABLE ENERGY COMMITTEE

Laura Olton, Chair Sue Morris, Vice Chair
Lise Olney Martha Collins

Ellen Korpi

Cindy Mahr

APPENDIX A: GUIDELINES FOR CONDUCT OF WELLESLEY REPRESENTATIVE TOWN MEETING

I. INTRODUCTION

The purpose of Wellesley Town Meeting (the “Meeting”) is to reach decisions with respect to the matters brought before the Meeting by a democratic process. The process should not be partisan or adversarial. Rather it should demonstrate an effort by the elected representatives of the Town in open discussion, free from technicalities of parliamentary procedure, to establish constructive policies for the government of the Town. The Meeting depends for its effectiveness on familiarity of the Town Meeting Members with the matters before the Meeting and upon their ability to rely one upon the other and upon their elected or appointed boards and committees.

All who speak to the Meeting or prepare

to it should seek to be worthy of this trust. Proponents of action should make full and fair disclosure of all facts and considerations bearing on a problem, not merely those favoring their proposal. On the other hand, those opposed to a proposal should make their opposition known to the sponsors as soon as possible, rather than seeking to succeed by surprise at the Meeting. Negotiations prior to Town Meeting are more likely than debate at Town Meeting to clarify the issues and to produce solutions that will receive the support of the Meeting as a whole.

The great diversity among the residents of the Town often will lead to differences with respect to the matter before the Meeting. The good faith of no one should be questioned; rather, there should be a cooperative effort to find solutions that are reasonably responsive to the needs of all.

The Meeting shall abide by the laws of the Commonwealth including the prohibitions of smoking and carrying firearms on school property.

The following guidelines are intended to inform and guide those who participate in the Meeting and, thus, to assist in its orderly conduct. These guidelines, except to the extent that they embody statutes and Town Bylaws, are not intended as rules having legal effect.

II. PARTICIPANTS IN THE MEETING

A. *Public Meeting* - The Town Meeting is a public meeting and may be attended by all. Since only the Members may make motions and vote thereon, they are seated separately from non-members.

B. *Quorum* - A majority of the Town Meeting Members shall constitute a quorum for doing business; but a lesser number may adjourn the Meeting to another time.

C. *Moderator* - The Moderator shall preside at the Meeting and shall regulate the proceedings and decide all questions of order.

No one shall distribute any material at Town Meeting except with permission of the Moderator.

The Moderator may appoint persons to assist in the conduct of the Meeting, including determination of the vote of the Meeting.

If the Moderator is absent or cannot act, a Moderator Pro Tempore may be elected by the Meeting, the Town Clerk to preside at such election.

The Moderator shall not be an elected Town Meeting Member and shall not vote with respect to any matters before the Meeting. A Town Meeting Member may be a Moderator Pro Tempore, but shall not vote while presiding at the Meeting.

D. Clerk - The Town Clerk shall determine the presence of a quorum and shall maintain the records of the Meeting, including the results of all votes and other action taken at the Meeting. If there is no Town Clerk, or if the Town Clerk is absent from the Meeting, the Meeting shall elect another person (usually the Assistant Town Clerk) to act as temporary Clerk of the Meeting.

The Town Clerk shall not be an elected Town Meeting Member and shall not vote with respect to any matters before the Meeting. A Town Meeting Member may be Temporary Clerk, but shall not vote while acting as Clerk of the Meeting.

E. Town Counsel - Town Counsel shall be present at all Meetings and, upon request, shall advise the Moderator and any Member or other person present with respect to any pertinent question of law on which his or her opinion is requested. Such opinion is advisory only and not binding upon the Town, any person or the Meeting. If Town Counsel is unable to attend, the Selectmen shall designate another attorney as Acting Town Counsel to perform those duties at the Meeting.

Town Counsel shall not be an elected Town Meeting Member and shall not vote with respect to any matter before the Meeting. A Town Meeting Member may be Acting Counsel, but shall not vote while so acting.

F. Tellers - The Moderator shall appoint Town Meeting Members as Tellers for the purpose of counting the votes of the Meeting. Such appointments may, in the Moderator's discretion, be effective for more than one session of any Meeting. The Tellers shall report the results of their count of the section of the Meeting assigned to them, indicating the number in favor of the motion, the number opposed, and, if so, instructed by the Moderator, the number abstaining and such shall be announced to the Meeting and maintained with the records of the Meeting. Tellers may vote on any question on which they act as Tellers, but any Teller who decides to participate in the debate of a question should request the Moderator to appoint another Teller to count the vote on that question.

III. MOTIONS

- A. Need for Motion** - Action by the Meeting is taken solely by a vote of the Meeting on a motion duly made at the Meeting.
- B. Subject of Motions** - Except for such matters as resolutions recognizing individual achievements and the like, no motion shall be entertained by Town Meeting unless the subject thereof is contained within the Warrant. The Moderator shall determine whether a motion is "within the scope of the warrant," that is, whether the warrant gave adequate notice that the action proposed by the motion might be taken at the Meeting. Motions may propose action at variance with that desired by the sponsor of the article. Such motions may, for example, propose the establishment of a guideline, referral to an existing board or committee or one to be established; but all such motions are proper only if "within the scope of the warrant" as determined by the Moderator.
- C. Order of Consideration** - All articles shall be considered in the order in which they appear in the warrant, unless the Moderator in his/her discretion or the Meeting by majority vote changes the order. Where there are a number of motions relating to a project calling for

the expenditure of funds, the motion calling for the expenditure of the largest sum shall be the first put to vote, unless the Moderator in his/her discretion decides to change the order.

D. Formal Requirements - Motions can be made only by a Member of the Meeting. All motions other than procedural motions must be in writing signed by the sponsoring Member. No seconds are needed for any motion.

Sponsors of motions are required to submit their motions to the Selectmen by a date specified by the Selectmen. The motions must also be submitted to the Moderator and the Chair of the Advisory Committee. The exact form of any motion or amendment must either be distributed to Town Meeting Members or projected on a screen at Town Meeting before a vote thereon can be taken.

After the initial call to order of any Annual or Special Town Meeting, if a proponent informs the Moderator of an intention to present an amendment or substitute motion or resolution, notice of the action and the text must be made available to Town Meeting Members before action is taken on the article to which it relates.

E. Notice to Moderator - Every person who prior to the Meeting has decided to make a motion with respect to an article should inform the Moderator and the Chair of the Advisory Committee prior to the Meeting or, if the decision to make a motion is reached only during the Meeting, as early as convenient thereafter.

F. Reconsideration - Motions to reconsider any action shall be entertained only if in the view of the Moderator there is reason to suppose that Members may have changed their minds. The Moderator may rule that any motion is a motion for reconsideration if it is not substantially different from a motion previously voted upon.

No action taken at any session of a Town Meeting shall be reconsidered at any subsequent session, unless notice of intention to move for reconsideration shall have been given at the session at which such action was taken. If action taken at the final session is to be reconsidered, debate and a vote on a motion for reconsideration may occur at the same session only after all articles have been acted upon unless, in the Moderators discretion, debate and a vote on the motion at an earlier point in the session would expedite the conduct of the session. Any vote that requires more than a simple majority for passage shall require a 3/5ths vote in order to be reconsidered by Town Meeting.

IV. DEBATE

A. Persons Authorized - All residents of Wellesley, whether or not Town Meeting Members or registered voters, may address the Meeting. Non-residents may address the Meeting with the approval of the Moderator or a majority of the Meeting.

B. Permission of the Moderator - Persons wishing to address the Meeting shall raise their hands or stand and wait until they are recognized by the Moderator and no one shall address the Meeting without first requesting and receiving the permission of the Moderator.

C. Identification of Speaker - Each person addressing the Meeting shall begin by stating his or her name and precinct if a resident of Wellesley or place of residence if a non-resident.

D. Conduct - All remarks should be limited to the subject then under discussion. It is improper to indulge in references to personalities and all expressions of approval or disapproval, such as applause or booing, are out of order.

The Moderator may request any person to keep silent. If, after a warning from the Moderator, a person refuses to be silent or persists in other disorderly behavior, the Moderator may order such person to withdraw and, if he or she fails to withdraw, may order a police officer to remove such person from the Meeting.

E. Personal or Financial Interest - Individuals who have a personal or financial interest with respect to a matter may speak or vote thereon but should frankly disclose their interest before speaking. However, no Town Meeting Member should accept compensation for speaking to or voting at the Meeting.

F. Time - There is no time limit to the debate of any question. Accordingly, motions to limit time for debate or to call the question are not in order. However, each individual who speaks to the Meeting should make an effort to be as brief as possible, out of consideration for the others attending the Meeting and the need to give adequate time to all matters coming before it. The Moderator may request that all persons who intend to speak for more than five minutes give him/her notice before the start of the session.

G. Repeated Speaking - In order to give all a fair opportunity to speak, no one who has addressed the Meeting on any particular motion shall speak again, except to answer questions, until all others wishing to speak to the motion have done so.

H. Maps - The Planning Board has slides of Town maps available for use at all Meetings and may be requested on reasonable notice to make available a slide of any map appropriate to the subject under discussion.

V. VOTING METHOD

Except as specifically otherwise provided by law or these rules, voting shall be by voice votes or show of hands as the Moderator may determine and the Moderator shall declare the results of such vote. If a vote so declared is immediately questioned by seven or more Members, the result shall be determined by counting the votes of the Meeting by means of a standing vote.

VI. DEFINITIONS

A. Roll Call - Upon motion supported by not less than sixty members and made prior to the taking of a standing vote, the vote shall be by a roll call of all Members, the Clerk to indicate on the record with respect to each Member, "Aye," "Nay," "Abstain," or "Not Present" as the case may be.

B. Secret Votes - There shall be no secret ballots or other secret votes at Town Meeting.

C. Majorities - Except as otherwise provided by law or the Town's Bylaw, all actions of the Meeting shall be taken upon vote of a simple majority of those present and voting.

D. Ballot Vote

(a) Upon a motion supported by not less than 20 Members made prior to a vote on any question (whether required by law to be a counted vote or not), the vote shall be taken by ballot in such form as will in the opinion of the Moderator indicate how individual Town Meeting Members have voted on a question. The results of such vote shall be announced in terms of the numbers of aye, nay, or abstain votes cast. The Town Clerk shall, within a reasonable time after the session has been

adjourned, compile a list of Members voting on the question, which list shall disclose how each Member voted. Said list, together with the original ballots, shall be open to public inspection so that the public shall be able to determine the way in which each Town Meeting Member voted on the question and shall be preserved for at least 3 years.

(b) If a law or a bylaw requires a two-thirds vote for action by the Meeting, the Moderator is authorized to declare the vote without taking a count, subject to the roll call and ballot vote provisions noted above. If more than a two-thirds vote is required, the Moderator may first determine whether the vote is unanimous and, if it is not, the vote shall be counted either by means of a standing vote, by roll call or by ballot as provided in the Town's Bylaw.

VII. ADJOURNMENT AND DISSOLUTION

A. *Adjournment* - Sessions of the Town Meeting shall normally adjourn about 11 o'clock in the evening but may adjourn at such earlier or later time as the Town Meeting upon vote of a majority of its Members may determine.

B. *Dissolution* - The Meeting shall not dissolve until all articles in the warrant with respect to which any Member wishes to make a motion have been considered.

VIII. RECORD OF MEETING

The Town Clerk in consultation with the Moderator shall prepare and maintain a complete record of the Meeting at the office of the Town Clerk where, upon request, it may be inspected by any interested person and also shall deposit a copy of such record at the Main Library. Such record may, but need not be, verbatim. However, it shall as a minimum contain the text of all articles and motions, whether main motions or subsidiary motions, the name of the moving party, the action of the Meeting with respect thereto and such summary of statements made at the Meeting as will in the opinion of the Town Clerk contribute to a better understanding of the action of the Meeting.

IX. REFERENCE TO TOWN MEETING RULES

Wellesley Representative Town Meeting was established by Chapter 202 of the Acts of 1932 which has been amended several times since then. Certain customs have developed in the conduct of the Town Meeting. Wellesley custom does not differ substantially from the custom of other representative town meetings, as generally described in Town Meeting Time (Little, Brown, and Company 1962), a book that also contains references to applicable court decisions and statutes. All custom may be changed by law, or the Bylaws of Wellesley, as from time to time amended.

It is the combination of the foregoing which produces the "rules" of Wellesley Town Meeting in conformity with which the Moderator regulates the conduct of the meeting.

APPENDIX B: TOWN MEETING ACRONYMS

AC	Advisory Committee
ACS	Access Control Systems
ADA	Americans with Disabilities Act
AED	Automated External Defibrillator
AFSCME	American Federation of State, County and Municipal Employees
AMI	Advanced Metering Infrastructure
ATC	American Tower Corporation
ATM	Annual Town Meeting
BOH	Board of Health
BOS	Board of Selectmen
BPW	Board of Public Works
CAFR	Comprehensive Annual Financial Report
CB	Circuit Breaker
CBR	Circuit Breaker Reimbursement (State money for Special Education Expenses based on a formula)
CCF	Hundred cubic feet (water measurement)
COA	Council on Aging
COLA	Cost of Living Adjustment
CPA	Community Preservation Act
CPC	Community Preservation Committee
DAS	Distributed Antenna System
DEP	Department of Environmental Protection
DESE	Department of Elementary and Secondary Education
DHCD	Department of Housing and Community Development
DOR	Department of Revenue
DPW	Department of Public Works
DRB	Design Review Board
ELL	English Language Learner
FAR	Floor Area Ratio
FBPC	Fuller Brook Park Committee
FCM	Forward Capacity Market
FF&E	Furniture, Fixtures and Equipment
FMD	Facilities Maintenance Department
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GFOA	Government Finance Officers Association
GIC	Group Insurance Commission
GIS	Geographic Information Systems
HDC	Historic District Commission
HHU	Hardy, Hunnewell and Upham
HRB	Human Resources Board
HRS	Human Relations Service, Inc.
HVAC	Heating, Ventilation and Air Conditioning
ID	In District
IDEA	Individuals with Disabilities Education Act

IEP	Individualized Education Plan
IND	Innovative Neighborhood Design (Planning)
ISO-NE	Independent System Operator – New England
IT(D)	Information Technology (Department)
LHR	Large House Review
LRE	Least Restrictive Environment
LTD	Long Term Disability
MAAB	Massachusetts Architectural Access Board
MAR	Municipal Annual Requirement (Library)
MassDOT	Massachusetts Department of Transportation
MEMA	Massachusetts Emergency Management Agency
MGL	Massachusetts General Laws
MIAA	Massachusetts Interscholastic Athletic Association
MLB	Municipal Light Board
MLP	Municipal Light Plant
MOU	Memorandum of Understanding
MSBA	Massachusetts School Building Authority
MUNIS	Integrated suite of Municipal Software primarily used for Financial, HR, Payroll, Billings, and various other Town Departmental needs
MWRA	Massachusetts Water Resources Authority
MWRTA	MetroWest Regional Transit Authority
NCD	Neighborhood Conservation District
NRC	Natural Resources Commission
NRP(Z)	Natural Resource Protection (Zoning)
OOD	Out of District
OPEB	Other Post-Employment Benefits
OPM	Owner's Project Manager
PARCC	Partnership for Assessment of Readiness for College and Careers
PAWS	Preschool at Wellesley Schools
P&S	Purchase and Sale Agreement
PB	Planning Board
PBC	Permanent Building Committee
PFTP	Playing Fields Task Force
PILOT	Payment in lieu of taxes
PSI	Project of Significant Impact
RDF	Recycling and Disposal Facility
RFID	Radio Frequency Identification System
RFP	Request for Proposals
RMD	Registered Marijuana Dispensary (Planning)
SADI	System Average Interruption Duration Index
SBHD	Single Building Historic District (Planning)
SC	School Committee
SEC	Sustainable Energy Committee
SFC	School Facilities Committee
SFMP	School Facilities Master Plan
SMMA	Symmes, Maini, McKee & Associates
SOI	Statement of Interest
SPGA	Special Permit Granting Authority

SR	Single Residence (District)
STEM	Science, Technology, Engineering and Mathematics
STM	Special Town Meeting
SWG	Security Working Group
TDRT	Town Development Review Team
TGSC	Town Government Study Committee
TM(M)	Town Meeting (Member)
TPC	Tolles Parsons Center
TWFP	Town-Wide Financial Plan
UMAS	Uniform Municipal Accounting System
UP	Unified Plan
VMS	Video Management System
WCRS	Wellesley Contributory Retirement System
WFL	Wellesley Free Library
WHA	Wellesley Housing Authority
WHC	Wellesley Historical Commission
WHDC	Wellesley Housing Development Corporation
WHS	Wellesley High School, Wellesley Historical Society
WMS	Wellesley Middle School
WPC	Wetlands Protection Committee
WPS	Wellesley Public Schools
WSCD	Wellesley Square Commercial District
WSHG	West Suburban Health Group
WSVD	West Suburban Veterans' District
ZBA	Zoning Board of Appeals

APPENDIX C: GLOSSARY OF MUNICIPAL FINANCE TERMS

ABATEMENT. A complete or partial cancellation of a tax or assessment levied (imposed) by the Town. Abatements usually apply to tax levies and special assessments.

APPROPRIATION. An authorization granted by Town Meeting to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to time when it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by the Town as a basis for levying taxes. Equally assessed valuation refers to the Town's assessed valuation as determined by the Assessors, adjusted by the State Department of Revenue on a biennial basis to reflect full market value ("equalized valuation").

BUDGET. A plan of financial operations embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. A budget may be "preliminary" – the financial plan presented to Town Meeting, or "final" – the plan approved by Town Meeting.

CAPITAL PROJECT. A major nonrecurring physical acquisition expenditure often including planning, acquisition, and construction phases.

CHERRY SHEET. An annual statement received by the Assessors from the State Department of Revenue detailing estimated receipts for the next fiscal year from various State Aid accounts and the Local Aid Fund (Lottery) and estimated charges payable by the Assessors in setting the tax rate. Supplemental Cherry Sheets may be issued during the year and there is no guarantee that the estimated receipts and charges shown thereon will not vary from actual receipts and charges.

COLLECTIVE BARGAINING. Negotiations between an employer and union representative regarding wages, hours, and working conditions.

DEBT AUTHORIZATION. The formal approval required under the procedures set forth in Chapter 44 of the Massachusetts General Laws before the Town may lawfully incur debt.

DEBT SERVICE REQUIREMENT. The amount of money required to pay interest on outstanding debt, and serial maturities of principal for serial bonds.

ENTERPRISE FUND. A fund established to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of Enterprise Funds are those established for the Town's water, sewer, and electric utilities.

EQUALIZED VALUATION. The value of all property as determined by the State Tax Commission biennially, using a standard of "full and fair value." This is also referred to as "100% valuation." The equalization figures are reported in December and affect State Aid distributions for the two-year period beginning the following July.

EXCESS LEVY CAPACITY. The difference between the Town's maximum tax levy limit as established by Proposition 2 ½ and its actual tax levy in the most recent year for which the Town has set a tax rate. This is the additional tax levy that the Town could raise without going to the voters for an override or debt exclusion.

EXCLUSIONS. A provision in the Proposition 2 ½ Law (Chapter 580 of the Acts of 1980) that provides, through referendum, to add funds to the total tax levy on a temporary basis. Exclusions and Debt Exclusions are specifically for capital or special onetime items. Exclusion type questions, if approved by voters, are used to fund onetime items, usually large capital projects. These funds do not become part of the permanent tax levy base. An exclusion for debt service on a loan to pay for a major capital project expires when the loan is paid. The amount added to the tax levy for a particular year is the debt service needed for that year only. Exclusions are only effective until the funding for the project to which they apply is complete.

FISCAL YEAR. A 12-month period to which the annual operating budget applies and at the end of which the Town determines its financial position and the results of its operations. The Commonwealth and the Town operate on a fiscal year that begins on July 1 and ends on June 30. The number of the fiscal year is that of the calendar year in which the fiscal year ends; e.g., the fiscal year 2014 begins July 1, 2013, and ends June 30, 2014, usually written as FY 14.

FIXED ASSETS. Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

FREE CASH. Sum of funds appropriated and raised by the Town, but not expended in the years for which they were appropriated, minus uncollected taxes of prior years. This amount must be certified by Massachusetts Bureau of Accounts before it can be used.

FULL-TIME EQUIVALENT. A term that expresses the amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. For most positions in Town, one FTE has been set to equal the number of hours a typical full-time employee works during a calendar year after deducting holiday, vacation, sick and personal time from a 52.2 week year consisting of 2,088 total hours. A position that has been budgeted to work full-time for only six months is 0.5 FTE.

FUND. A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND TYPE. In governmental accounting, all funds are classified into seven generic fund types: General, Special Revenue, Capital Projects and Debt Service (Governmental Funds), Enterprise and Internal Service (Proprietary Funds), and Trust and Agency (Fiduciary Funds).

GAAP. Generally Accepted Accounting Principles. There are twelve basic principles of accounting and reporting applicable to state and local governments. These include the use of the modified accrual basis of accounting, as appropriate, for measuring financial position and operating results. These principles must be observed in order to provide a basis of comparison of data among different cities and Towns.

GENERAL FUND. The fund used to account for all financial resources of the Town except those required to be accounted for in another fund.

GENERAL REVENUE. The revenues of the Town other than those derived from and retained in an enterprise. If a portion of the net income in an Enterprise Fund is contributed to another non-enterprise fund, such as the General Fund, the amounts constitute general revenue of the Town.

GROWTH REVENUE. The amount of property tax revenue that the Town can add to its allowable tax levy (above the 2 ½%) from new construction, alterations, subdivision, change of use or anything being taxed for the first time. It is computed by applying the prior year's tax rate to the increase in valuation.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the government fund type, wherein only current assets and current liabilities are generally reported on fund balance sheets, and fund operating statements present "financial flow" information (revenues and expenditures). Revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are recognized when the related fund liability is incurred except for a few specific exceptions. All governmental funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting.

OFFSET RECEIPTS. Includes certain education programs, aid to public libraries and environmental programs which are designated on the Cherry Sheet as offset items. These amounts can be spent without appropriation but must be spent only for these specific municipal programs.

OPERATING BUDGET. Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of the Town are controlled.

OVERLAY. The amount raised by the Assessors in excess of appropriations and other charges for the purpose of creating a fund to cover abatements on real and personal property taxes and to avoid fractions in the tax rates.

OVERRIDE. A provision in the Proposition 2 ½ Law (Chapter 580 of the Acts of 1980) that provides, through the referendum process, to add funds to the total tax levy on a permanent basis. If approved by a Town-wide vote, the override amounts become a part of the tax levy base and therefore the amount approved in a given vote does grow with the rest of the base by 2 ½% per year. An override question can only provide for additional funding for either the operating budget or the ongoing capital budget.

PRIMARY LEVY LIMIT. 2 ½% of certified full and fair cash value of taxable property.

PROPOSITION 2 ½. A statewide tax limitation initiative petition limiting the property tax levy in cities and Towns in the Commonwealth to 2 ½% of the full and fair cash valuation of the taxable real estate and personal property in that city or Town. The statute also places an annual growth cap of 2 ½% on the increase in the property tax levy.

REIMBURSEMENTS. (1) Repayments of amounts remitted on behalf of another party. (2) Inter-fund transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund – e.g., an expenditure properly chargeable to a Special Revenue Fund was initially made from the General Fund, which is subsequently reimbursed. They are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

RESERVE FUND. A fund established by the Annual Town Meeting which is under the control of the Town's Advisory Committee and from which transfer may be made for extraordinary and unforeseen expenditures. It may be composed of an appropriation of not more than 5% of the prior year's tax levy.

REVOLVING FUNDS. Those funds which may be used without appropriation and which are established for particular uses such as school athletics, continuing education programs, school lunch programs, self-supporting recreation and park services, conservation, etc.

SECONDARY LEVY LIMIT. Prior year levy limit plus 2 ½% (Base) plus "growth revenue."

SPECIAL APPROPRIATION. An authorization to expend funds for a specific project not encompassed by normal operating categories.

STABILIZATION FUND. A special reserve account created to provide for capital improvements which is invested until used. The Town may appropriate into this fund in any year an amount no more than 10% of the prior year's tax levy. The outstanding balance in the account cannot exceed 10% of the Town's equalized valuation. Generally, it requires a 2/3 vote of Town Meeting to appropriate money from the Stabilization Fund.

STATE DISTRIBUTION. All revenue flowing from the Commonwealth. Major categories include reimbursement for loss of taxes, educational distributions and reimbursements, funds for direct education expenditures, general government reimbursements and distributions.

SURPLUS REVENUE. This is the amount by which cash, accounts receivable and other floating assets exceed the liabilities and reserves.

SUPPLEMENTARY APPROPRIATION. An appropriation submitted after the main budget has been approved, which must specify a revenue source.

TAX LEVY. The net amount to be raised by the Town each fiscal year by assessing ad valorem taxes on real estate and personal property located within the Town.

TAX RATES. The amount of tax stated in terms of a unit of the tax base; for example, \$8.91 per \$1,000 of assessed valuation of taxable property.

UNFUNDED PENSION LIABILITY. Unfunded pension liability is the difference between the value assigned to the retirement benefits already earned by the Town's employees and the assets the Town's retirement system will have on hand to meet these obligations. The dollar value of the unfunded pension liability is driven by assumptions about interest rates at which a retirement system's assets will grow and the rate of future costs of living increases to pensioners.

UNENCUMBERED APPROPRIATION. The portion of an appropriation not yet expended or encumbered.

UNIFORM MUNICIPAL ACCOUNTING SYSTEM. A comprehensive and practical municipal accounting system that conforms to GAAP for local governments. UMAS is regarded by the Department of Revenue as the professional standard for modern municipal accounting in Massachusetts. Among the benefits of conversion to UMAS are increased consistency in reporting and record keeping and enhanced comparability of data among cities and Towns.

APPENDIX D



Town of *Wellesley* Five Year Capital Budget Program FY2022-2026

	<u>Summary Schedule</u>						FY2022-2026 Total
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	
Cash Capital	3,881,232	4,260,119	10,381,894	7,762,033	8,749,126	7,444,372	38,597,544
Free Cash	-	-	-	-	-	-	-
CPC Funding	400,000	490,000	1,350,000	3,025,000	-	-	4,865,000
Gift/Fundraising	525,000	-	-	-	-	-	-
Chapter 90	790,000	790,000	790,000	790,000	790,000	790,000	3,950,000
Debt Capital Inside Levy	7,782,558	5,535,135	6,620,129	14,050,000	3,300,000	4,384,000	33,889,264
Debt Capital Exclusion *	12,765,059	128,100,000	15,500,000	-	-	-	143,600,000
Grand Total	\$ 26,143,849	\$ 139,175,254	\$ 34,642,023	\$ 25,627,033	\$ 12,839,126	\$ 12,618,372	\$ 224,901,808

Note: This document represents all department capital requests for the years preferred by each department. Because the Town doesn't have the funding to afford every project in the requested year, capital needs are discussed and re-evaluated annually, in an effort to achieve the best result for the entire Town.



Town of *Wellesley*

Five Year Capital Detail Summary FY2022-2026

Department	FY21	FY22	FY23	FY24	FY25	FY26	FY22-26 Total
Cash Capital							
Selectmen/Central Admin							
SEC	41,000	6,000	50,000	50,000	50,000	50,000	206,000
Information Technology	77,000	118,000	230,000	140,000	205,000	110,000	803,000
Police	76,066	-	69,654	64,179	86,675	16,699	237,207
Fire	134,000	175,000	127,500	151,500	173,500	125,000	752,500
Council on Aging	10,000	12,500	20,000	20,000	20,000	-	72,500
Library	70,725	122,880	213,720	190,300	145,300	147,300	819,500
Natural Resources Commission	78,750	90,000	245,000	245,000	495,000	110,000	1,185,000
Morses Pond	-	-	-	70,000	45,000	50,000	165,000
Town Clerk	-	16,000	23,000	-	75,000	-	114,000
Assessors	-	-	93,000	-	-	-	93,000
Planning Board	-	-	50,000	-	-	-	50,000
Department of Public Works	1,677,000	1,696,000	5,063,000	3,395,500	4,030,500	3,690,500	17,875,500
Schools	828,691	816,739	1,299,020	1,265,554	1,294,151	1,158,873	5,834,337
Facilities Management	888,000	1,207,000	2,898,000	2,170,000	2,129,000	1,986,000	10,390,000
Total Cash Capital	3,881,232	4,260,119	10,381,894	7,762,033	8,749,126	7,444,372	38,597,544
Other Funding Sources							
DPW Street Resurfacing (Ch 90)	790,000	790,000	790,000	790,000	790,000	790,000	3,950,000
MOPPO Beachfront (CPC)	-	175,000	800,000	3,025,000	-	-	4,000,000
Morses Pond Shoreline Erosion (CPC)	-	-	150,000	-	-	-	150,000
Harvester (CPC)	-	315,000	-	-	-	-	315,000
WHA Assessment (CPC)	-	-	400,000	-	-	-	400,000
Softball fields (CPC)	400,000	-	-	-	-	-	-
Softball fields (CPC)	525,000	-	-	-	-	-	-
Total Other Sources	1,715,000	1,280,000	2,140,000	3,815,000	790,000	790,000	8,815,000
Debt Capital Inside Levy							
Dispatch Overhaul	-	435,135	195,129	-	-	-	630,264
DPW- Fuel Depot	-	-	-	100,000	1,000,000	-	1,100,000
Replacement/Renovation DPW Yard	-	-	-	1,000,000	-	-	1,000,000
DPW- Street Rehabilitations	2,750,000	3,250,000	2,450,000	2,050,000	2,000,000	-	9,750,000
DPW- Hunnewell Field/Softball field	300,000	-	-	-	-	-	-
Town Hall Interior Renovation	-	1,850,000	-	-	-	-	1,850,000
Middle School Parking Lot Paving	-	-	2,500,000	-	-	-	2,500,000
MOPPO Beachfront	-	-	-	1,400,000	-	-	1,400,000
Warren HVAC Updgrade	-	-	375,000	2,500,000	-	-	2,875,000
Fire Engine	-	-	-	600,000	-	-	600,000
Main Library Space Utilization Reno	2,863,408	-	-	-	-	-	-
Main Library (Lighting, Roof, Carpet)	843,150	-	-	-	-	-	-
DPW RDF Repair Projects	-	-	-	-	300,000	1,600,000	1,900,000
DPW Highway & Park Renovation (PBC)	-	-	1,100,000	6,400,000	-	-	7,500,000
Bates School Projects	-	-	-	-	-	1,750,000	1,750,000
Sprague Projects	1,026,000	-	-	-	-	1,034,000	1,034,000
Total Borrowed Inside Levy	7,782,558	5,535,135	6,620,129	14,050,000	3,300,000	4,384,000	33,889,264
Debt Capital Exclusion							
Town Hall Interior Renovation	-	-	15,500,000	-	-	-	15,500,000
Middle School Bldg Systems	12,765,059	-	-	-	-	-	-
Hunnewell School Project	-	55,800,000	-	-	-	-	55,800,000
Hardy/Upham - MSBA	-	72,300,000	-	-	-	-	72,300,000
Total Capital Exclusion	12,765,059	128,100,000	15,500,000	-	-	-	143,600,000
Grand Total	\$ 26,143,849	\$ 139,175,254	\$ 34,642,023	\$ 25,627,033	\$ 12,839,126	\$ 12,618,372	\$ 224,901,808