

TOWN OF WELLESLEY



ADVISORY COMMITTEE LETTER Annual Town Meeting — Monday, March 28, 2022, 7:00 pm Wellesley Middle School Auditorium

TERM ENDS 2022

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

TERM ENDS 2023

Shawn Baker, Secretary
Tom Cunningham, Vice Chair
Jake Erhard
Jeff Levitan
Doug Smith

TERM ENDS 2024

Susan Clapham
Al Ferrer
Wendy Paul
Pete Pedersen
Madison Riley

To the Citizens of the Town of Wellesley:

March 9, 2022

Annual Town Meeting (ATM) will convene on Monday, March 28th, 2022 at 7 PM on the Zoom platform. All residents are welcome to attend. The proceedings may also be followed on Wellesley Media Corporation's Government Channel (Comcast Channel 8, Verizon Channel 40), and will be live streamed at www.wellesleymedia.org/live-streaming.

I am writing on behalf of the Advisory Committee to provide you an overview of the budget for Fiscal Year 2023 (FY23), which runs from July 1, 2022 to June 30, 2023, and a list of other issues Town Meeting will take up.

Notable matters coming before the 2022 ATM include:

- A proposed balanced budget for FY23, including both operating and capital items (Article 8)
- Funding for the relocation of the Land Use Division to leased space (Article 17)
- Funding for the Police Radio Tower (completion of Wellesley Communications Center Project; Article 18), Walnut Street Project (Article 19), Middle School Paving Project (Article 20), and High School Replacement Lights Project (Article 21)
- Establishment of a Study Committee to evaluate current Town Meeting practices and procedures, and whether the Moderator's term of office should be extended from one year to three years (Article 24)
- Authorization for the Select Board to issue one-day liquor licenses for events by for-profit enterprises (Article 27)
- Authorization for alcohol use on public Rights of Way in connection with liquor licenses issued by the Select Board (Article 28)
- Amendment of the Zoning Bylaws including: modification of allowed General Residence District uses in an area of Washington and Worcester Streets; rezoning of two parcels on Washington Street from Single Residence to General Residence; addition of new Sustainability, Accessory Dwelling Unit, and Gun Shop provisions; and other items relating to definitions, clarifications, and reordering/renumbering of bylaw sections (Articles 33 through 43)
- A Citizen's Petition asking Town Meeting to advise the School Committee that Academic Excellence takes priority (Article 44)
- Note: Funding requests for future PFAS water treatment and a stormwater enterprise fund are expected to be deferred.

A comprehensive *Reports to the Annual Town Meeting* containing the Advisory Committee's recommendations to the 2022 ATM and related Board and Committee reports ("Advisory Report") will be mailed and/or emailed to Town Meeting Members. The Advisory Report will also be posted on the Town's website at <http://www.wellesleyma.gov>, with copies available at the Town Clerk's office and at the Wellesley Free Library Main branch. In addition, this year's Budget Book can be found at <https://wellesleyma.gov/1807/2022-Budget-Book>.

The Advisory Committee was continually impressed by the dedication, expertise, and knowledge of all those who presented to us throughout the year, their patience in responding to Advisory's many comments and questions, and their commitment to making Wellesley a better place to live. More broadly, the Committee is profoundly grateful for the many hours that all elected and appointed officials, Town employees, and other concerned citizens devote to make our Town run so efficiently and effectively. Wellesley is fortunate to have both an excellent, dedicated, and highly professional staff, and a volunteerism tradition that is alive and well and thriving. Finally, I want to personally recognize the sterling collegiality and hard work of the Advisory Committee members in their commitment to making sure Town Meeting Members are well-informed and fully prepared for Town Meeting.

As always, Advisory welcomes input during Citizen Speak at our meetings and via email (advisorycommittee@wellesleyma.gov).

Sincerely,

Neal Goins, Chair,
Advisory Committee

Key Features of the Proposed FY23 Budget July 1, 2022-June 30, 2023

	FY22 Budget	FY23 Request	\$ Inc/(Decl)	% Inc/(Decl)
Sources of Funds				
Taxes	\$ 144,418,814	\$ 149,729,284	\$ 5,310,470	3.7%
State Aid	10,882,272	11,096,377	214,105	2.0%
Local Revenue	10,441,123	11,908,800	1,466,677	14.0%
Free Cash to balance	3,781,347	2,652,036	(1,129,311)	-29.9%
Other Free Cash items	314,838	4,342,229	4,027,391	n/a
Other Sources	1,456,045	1,933,683	477,638	32.8%
CPA for North 40	549,444	550,244	800	0.1%
Exclusions & Exemptions	10,988,083	17,205,979	6,217,896	56.6%
Total Sources	\$ 182,831,966	\$ 199,416,632	\$ 16,584,666	9.1%
Uses of Funds				
School	\$ 82,540,253	\$ 84,802,266	\$ 2,262,013	2.7%
Other Town Departments	42,051,485	43,362,464	1,310,979	3.1%
Employee Benefits	32,593,654	33,521,962	928,308	2.8%
Cash Capital	4,260,119	6,737,443	2,477,324	58.2%
Debt (inside Levy)	5,900,000	5,000,000	(900,000)	-15.3%
Other Uses	3,948,928	8,236,274	4,287,346	108.6%
Exclusions & Exemptions	11,537,527	17,756,223	6,218,696	53.9%
Total Uses	\$ 182,831,966	\$ 199,416,632	\$ 16,584,667	9.1%
Surplus/(Deficit-Override)	\$ 0	\$ (0)		

Sources of Funds

FY23 expected revenues are up \$16.6 million or 9.1% over FY22. \$6.2 million of that derives from new taxes designated for support of new exempt (outside the levy limit) debt for the Hardy and Hunnewell school construction authorized in December, 2022. Another \$5.3 million reflects a 3.7% rise in real estate tax receipts based on allowed growth in the levy limit (2.5%) and \$1.7 million of assumed new growth. The remaining \$5.1 million rise represents primarily proposed drawdowns of Free Cash reserves for various purposes plus a projected 14.4% increase in local revenue including excise taxes, hotel/motel taxes, fees, and investment income, along with several other smaller sources.

Uses of Funds

Schools: In FY23, Wellesley Public Schools (WPS) represents 66% of the Town's proposed Personal Services and Expenses budget. With a rise in the Select Board guideline for operating budget increases to 2.75% (from 2.5% last year) and the expected use of Federal Covid grants, WPS is able to bring forward a within-guideline FY23 operating budget increase of \$2.3 million, or 2.74%, over FY22. \$1.8 million of that is deemed necessary to provide level service to students, with another \$0.8 million going to Strategic Plan and Critical Need elements, partially offset by \$0.3 million in savings. The proposed budget includes an increase of 5.2 FTE (full-time equivalent) positions. Overall enrollment is projected to decline by about 3% from current levels.

Other Town Departments: Collectively, all other Town departments are proposing an increase of \$1.3 million or 3.1% in operating expenditures, in excess of the Select Board 2.75% guideline. The overages are primarily the result of increases in premium costs for the Town's risk management insurances; conversion of three part-time positions to full-time benefitted status in the Climate Action Committee, Planning and Natural Resource Commission departments; and additional Town Clerk funding for extra elections.

Use of Free Cash, and the Reserve Policy: Given pandemic uncertainties over the last two years, the Town chose a conservative approach including restraint of capital spending. As a result, at the end of FY21 the Town's total reserves (Free Cash plus General and Other Stabilization Funds) stood at \$32.5 million or 19.6% of FY22 revenues. By the end of this FY22, the Town anticipates holding \$27.2 million or 15.6% of revenues, still well above the target of 8-12%.

To bring this overage closer to guideline, and to catch up on the deferred capital needs, for FY23 the Town proposes to allocate \$3.9 million of Free Cash for three capital projects -- parking lot paving at the Middle School, replacement of lights at the High School, and installation of a new radio tower structure to complete the Wellesley Communication Center project. In addition, \$2.7 million of Free Cash will be applied to balance the budget, only modestly over the traditional target of \$2.5 million. There will also be a one-time use of \$0.4 million in Free Cash to relocate the four Town Land Use departments to leased space in anticipation of the Town Hall Renovation Project. Including \$0.3 million in transfers to other stabilization funds, the total Free Cash use is proposed to be \$7.3 million.

Cash Capital and Inside-the-Levy borrowing. Again given the favorable reserve picture, the Select Board is allowing the proposed FY23 total Cash Capital and Inside-the-Levy (ITL) debt service to be at the top of the allowed range of 6.2%-6.8% of operating budget, or \$11.7 million. In addition, ITL debt service is projected to decline to \$5.0 million due to debt restructuring and lower new borrowing planned for FY23 (solely for the Department of Public Works Walnut Street Rehabilitation Project). As a result, FY23 Cash Capital is anticipated to be up by 58% to \$6.7 million, with the bulk of the increase going to the Department of Public Works

DPW (over half of that for drainage system rehabilitation and athletic/playground improvements) and FMD. Including the \$3.9 million of Free Cash for the three capital projects referenced above, the Town's proposed FY23 spending and ITL debt service for capital projects is over \$15 million. (In addition, MA Chapter 90 is expected to provide another \$0.8 million for transport projects and the Community Preservation Committee in Article 16 is proposing to fund \$0.5 million of other capital work.)

Debt Exclusion: The Town anticipates a \$19.5 million Debt Exclusion request in December, 2022 for the Town Hall Interior Renovation Project, and may be in a position to use further Free Cash surpluses to contribute funds to this and other major capital projects and lower borrowing requirements.

COVID-19 Related Government Assistance: The Town has included \$1.5 million of expected American Rescue Plan Act (ARPA) funds in the FY23 budget to replace lost revenue, and may also use other ARPA monies for at least part of the \$2.5 million Walnut Street Rehabilitation Project referenced above, which would reduce FY23 ITL borrowing.

Looking Ahead

The projected Town budgets for FY24, FY25, and FY26 show modest expected deficits each year, lower than those anticipated last year for FY24. The next Debt Exclusion is not expected to be requested until FY28 (late fall 2027), for P.A.W.S.

In addition to continuing Capital needs, The Town is progressing a number of emerging/strategic initiatives including the Climate Action Plan, DEI efforts, PFAS mitigation, stormwater mitigation, and revitalization of commercial districts whose costs are not fully determined. Also, while receipts for the self-supporting Traffic and Parking Operations program have partially recovered from the pandemic downturn, the shortfall is still projected to be in the \$0.5 million dollar range and the Select Board has indicated they may consider whether this fund should become part of the general operations budget.

Conclusion

The Advisory Committee voted 9-5 to recommend Town Meeting take favorable action on the Omnibus Budget. For more information on both the Town budget and Advisory's Considerations, please see the Town's Budget Book, Town-Wide Financial Plan, and the Advisory Report, all available on the Town website.



Advisory Committee
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TOWN OF WELLESLEY

ANNUAL TOWN MEETING
March 28, 2022, at 7:00 pm
Wellesley Middle School Auditorium



Advisory Committee Letter

Key Topics Annual Town Meeting will be asked to consider:

- Funding for the Police Radio Tower (completion of Wellesley Communications Center Project)
- Middle School Paving Project
- High School Replacement Lights Project
- Establishment of a Study Committee to evaluate current Town Meeting policies and practices
- Funding for the relocation of the Land Use Division to leased space
- Authorizations regarding the issue of one-day liquor licenses for events by for-profit enterprises, and alcohol consumption on Public Rights-of-Way
- Several Zoning Bylaw changes including new Sustainability, Accessory Dwelling Unit, and Gun Shop provisions
- A Citizen's Petition asking Town Meeting to advise the School Committee that Academic Excellence takes priority