



Fiscal Year 2024 Town-Wide Financial Plan for Annual Town Meeting Submitted by the Select Board

March 8, 2023

Dear Town Meeting Members:

Please find the Fiscal Year 2024 Town-Wide Financial Plan (TWFP) for the 2023 Annual Town Meeting ("ATM"). This document contains the following sections:

- Overview
- Town Wide Financial Plan
 - Financial Plan Requirements
 - Overview of Relief Funding for COVID-19 expenses
 - Revenues
 - Status of Reserves
 - FY24 Budget Cycle
 - Key Budget Drivers
 - Status of Current Major Capital Projects
 - Future Projected Capital Projects and Borrowing Needs
 - FY24 Operating and Capital Budget Requests
- Conclusion

Overview

The Wellesley Town Bylaws (Section 19.16) require the Select Board (the Board) to coordinate the annual preparation and execution of the Town-Wide Financial Plan (TWFP). The TWFP is constructed using the information submitted by each board pursuant to the provisions of Sections 6.15 and 11.11 of the Town Bylaws. The TWFP also includes estimates and financial assumptions approved by the Board for out-year projections.

In preparing the TWFP, the Board takes into account the following factors:

- The Town's ability to generate the anticipated real estate property taxes and to fund any deficit balance;
- Projections of other revenues from the Commonwealth and local revenue generated;
- The level of need for all proposed expenditures inclusive of capital projects, strategic initiatives, and state and federal mandates;
- Alternatives to any of the various sources and uses of funds in the TWFP, including Community Preservation Committee (CPC) funds, borrowing, grants, and gifts.

Working with departmental staff and other Town officials, the Board is proposing a balanced budget of \$201,363,593 for fiscal year 2024 (FY24, the year beginning July 1, 2023). This budget assumes the use of \$2,500,000 from reserves/Free Cash to balance the budget.

Highlights:

Budget status and guidelines

- The total operating budget for FY24 is \$201,363,593. This reflects a proposed year-over-year increase of 0.96%, inclusive of budgeted capital requests for FY24 totaling \$12,265,186 (6.8% of recurring operating revenues).
- The Board set the operating budget guideline at 3% for both Town and School Departments, and the Debt Policy guideline was set at 6.8% of recurring operating revenues (at the high end of the allowed range).
- The actual proposed increase in the Town operating budget is over guideline at 6.8% due to multiple factors, including additions to personnel, increased utility and operating costs, cybersecurity upgrades, and recommended wage increases. The actual proposed increase in the School Department budget is over guideline at 3.6% due to a dramatic 14% increase in the out-of-district placement costs set by the state.
- The Town's proposed operating budget includes a Cost-of-Living Adjustment (COLA) for all non-union employees, incorporated into departmental budgets. A separate merit pay fund of \$235,000 is also proposed to fund additional merit increases for 50/60 series non-union employees, based upon performance reviews. This amount allows for a merit increase of up to an additional 3% (beyond the COLA) for the non-union 50/60 series professionals.

Revenue

- The Town experienced significant local revenue growth of 16.9% over FY23, with continued growth in Licenses and Permits, Motor Vehicle Excise, Interest Income, and Meals/Hotel/Motel Tax.

Expenses

- There was a moderate annual increase of 1.64% in Group Insurance costs, with West Suburban Health Group increasing insurance carrier rates 10% for FY24. With \$2.2 million in turnback in FY22 from Group Insurance costs, the Town has closely analyzed actual enrollments and conservatively projects up to 34 additional benchmark family plans in FY24. The Town continues to employ conservative assumptions based on current vacancy rates and employees' ability to opt out of insurance or to select less expensive individual or high deductible plans.
- While the Permanent Building Committee (PBC) awaits bids on Hardy School, the TWFP is accounting for modest funds which could be transferred from previous projects at the Annual Town Meeting under Article 19, if needed. Final bids are anticipated by March 31, 2023 and PBC plans to vote by April 13, 2023.
- All Town union contracts are open with the exception of the Facilities Management Department Custodial Union contract, which has been settled. The School Department budget includes allowance for settlement and the Town budget includes a line item for all non-school union settlements.
- Part-time positions continue to be challenging for recruiting and retention of critical job functions. The Library and Town Clerk are proposing to upgrade or combine part-time positions to full-time positions with the associated benefit costs included in the budget.
- New Town positions include a benefit eligible social worker position shared between the Health Department and the Housing Authority, and the creation of a secondary environmental health position.
- The School Department proposes the following staff changes:

- Two additional staff to resume operations at all seven schools after Hunnewell reopens and before Upham closes, including a Hunnewell Literacy Specialist and Reserve Teacher;
- Additional positions to advance strategic plan goals, including mathematics support, Advanced Placement Chinese Language and Cultural course, an Advanced Placement Capstone course, and additional section of innovation lab;
- Additional Pre-K-Grade 5 Social Studies Department Head and Coordinator for Community Engagement;
- Shift in funding for existing Academic Resource Center Grade 9 position from federal funds to general funds.

Please refer to the School Department's detailed budget for additional information:

<https://online.flippingbook.com/view/412279913/388-389/>

Capital

- The Five-Year Capital Plan (Attachment C) outlines cash capital and debt funded capital projects, including both inside-the-levy and debt exclusion projects.
- The Five-Year Capital Plan continues to work to reduce inside-the-levy borrowing this year, in order to increase capacity in out years for Department of Public Works projects and new facilities at Morses Pond.
- The Town applied for and received Norfolk County American Rescue Plan Act (ARPA) funds totaling \$1.5 million in FY22 for PFAS remediation and \$2.55 million in FY23 for the stormwater components of the Walnut Street reconstruction. The Board is seeking to deploy \$1.35 million of remaining County ARPA funding in FY24 for stormwater projects and equipment. Following this use of the ARPA funds, all Town and County ARPA funds will be exhausted.

Reserves

- The Town's reserves continued to rise due to multiple factors, including turnback from the previous year departmental budgets as a result of a challenging hiring climate with multiple vacancies, decreased departmental spending, and a favorable health insurance position.
- The proposed FY24 budget would result in estimated reserves of 12.86% as of June 30, 2023, just above the upper level of the reserves policy (8 to 12% of operating revenue).
- The Board proposes the application of \$2,500,000 from Free Cash to balance the budget.
- The budget also includes the use of Free Cash to fund \$237,855 for the following FY22 and FY23 supplemental expenditures:
 - FY22 Human Resources Outstanding Bill (\$18,000),
 - FY23 Fire Department Supplemental for Fire Chief Search (\$30,000),
 - FY23 Snow and Ice Supplemental (\$150,000),
 - FY23 Compensated Absences (\$39,855)
- The additional use of \$1,624,787 from Free Cash is proposed for the following FY24 expenses:
 - Capital expenditures for a new fire truck (\$885,000) and the Warren HVAC Project Design Funds (\$531,075),
 - Diversity, Equity, and Inclusion Equity Audit (\$100,000),
 - Additional Free Cash to distribute turnback to stabilization and reserve funds, including Injured on Duty (\$33,262), Special Education (\$63,938), Baler Fund (\$11,512).

- The American Rescue Plan Act of 2021 (ARPA) provided meaningful relief to municipalities and replaced \$1.5 million in lost revenue to the Town for FY23, which has flowed to Free Cash for appropriation in FY24.

Revenues

The revenues for the FY24 General Fund Budget total \$201,363,593 or a 0.96% increase compared to the FY23 approved budget. The year-over-year increase appears artificially low due to a reduction in the exempt debt, included as revenue in the tax bill because funds for the Hardy School project have not been fully borrowed.

The Board continues to make conservative assumptions on local revenue growth taking into account historic trends and the continued impact of COVID-19 on traffic and parking revenue, higher supply chain costs, higher interest rates, and inflation costs.

Key revenue assumptions:

- **Property taxes** are assumed to increase by \$5,773,181 or 3.83% based upon the provisions of Proposition 2 ½ and added New Growth assumed at \$2 million.
- **New Growth** projection has been increased to \$2 million given the significant outperformance of assumptions in FY23, coming in at \$2.9 million (versus the projected \$1.7 million).
- **Local Receipts**, which include revenue from Motor Vehicle Excise Tax, Investment Income, Meals/Hotel/Motel Tax, and building fees are expected to increase by \$1,794,344 or 16.9%. Parking revenue for both parking meters and commuter lots has been slowly rebounding over the past three years. Metered parking is approaching past revenue trends, but revenue from commuter parking lots continues to lag substantially with fewer annual passes purchased than in pre-COVID years. The Traffic and Parking Fund has not yet returned to the previous level of self-sustainment. The fund requires a subsidy of \$399,003 for FY24 to maintain operations, which reflects approximately 44% of anticipated expenses, compared to the 56% subsidy last year.

Health Insurance

Health insurance spending was favorable in FY22. Enrollments were lower than budgeted, resulting in an increase of \$2.2 million in the Town's reserve levels. Blue Cross Blue Shield became the Town's lowest priced carrier in the West Suburban Health Group (WSHG) at the start of FY23. The WSHG continues to analyze the claims data and recommended increases for all health care plans annually. The FY24 increase is 10%. The Town's share of health insurance costs is 78% for Blue Cross Blue Shield and 60% for the majority of all other carriers. The projected increase in health insurance costs to the Town in FY24 is 1.64% over FY23, with total employee benefits increase of 1.05%. The projected increase factors in both the cost of the health insurance plans and programs, as well as the volume of employees opting to take the benefit. Due to the conservative projections over the past several years, the Town can absorb the increase within the current 1.64% increase over the FY23 Group Insurance line item by "truing up" actual enrollments, with a continued forecast of upwards of 34 new benchmark family plans.

In FY23, the Town extended the Memorandum of Agreement with the unions for health insurance through June 30, 2025. That agreement defines the Town's contribution rates towards health care plans, along with other benefit costs (dental, life insurance, accident, and indemnity plans).

Key Financial Policies

Each year, the Board discusses the two key financial policies that were instituted to balance prudent operational and capital spending and establish and maintain an appropriate level of reserves:

- **The Debt Policy**, established in FY19, sets an annual spending limit on capital funded either with cash (referred to as “cash capital”) or with inside-the-levy debt. The Debt Policy sets the range at 6.2 to 6.8% of recurring operating revenues, and its purpose is to avoid capital needs negatively impacting funds available for operations.
- **The Financial Reserves Policy**, established in FY13, requires reserves to be maintained within a range of 8 to 12% of the currently budgeted operating revenues.

This policy-based approach is designed for the following purposes:

- To ensure an affordable and predictable level of spending to adequately maintain town assets, and that funds available for operating budgets are not adversely affected by increased capital spending,
- To maintain the Town’s top tier bond rating,
- To ensure short-term cash availability where revenue is unavailable, in case of emergency or unanticipated needs,
- To provide for investment income,
- To provide for stable tax rates, and
- To enable planning for contingencies and long-term needs.

Operating Budget Guidelines

Strong residential and commercial construction activity has increased this year’s budget assumptions for FY24 in licenses, permits, and new growth. This modest revenue increase supported the Board’s decision to set a budget guideline of 3% for both Town and School departments. The Board is aware that departmental operations are impacted by rising costs of goods and services, which a 3% guideline was intended to mitigate. However, the year-over-year operational increase guideline has been exceeded by a number of departments, and the overall FY24 operational expense increase is 6.8%. The detailed TWFP section expands on these drivers later in this report.

All union contracts are either expired or expiring on June 30, 2023, so unknown Cost-of-Living Adjustments (COLA) and general settlement costs are driving a settlement placeholder of just over \$1 million. Increases in utility costs and gasoline are also driving expense line items up, and those costs are reflected in Police, Fire, DPW, and FMD budgets.

In response to the financial uncertainty engendered by the COVID 19 pandemic, capital spending was decreased in FY21 and FY22 to levels last seen in FY15. The Town made substantial efforts to catch up on deferred capital spending in FY23, funding \$3,638,985 in projects and bringing the total cost of Cash Capital Projects in FY23 to \$10,376,428, as detailed in the Five-Year Capital Plan. At the FY23 Special Town Meeting in October 2022, an additional expenditure of approximately \$23.6 million was approved to fund the Town Hall Interior project. The project was funded through the combination of \$13 million in Free Cash, inside-the-levy borrowing of \$8.2 million, and redeployment of past capital expenditures of \$2.4 million. The Board has been strategic in deploying Free Cash on larger capital and cash capital projects in order to maintain inside-the-levy borrowing capacity for future year projects.

The FY24 Capital Budget, as detailed in the Five-Year Capital Plan comes in at 6.8%, the upper end of the Debt Policy range, which equates to \$14,236,442. That sum is comprised of \$7,865,186 in cash capital projects, \$3,261,075 in other sources (Grants, CPC, Chapter 90, and Gifts), and \$3,110,181 to be borrowed (Weston Road Reconstruction).

Status of Reserves

As reported in the Interim Budget Update in October 2022 to Special Town Meeting, reserves remained high because of increased departmental turnback and the addition of \$1.5 million in revenue replacement from ARPA funds to support public safety services. High departmental turnback was due to ongoing hiring challenges, and a continued reduction in expenses related to supply chain issues, lower conference attendance, and lower office expenses.

In October 2022, the operating turnback and higher than expected revenue resulted in reserves of \$33,673,926, or 19.49% of revenue. The reserve fund in October was comprised of Free Cash (\$27,138,344) and stabilization funds (\$6,535,582).

October 2022 Special Town Meeting authorized the expenditure of

- \$13,000,000 of the Free Cash funds to reduce the overall borrowing on the Town Hall Interior Renovation,
- a supplemental appropriation to \$700,000 for workers' compensation due to an unusually high number of claims,
- \$100,000 for risk management due to a three-year look back on claims, revaluation of buildings following renovation, and greater capital costs of equipment and vehicles.

Following the deployment of the above funds, the reserve projection was at the high end of the reserve policy range of 12%.

Strategic Approach to Reserves Management

At the close of FY23, the Board anticipates reserves of 12.86%, above the 8 to 12% policy range for two principal reasons:

- Influx of \$1.5 million in ARPA revenue replacement and other grants which have offset some operational expenditures,
- Ongoing challenges in hiring and retention of staff. The Town and School Department continue to have numerous vacant positions, resulting in lower personnel, expense, and health care costs and a projected \$3.5 million in turnback at the close of FY23 to Free Cash.

The particular drivers of increased turnback and reserves are extraordinary and the Board has determined that managing reserves back to the policy range will take a multi-year strategic approach. In particular, the Board recognizes the Town's finite capacity to accelerate capital projects that were deferred in the early fiscal response to the COVID pandemic. The Board will continue to manage reserves to help fund future major capital projects, while considering capacity constraints and the need for strong reserves to support continued excellent bond ratings. Slightly higher reserves allow the Town to fund the capital plan in a thoughtful manner after considering available funding and personnel resources.

The FY24 budget reflects this strategic approach to reserve management in the following ways:

- Application of Free Cash to larger capital projects that were previously under consideration for borrowing, allowing greater capacity for future inside-the-levy borrowing;
- Supporting continued emphasis on capital projects by setting the Debt Policy guideline at the upper level of 6.8% in the FY24 budget;
- Deployment of Free Cash for targeted needs including supplemental support for hiring at the Fire Department, compensated absences, snow and ice, payment of an FY22 bill, and expenditure of funds for a town-wide Equity Audit;
- Deployment of \$2.5 million in Free Cash to assist in balancing the budget (as in previous years);
- Continued subsidy to the Traffic and Parking Fund.

The above strategic approach has resulted in proposed funding for two capital projects totaling \$1,416,075 from Free Cash and a total of \$14,236,442 in capital projects overall in FY24. This use of Free Cash is in addition to the use of \$2.5 million to balance the budget (as in previous years), and will bring reserves closer to the upper level of the range in the reserves policy.

Looking Forward

Cost projections

As the FY24 budget was being prepared, it was evident that the costs of goods and services were rising, causing many departmental budgets to be out of guideline, reflecting the impact of the market. With the increased costs of goods and services, rising cost of health insurance, and open union contracts in mind, the Board anticipated a 3% budget guideline for projections in this TWFP. For out-years (FY25 – FY27), assumptions have been maintained at an average 3% increase. The out-year projections are evaluated annually to monitor ongoing inflation and supply chain concerns, and the Town's financial ability to attract and retain qualified employees. With so many unknowns at this time, the Board is modeling a consistent spending increase that is affordable within our revenue expectations, and sufficient to allow progress toward individual board objectives. The Board will continue to monitor the financial conditions, town fiscal health, and operational needs to finalize FY25 guidelines in the fall.

Contract negotiations

School union contracts expired on June 30, 2022, and the School Committee has been in negotiations on the FY23-FY25 contract since spring of 2022 and will now be entering mediation. All Town union contracts expire June 30, 2023. The bargaining teams are currently working to settle contracts in anticipation of Town Meeting and have finalized the agreement with the FMD Custodians as of the printing of the TWFP.

Strategic initiatives

In FY24 and beyond, careful consideration is needed to coordinate initiatives from all departmental strategic plans, the town-wide Unified Plan, Housing Production Plan, Climate Action Plan, Open Space and Recreation Plan, and Sustainable Mobility Plan to balance priorities, identify synergies, and determine available financial resources to support the Town's many ambitious goals. The Town anticipates the need for several new positions in FY25 including positions to assist with implementation of the Sustainable Mobility Plan, Housing Production Planning, mental health and opioid programs, and potentially Diversity, Equity, and Inclusion personnel.

Budget and Policy Guidelines

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 within the Debt Policy range of 6.2 to 6.8%, and by holding Town and School Department operating budgets to forecasted increases over the next three years. In the out years, cash capital and debt service requests will lead to projected deficits, and the Board will endeavor to smooth out these expenditures and remain within the range of the Debt Policy.

By adhering to budget guidelines for the next several years, the Town plans to avoid an operating override. The strategic management of reserves to fund major capital projects in the coming years is intended to avoid unplanned debt exclusions. Projects include significant HVAC upgrades at the Warren Building, Main Library, and Sprague School, and significant rehabilitation projects including the DPW Building Projects and the facilities at Morses Pond.

The Board is mindful of the significant tax impact of the override approved by the voters for the two new elementary schools and is working to avoid any additional tax burden on the property owners.

Capital Projects Funded with Debt and Free Cash

The Weston Road reconstruction is the only General Fund debt funded project included on the warrant for the 2023 Annual Town Meeting. The Select Board is considering using funds from the American Rescue Plan Act (ARPA) for the stormwater component of the Weston Road project to further reduce this year's inside-the-levy borrowing.

The Board proposes to fund two long-planned items with Free Cash: the purchase of a new fire truck and the schematic design of the Warren HVAC upgrade. The Town continues to proactively manage its debt by containing costs on construction projects, and by applying savings to like projects to reduce future borrowing costs.

Plans for Debt Exclusions

The Board continues to plan for significant capital projects in the next one to five years. The Major Project Financing Schedule, detailed in the Five-Year Capital Plan (Attachment C), currently includes several large inside-the-levy projects and one potential debt exclusion for a Preschool at Wellesley Schools (PAWS) building in December 2028 (FY29). As these projects move through the PBC process, the costs will be evaluated for inside-the-levy borrowing and debt exclusions. As noted earlier in this TWFP, the Board is working to maintain capacity inside-the-levy to fund the more immediate projects.

Major Capital Projects

Projects on the Facilities Master Plan as outlined in the Five-Year Capital Plan (Attachment C) include the Morses Pond Beach and Bath House Improvements, Department of Public Works (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.

Morses Pond Beach and Bath House Improvements

The Recreation Commission began working with Weston and Sampson to conduct a Final Master Plan of the Morses Pond Beach and Bath House in 2019. Following the initial study, it was determined the work to the Bath House would trigger review by the Permanent Building Committee and a \$175,000 Feasibility and Design Study was conducted in partnership with the Recreation Commission and Facilities Management

Department. The proposed scope of the project is to provide ADA access, reposition the bath house, improve walking trails, and expand the use of the Morses Pond facility to three seasons. The Community Preservation Committee (CPC) has been supportive of the project and has identified funds to assist with the design and construction. It is anticipated that CPC would fund \$700,000 at the 2024 Annual Town Meeting for schematic design through permitting, followed by a \$4.6 million CPC appropriation at the Fall 2025 Special Town Meeting towards the estimated \$11.8 million total project cost.

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 2024 Annual Town Meeting in the amount of \$1.8 million, and if passed, construction funds would be sought with the DPW Administration Building at a Fall 2025 Special Town Meeting. At present, construction funds are estimated at \$9 million.

DPW New Administration Building at the Recycling and Disposal Facility (RDF)

The last major renovation at the RDF was in 1997. A study was completed in 2020 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 23-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 2024 Annual Town Meeting in the amount of \$700,000 and construction funds would be sought at Fall 2025 Special Town Meeting. The construction funds are estimated at \$4 million.

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.

Town-Wide Financial Plan

Financial Plan Requirements

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 all 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 15 years and, on December 10, 2012, the Board adopted a formal Financial 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 unanticipated 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, Other Post-Employment Benefits (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 FY24 represents 3.03% 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 84.93% as reflected in the actuarial valuation performed as of January 1, 2021, with full funding expected by 2030. (A new valuation was performed on January 1, 2023, but will not be available until May 2023.) The Retirement Board decreased the investment assumption in 2021 from 6.625 to 6% as an assumed actuarial rate of return on investment. Management continues to factor updated valuations into 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 Governmental Accounting Standards Board (GASB) Statement No. 74 and 75, the funding status has improved to 56.77%. The Town currently appropriates 0.44% of its annual budget to OPEB, and current estimates indicate that this obligation will be fully satisfied by 2032. Like the Pension, the OPEB investment assumption has been reduced from 6.625 to 6%.

Balanced Budget

Once balanced, the annual budget is presented by the Select Board to the Annual Town Meeting, together with comments and recommendations of the Advisory Committee. Town Meeting votes on the budget and thereby establishes the level of budgetary control, defining the level at which expenditures may not exceed appropriations. This level is typically tracked 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 updated budgets.

Relief Funding for COVID-19 Expenses

COVID-19 support is wrapping up. State and federal assistance has come in several waves and will continue to provide some relief and competitive grant opportunities. The FY24 budget includes the appropriation and expenditure of all of the Town's American Rescue Plan Act (ARPA) funds, which must be expended in total by December 30, 2026. The Town has worked with our state legislators to find additional earmarks and grants to help fund projects outside of Town spending. The state and federal government are anticipated to continue to roll out competitive grants through FY25, and the Town is expecting opportunities for competitive programs through federal initiatives under the Inflation Reduction Act (IRA). The IRA will invest \$369 billion in programs related to energy security and climate change over the next ten years. The Bipartisan Infrastructure Law will provide Federal Highway Administration programs and activities through September 30, 2026.

American Rescue Plan Act (ARPA)

On March 11, 2021, the President signed the American Rescue Plan Act (ARPA) into law. The law provides for financial assistance to municipalities and schools through direct local funds and through allocated county funds. Wellesley is eligible for the following:

- Approximately \$3 million in local funds (50% received in FY22, 50% received in FY23)
- Approximately \$5.4 million available through an application process administered by the Norfolk County Commissioners
 - \$1.5 million was expended in FY22 on interim PFAS mitigation
 - \$2.55 million was expended in FY23 on stormwater improvements and reconstruction of Walnut Street
 - Remaining \$1.35 million to be expended on stormwater capital and stormwater components of Weston Road
- Competitive grants from the Commonwealth which are still being developed. (The Commonwealth received \$2.8 billion in ARPA funds.)

The eligible uses for ARPA funds fall into these broad categories:

- Response to the public health emergency
- Premium pay to employees providing essential work
- Revenue replacement to support government services impacted by COVID-19
- Investments in sewer, water, or broadband infrastructure

ARPA funds are prohibited from being used for the following:

- To offset a reduction in taxes
- To offset or reduce pension obligations
- To service debt for infrastructure investments (qualifying infrastructure projects must be pay-as-you-go investments)
- To increase reserves or stabilization funds.

The Town received \$1.5 million in local ARPA funds in FY22 and again in FY23, used as lost revenue and flowing through Free Cash, to offset costs in the FY23 and FY24 Public Safety budgets respectively. As noted above, the Town has also received \$1.5 million in Norfolk County ARPA funds to pay for the interim PFAS mitigation approved at the Special Town Meeting in October 2021. In FY23, the Town appropriated \$2.55 million to assist with the stormwater improvements and reconstruction of Walnut Street. ARPA funds must be obligated by December 31, 2024, and must be expended by December 31, 2026.

Revenue Projections

Real Estate and Personal Property Taxes

Wellesley's primary source of revenue is real estate taxes. In the FY24 budget, taxes represent 86.8% of the estimated revenues, of which 86.38% are from residential assessments.

State Aid

In FY24, the Town is receiving approximately 5.7% of its revenue in the form of State Aid, of which 86.2% is for educational purposes, and 13.4% is state revenue assessments to other government agencies. State revenue assessments are not available to fund the Town's budget. Current projections forecast only a modest increase of 2% in FY24, and it will be months before the state budget is complete. The Governor's budget proposal reflects a 1.3% increase in FY24, with a 4.4% increase in Assessments.

State Revenue Trend

| | Final 2018 | Final 2019 | Final 2020 | Final 2021 | Final 2022 | Final 2023 | Governor's 2024 | Projected 2024 |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------|---------------------------|
| State Aid | | | | | | | | |
| Chapter 70 | \$ 8,399,961 | \$ 8,955,295 | \$ 9,273,504 | \$ 9,273,504 | \$ 9,407,484 | \$ 9,665,964 | \$ 9,791,364 | \$ 9,859,283 |
| | \$ 8,399,961 | \$ 8,955,295 | \$ 9,273,504 | \$ 9,273,504 | \$ 9,407,484 | \$ 9,665,964 | \$ 9,791,364 | \$ 9,859,283 |
| Other school | \$ - | \$ - | \$ - | \$ - | \$ 5,633 | \$ 11,369 | \$ 2,613 | \$ 12,521 |
| | \$ 8,399,961 | \$ 8,955,295 | \$ 9,273,504 | \$ 9,273,504 | \$ 9,413,117 | \$ 9,677,333 | \$ 9,793,977 | \$ 9,871,804 |
| Unrestricted (UGGA) | \$ 1,294,148 | \$ 1,339,443 | \$ 1,375,608 | \$ 1,375,608 | \$ 1,423,754 | \$ 1,500,637 | \$ 1,530,650 | \$ 1,530,650 |
| All other | \$ 65,540 | \$ 53,236 | \$ 65,462 | \$ 51,094 | \$ 45,401 | \$ 49,149 | \$ 48,923 | \$ 49,207 |
| Total | \$ 9,759,649 | \$ 10,347,974 | \$ 10,714,574 | \$ 10,700,206 | \$ 10,882,272 | \$ 11,227,119 | \$ 11,373,550 | \$ 11,451,661 |
| Assessments | \$ 1,239,371 | \$ 1,260,154 | \$ 1,262,442 | \$ 1,308,172 | \$ 1,309,563 | \$ 1,328,612 | \$ 1,386,783 | \$ 1,355,184 |
| Net | \$ 8,520,278 | \$ 9,087,820 | \$ 9,452,132 | \$ 9,392,034 | \$ 9,572,709 | \$ 9,898,507 | \$ 9,986,767 | \$ 10,096,477 |

Local Receipts

Over the past two years, the most significant financial impact of COVID-19 has been the anticipated negative impact on local revenue and parking receipts. The good news is that the Town is continuing to see a turnaround and based upon FY22 through FY23 performance (so far), the TWFP projects a significant increase of 15.98% in local receipts in FY24. Local receipts represent 6% of the Town's revenue. Most local receipts (78%) are from motor vehicle excise, permits and licensing, and interest earnings.

Local Receipts Trend

| | Actual FY18 | Actual FY19 | Actual FY20 | Actual FY21 | Actual FY22 | Budget FY23 | Budget FY24 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
| Local Receipts | | | | | | | |
| Motor Vehicle Excise | \$ 5,749,176 | \$ 5,814,076 | \$ 5,463,429 | \$ 5,547,986 | \$ 5,699,888 | \$ 5,215,000 | \$ 5,590,000 |
| Investment Income | 760,311 | 1,644,747 | 1,761,606 | 353,917 | 134,811 | 135,000 | 450,000 |
| Licenses and permits | 4,049,311 | 3,617,016 | 2,043,985 | 2,700,054 | 3,448,034 | 1,992,161 | 2,850,000 |
| One time 40R Permit | | | | 1,140,730 | | | |
| RDF | 817,862 | 594,114 | 663,669 | 741,786 | 930,738 | 650,000 | 725,000 |
| Pilot payments | 76,490 | 76,443 | 76,442 | 76,465 | 76,000 | 76,000 | 76,000 |
| Parking Fines & Forfeits | 466,684 | 577,555 | 452,093 | 302,411 | 396,146 | 300,000 | 400,000 |
| Meals tax, hotel/motel | 752,908 | 771,564 | 682,286 | 505,715 | 692,178 | 550,000 | 550,000 |
| Recreation transfer | 79,227 | 13,682 | - | 38,227 | 108,014 | - | - |
| Penalties, Interest on Taxes | 248,217 | 425,077 | 253,628 | 629,987 | 447,074 | 250,000 | 250,000 |
| Rentals | 169,038 | 180,728 | 198,929 | 212,586 | 166,633 | 160,000 | 180,000 |
| Fees | 116,737 | 109,180 | 109,851 | 108,155 | 91,865 | 92,000 | 100,000 |
| Departmental | 164,646 | 87,406 | 133,786 | 100,259 | 100,479 | 100,000 | 100,000 |
| All other, inc Medicaid | 54,884 | 14,324 | 328,079 | 308,553 | 318,348 | 100,800 | 144,305 |
| FEMA | | | | | 872,493 | | |
| All other | | | | | 91,815 | | |
| Total | \$ 13,505,491 | \$ 13,925,912 | \$ 12,167,783 | \$ 12,766,831 | \$ 13,574,516 | \$ 9,620,961 | \$ 11,415,305 |

The drop in revenue from the Town's traffic and parking operations has been an ongoing concern since 2020. Traffic and parking operations have historically been self-funding, but as remote work opportunities have expanded, the use of commuter lots has declined. The Select Board is encouraged by the slow and steady return of commuters to public transportation. Last year, the Massachusetts Bay Transportation Authority (MBTA) increased train service as part of its "Regional Rail" service initiative, offering "Clock Face Scheduling" with trains throughout the day no longer limited to commuting hours.

In FY24, the Board anticipates a revenue shortfall in the Traffic and Parking Fund of approximately \$400,000 and is proposing to subsidize the fund while continuing to evaluate the rebounding revenues with restaurant and business expansion in the Commercial Districts. The subsidy this year is within the general operating budget and does not require additional Free Cash. For reference, the Board subsidized the entire traffic and parking budget (just under \$900,000) in FY22, and budgeted a subsidy of \$500,000 in FY23.

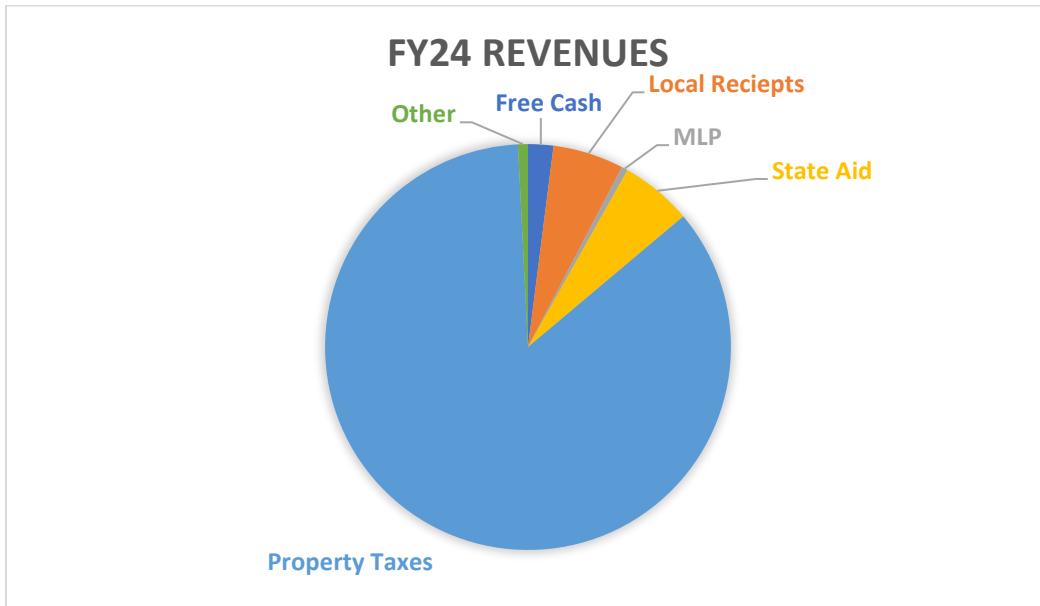
Additional revenue includes an annual contribution of \$1 million to the Town from the Wellesley Municipal Light Plant.

Free Cash

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

| Free Cash | FY19 | FY20 | FY21 | FY22 | FY23 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <i>Beginning of year</i> | \$ 14,615,285 | \$ 16,171,779 | \$ 18,175,871 | \$ 25,830,840 | \$ 27,638,344 |
| <i>Uses</i> | (5,040,670) | (6,408,475) | (4,495,134) | (10,328,076) | (18,162,662) |
| <i>Net Free Cash generated</i> | 6,597,164 | 8,412,567 | 12,150,103 | 12,135,580 | 8,000,000 |
| <i>End of year</i> | \$ 16,171,779 | \$ 18,175,871 | \$ 25,830,840 | \$ 27,638,344 | \$ 17,475,682 |

For the FY24 budget, the proposed use of \$2,500,000 in Free Cash to balance the budget represents 1.24% of the estimated revenues. Free Cash is generally deployed for one-time costs including capital investments and new initiatives, for example the Equity Audit in this year's proposed budget. The Select Board has used \$2.5 million annually of Free Cash to balance the budget over the past decade, and after lengthy budget discussions, has sometimes opted to close any remaining deficits with additional Free Cash.



Status of Reserves

The Town's reserves rose to \$33,673,926 (19.49% of FY23 anticipated revenue) at the close of FY22 due to multiple factors, including a rebound in revenue, decreased departmental spending, favorable health insurance position, and the Board's decision to bolster reserves in FY21 through FY23 in light of financial uncertainties.

The Town's Financial Reserve Policy stipulates reserves should range from 8 to 12% of budgeted operating revenue. The Government Finance Officers' Association recommends maintaining balances of reserves in the amount of 5 to 15% of Budgeted Operating Revenues. At the close of FY22, Town departments returned \$2.15 million (\$1.1 million payroll, \$1.05 million in expenses), the School Department returned \$1.54 million (\$737,000 in payroll, \$802,000 in expenses), Health Insurance returned \$2.2 million (largely due to vacant positions), and encumbrances totaled \$357,000.

The Special Town Meeting in October 2022 appropriated \$13,800,000 in Free Cash including \$13 million towards the Town Hall Interior project, and FY23 supplemental appropriations to Workers' Compensation (\$700,000) and Risk Management (\$100,000).

As of March 6, 2023, reserves are at 11.01% prior to any appropriation from Free Cash at the 2023 Annual Town Meeting. Furthermore, the estimated FY23 turnback and additional revenue is substantial at \$8 million, including the following:

- \$1 million in receivables not processed as part of the FY22 Free Cash valuation
- \$1.5 million ARPA revenue replacement
- \$1 million School Department expenses turnback
- \$1 million Town expenses turnback
- \$1.5 million in health insurance turnback
- \$2 million in revenue, outperforming FY23 revenue projections

With the estimated \$8 million in turnback, reserves will rise to 15.44% as of June 30, 2023, not counting transfers to the FY23 budget that are proposed for Annual Town Meeting. If no appropriations were made at Town Meeting, With the expenditures proposed, the proposed FY24 budget would bring reserves down to an estimated 12.86% as of June 30, 2023, just above the upper range of the reserves policy (8 to 12% of budgeted operating revenue).

Reserves Projection Before ATM 2023

| <i>Reserves as of 6/30/2022</i> | <i>Amount</i> |
|--|-----------------------|
| Free Cash | \$ 27,138,344 |
| General Purpose Stabilization fund | 3,568,667 |
| Other Stabilization Funds | 2,966,915 |
| | \$ 33,673,926 |
| FY23 Revenue | \$ 172,775,319 |
| <i>Sources and (Uses) of Reserves in FY23</i> | |
| <i>Appropriations at STM 10/2022</i> | |
| Town Hall Interior Project | (13,000,000) |
| Increase 2023 Workers Comp. Budget | (700,000) |
| Increase 2023 Risk Management Budget | (100,000) |
| Estimated Turnback* | 8,000,000 |
| <i>Estimated Reserves as of 6/30/23</i> | \$ 27,873,926 |
| FY24 Revenue | \$ 180,567,386 |
| % of Revenue | 15.44% |
| <i>% of Revenue Without Special purpose Stabilization Funds</i> | |
| <i>13.79%</i> | |

* Anticipated returns from encumbrances not spent, over performance of revenue projections, and operating budgets.

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, 2022, was \$3.57 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 in 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 \$63,938 in revenues from Medicaid receipts. Over the past three years, deposits of approximately \$800,000 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 Special Education Reserve Fund's maximum balance is 2% of Wellesley's actual net school spending. Following this year's appropriation of Medicaid funds, the stabilization fund will be nearing maximum contribution levels. The Board supports the current level of the Special Education Reserve Fund to ensure that a reliable level of reserves is available if the state is unable to meet its circuit breaker obligations, or if the School Department experiences unanticipated out-of-district placements or other extraordinary expenses.

The FY24 budget continues the past practice of contributing Free Cash equal to turnback amounts for the Injured-on-Duty stabilization fund under Article 10 (\$33,262), and the RDF Baler Fund

under Article 12 (\$11,512). The following chart summarizes revised projections reflecting the anticipated use of Free Cash towards the FY24 Budget and the impact to the Town's anticipated reserve balances on June 30, 2023:

Reserves Projection After ATM 2023 Appropriations

| <i>Reserves as of 6/30/2022</i> | <u>Amount</u> |
|---|---------------------------|
| Free Cash | \$ 27,138,344 |
| General Purpose Stabilization fund | 3,568,667 |
| Other Stabilization Funds | 2,966,915 |
| | \$ 33,673,926 |
| FY23 Revenue | \$ 172,775,319 |
| <i>Sources and (Uses) of Reserves in FY23</i> | |
| Appropriations at STM 10/2022 | |
| Town Hall Interior Project | (13,000,000) |
| Increase 2023 Workers Comp. Budget | (700,000) |
| Increase 2023 Risk Management Budget | (100,000) |
| Appropriations at ATM 3/2023 (Article 7) | |
| Fire | (30,000) |
| Snow and Ice | (150,000) |
| Compensated Absences | (39,855) |
| Appropriations at ATM 2023 (for FY24) | |
| Balance 2024 Budget | (2,500,000) |
| FY24 Traffic and Parking Fund | (400,000) |
| DEI Audit | (100,000) |
| Add to IOD Stabilization | (33,262) |
| Add to Baler Stabilization | (11,512) |
| Add to SPED Stabilization - Medicaid | (63,938) |
| FY22 HR Bill (Article 23) | (18,000) |
| Stabilization Fund Deposits | 108,712 |
| FY24 Capital | |
| Warren HVAC | (531,075) |
| Fire Truck | (885,000) |
| Estimated Turnback* | 8,000,000 |
| <i>Estimated Reserves as of 6/30/23</i> | \$ 23,219,996 |
| FY24 Revenue | \$ 180,567,386 |
| % of Revenue | 12.86% |
| % of Revenue Without Special purpose Stabilization Funds | 11.22% |

* Anticipated returns from encumbrances not spent, over performance of revenue projections, and operating budgets.

FY24 Budget Cycle

The Town budget cycle begins in July with the Select Board having initial discussions with the larger departments, including the School Department, the Facilities Management Department (FMD), and the Department of Public Works (DPW). This year's budget process followed the Budget Submission Timeline detailed below. (For a full review of the Town Budget Preparation Manual, please see Appendix A.)

In the early stages of the budget preparation, the Board reviews an 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. Guidelines for FY24 were finalized by the Select Board on October 11, 2022. After guidelines are set, each board is expected to develop a budget falling within guideline. New initiatives and costs above guideline are discussed and evaluated by the Select Board and the Advisory Committee during the budget cycle. Other funding mechanisms (such as an override or debt exclusion) may be proposed if a critical initiative cannot be funded with the current resources.

Under the Town bylaws, the Select 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 Plan. Under the direction of the Select Board and Executive Director, the Finance Department has developed standard formats for departmental requests, these submissions are used 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 Plan. 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.

Budget Submission Timeline

- July 1, 2022 Fiscal Year begins
- August 10 -- Finance Director presents Financial Orientation to Advisory Committee
- August 16 -- Finance Director updates SB on FY2022 results
- September 12 – SB Begins FY 2024 Budget guideline discussions
- September 27 - SB continues guideline discussions
- September 28-October 6 – Inter-Board Meeting
- October 11 – FY 2024 Operating and Capital Budget guideline finalized
- October 11 – HR Board provides guidelines for 40/50/60 series
- October 18 – FY 2024 Operating and Capital Budget guideline finalized if needed
- October 20 –Operating budget manual & operating and capital forms distributed
- November 22 – Town-wide FMD Capital update
- November 22 – Open Annual Town Meeting Warrant
- December 1 – Capital budget requests submitted to Finance from all departments
- December 1 – Operating budgets due from Select Board departments. Finance begins budget compilation
- December 6 – Tax Classification Hearing
- December 13 - Select Board's Budget Workshop (Day)
- December 20 – **(Or at date of submission to Advisory, if earlier)** Operating budgets due to Finance from non-school departments (early submissions encouraged)
- December 22– Warrant Closes for Annual Town Meeting
- January 10 – Superintendent's operating budget presented to School Committee
- January 23– Select Board to review budget roll up and determine budget gap & begin closing process
- February 7– School Committee votes School Department operating budget
- Annual Town Election – March 7, 2023
- Annual Town Meeting to begin March 27, 2023

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. 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.

Non-Union Employees

Each year the Human Resources Board evaluates increases in the compensation range tables for non-union municipal personnel. As salaries have become more competitive across the Commonwealth, additional pressure has been placed on salary reviews within the classification system. This year, the Town has budgeted a 3% COLA for 40 Series (Clerical) employees and a 2% COLA for all 50/60 (Management) series employees. The Select Board, working with the Human Resources Board, also recommends additional funding in the Merit Pay Plan this year to account for merit increases, based upon performance, in addition to the COLA. In past years, the Merit Pay Plan has only provided limited COLA adjustments.

Union Employees

Most Town employees are unionized, and their annual wage increases are a subject of collective bargaining. There are 14 unions representing 1,129 employees, the largest of which is the Massachusetts Teachers Association. The five teachers' union contracts expired June 30, 2022. The nine Town union contracts are all set to expire on June 30, 2023. The Town also has an active collective bargaining agreement regarding health insurance that is not set to expire until June 30, 2025.

In addition to setting COLA increases, 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 currently provides for 16 steps and the value of each step increase is approximately 4.2%. Most Town union contracts provide for 4 to 8 steps, and an average step increase of 5.3 to 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 6 to 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 (FY23) approximately 55.19% of the teachers are at the top step, with the remainder still moving on steps. The School Department's personnel costs have grown at a faster rate than other departments' budgets.

Facilities Management Department Custodian Union Settlement

Negotiations with the FMD Custodial Union began in November 2022, and reached tentative agreement in January 2023. The management team did extensive compensation analysis and determined a salary adjustment in FY24 was needed for the custodial positions to be competitive. In 2012, the FMD Custodial Union's salary structure was in the top quartile of comparable communities. The salary adjustment will bring several positions in the union back to the top quartile, while bringing other positions just above median. The FMD has experienced substantial turnover and high vacancy rates over the past two years.

Key Terms of FMD Custodian Collective Bargaining Agreement:

Positions Under Custodian Contract

- 60 Positions
 - 52.6 Custodians
 - 8 Maintenance Staff

Financial Terms

- Three-year agreement (FY24-FY26)
- 4% COLA FY24
- 3% COLA FY25 and 2% COLA FY26
- Modifies Emergency Work Provisions
- Modifies ability to accumulate personal days if sick days are exhausted
- Increases Personal Leave for Parental Leave to a maximum of 5 Days
- Updates Safety Shoe provisions
- Clarifies seniority provisions on bidding open positions
- Increases longevity by \$100 in all three years of the contract

FY24 Cost of Settlement

Total cost is \$143,389

FY25 Cost of Settlement

Total cost is \$112,525

FY26 Cost of Settlement

Total cost is \$78,439

Employee Benefit Costs

Employee benefit costs will total nearly \$34.8 million in FY 24 (17.3% of the Town's total budget). During the past ten years, benefit costs have 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 - \$22.3 million
- Pension plan contributions - \$8.8 million
- Other Post-Employment Benefits (OPEB) funding - \$3.45 million

Health Insurance

The Town procures health insurance for active employees and retirees through the West Suburban Health Group (WSHG), a consortium of nine 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 current contract began on July 1, 2022, and continues to offer high deductible and benchmark plans for employees. Starting in FY23, Blue Cross Blue Shield, Harvard Pilgrim, and Tufts are the Town's health insurance plan offerings with Blue Cross Blue Shield being the least expensive plan option. Under the existing Health Care Agreement, the Town contributes 78% the cost of the Blue Cross Blue Shield plan and contributes a reduced contribution rate of 60% for Harvard

Pilgrim and Tufts and contributes 50% towards the Harvard Pilgrim PPO plan. The Town will continue to offer various incentives to employees to lower costs, including an opt-out provision and high deductible options.

Pension Plan Contributions

Municipal employees in Massachusetts are not eligible for Social Security. In lieu of a Social Security benefit, the Town maintains a defined-benefit pension plan for retired employees other than teachers, 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 2022 totaled \$4.1 million and are estimated to total \$4.2 million in calendar 2023. The Town will make an annual contribution of \$8.8 million in FY24. 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.

Actuarial Valuations, Assumptions, and Funding

The latest actuarial valuation of the Pension liability was performed as of January 1, 2021. The actuarial valuation is on a two-year cycle and a new valuation was performed on January 1, 2023, but it will not be available until May 2023.

The actuarial funding schedule for the pension plan calls for a \$259,939 increase in pension funding in FY24 (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%. The 2021 actuarial valuation reduced the rate of return further to 6%.

| OPEB Funding Schedule | | | | |
|------------------------------|--------------|--------------|--------------|--------------|
| FY20 | FY21 | FY22 | FY23 | FY24 |
| \$ 3,432,000 | \$ 3,432,000 | \$ 3,432,000 | \$ 3,450,000 | \$ 3,450,000 |

The OPEB actuarial valuation is also on a two-year cycle with the most recent valuation performed on December 31, 2021. The interest rate was decreased to 6% 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 2030 even with the reduction in the rate of return. The funding schedule (in table above) currently requires the Town to contribute a flat \$3.45 million each year until 2030, in addition to the increasing premium subsidies for current retirees ("pay-as-you-go costs"). It is the intention of the funding plan to continue to fund OPEB past 2030 to bring the OPEB trust to upwards of 110% to ensure that market corrections do not significantly deplete the fund balance.

The following table summarizes the Town's unfunded liabilities related to Pension and OPEB, based on employee service to date:

| Measurement Date | <u>Pension</u> | <u>OPEB</u> |
|---------------------------|----------------|----------------|
| | 1/1/2021 | 12/31/2020 |
| Accrued Liability | \$ 242,973,730 | \$ 132,313,690 |
| Actuarial Value of Assets | \$ 242,973,730 | \$ 75,024,303 |
| Unfunded Liability | \$ 43,104,963 | \$ 57,289,387 |
| Funded Ratio | 84.93% | 56.7% |
| Full Funding Year | 2030 | 2032 |
| Assumed Rate of Return | 6.0% | 6.0% |

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.

Status of Current Major Capital Projects

The Permanent Building Committee and the Facilities Staff continue to work to implement the design and construction projects approved at Town Meeting.

Hunnewell School

The project is currently under construction. Slated for substantial completion in **February 2024**, the new 76,500 square foot Hunnewell Elementary School will serve 365 students. The 18-classroom building will include a gymnasium, a warming kitchen, a cafetorium, administrative offices, and purpose-built spaces for the district-wide Therapeutic Learning Center (TLC) program.

Hardy School

The project has concluded permitting and construction is set to commence in March 2023. Slated for substantial completion in summer of 2024 with occupancy to begin **September 2024**, the new 80,039 square foot Hardy Elementary School will serve 365 students. The 18-classroom building will include gymnasium, a warming kitchen, a cafetorium, administrative offices and purpose-built space for the district-wide skills program.

Town Hall Interior Renovation

The renovation of the Town Hall interior was approved at the October 2022 Special Town Meeting and construction will commence in April 2023. Construction is anticipated to be completed in **August 2024**. Town Hall departments will be relocated by the start of April 2023 to leased office space at 888 Worcester Street, the current location of the Facilities Management Department and

the new home to the Land Use Departments (Planning, Zoning Board of Appeals, Building Department, and Natural Resources Commission).

Future Projected Capital Projects and Borrowing Needs

Capital Budget Requests

The combined inside-the-levy (cash capital and debt service) financing budget for FY24 is \$12,265,186 or 6.8% of revenue. Of the \$12.2 million, \$4.4 million is for inside-the-levy debt service, with a maximum of \$7.8 million available for all cash capital projects. In FY25-FY27, based upon projected inside-the-levy borrowing, there is currently projected between \$4 million and \$7.5 million available for cash capital expenses. 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 at www.wellesleyma.gov/2023budgetbook details the finalized five-year capital requests submitted. 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 must be quantified. Because financial resources are limited, boards are asked to internally prioritize capital needs based upon specific criteria identified in the Budget Preparation Manual (Appendix A) and departments 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. It should be noted that with any significant rise in the inside-the-levy borrowing, available funding for cash capital projects is reduced. Conversely, the application of Free Cash to cash capital projects builds capacity for inside-the-levy borrowing. Capital requests added in a given budget year without prior notice are generally deferred unless required by a federal or state mandate.

As previously described, the Select Board has adopted a Debt Policy that limits combined capital and debt service expenditures to 6.2 to 6.8% of recurring operating revenues. The purpose of this policy is to provide sufficient funds to maintain Town assets, while avoiding operating overrides or compromising operating budgets. In review of the Five-Year Capital Plan requests, the total cost is rising in the out-years far in excess of the 6.2 to 6.8% Debt Policy range and is hovering around the 8% range for FY25 and FY26. During the budget process, departments are sometimes asked to reduce their capital requests in order to bring overall requests into alignment with the Debt Policy range. Staying within the range requires close coordination and communication between the Finance Department and all department heads. For capital dependent departments, setting cash capital spending maximums has assisted with budget goals. For example, over the past several years, FMD has focused on maintaining a cash capital budget of \$2 million or less.. This year, discussions have commenced on setting a cash capital threshold for DPW as annual requests have grown substantially over time.

Budget Assumptions

MIIA, the Town's insurance company, currently values Wellesley's assets at \$437,702,627 inclusive of buildings and contents. It is the Town's responsibility to maintain those assets or replace them as they reach the end of their useful life, making capital project needs and costs a major factor in out-years. 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 allowed for the use of the higher end of the debt policy range of 6.8% given the status of reserves, revenues generated from new growth, and local permits.

The budget assumptions established for FY25 through FY27 have taken into consideration various factors including:

- Sustainability of economic growth;
- Increased costs of goods and services;
- Rising costs of health insurance;
- Potential for increased costs to address both Town and School strategic initiatives such as implementation of the Unified Plan, Climate Action Plan, Open Space and Recreation Plan, Housing Production Plan, Sustainable Mobility Plan, Diversity, Equity, and Inclusion efforts, and downtown revitalization; and
- Ongoing impacts of remote work on Traffic and Parking revenue.

The projections below do not reflect any potential union settlements, which will be evaluated and negotiated on an individual basis. The projected budget assumptions are as follows:

Revenues

| | |
|--------------------|---|
| • Levy growth | 2.5% plus \$1.7 million of new growth in FY25-F27 |
| • State aid | 2% increase for FY25-27 |
| • Local revenue | 2% increase for FY25-FY27 |
| • Use of Free Cash | \$2.5 million/year |

Expenses

| | |
|-------------------------------------|-------------------------------|
| • Town Personal Services/Expenses | 3% increase FY25-FY27 |
| • School Personal Services/Expenses | 3% increase FY25-FY27 |
| • Pension | Per approved funding schedule |
| • Health Insurance | 7% 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 expense estimates may require operational overrides or reductions in departmental operations.

Exhibit II

| | FY23 Budget | FY24 Request | \$ Inc/(Dec) | % Inc/(Dec) | FY25 Projection | FY26 Projection | FY27 Projection |
|----------------------------|------------------------|-------------------------|-------------------------|------------------------|----------------------------|----------------------------|----------------------------|
| Sources of Funds | | | | | | | |
| Taxes | \$ 150,927,239 | \$ 156,700,420 | \$ 5,773,181 | 3.8% | \$ 162,317,930 | \$ 168,075,879 | \$ 173,977,776 |
| State Aid | 11,227,119 | 11,451,661 | 224,542 | 2.0% | 11,680,694 | 11,914,308 | 12,152,594 |
| Local Revenue | 10,620,961 | 12,415,305 | 1,794,344 | 16.9% | 12,643,611 | 12,876,483 | 13,114,013 |
| Free Cash to balance | 2,652,036 | 2,500,000 | (152,036) | -5.7% | 2,500,000 | 2,500,000 | 2,500,000 |
| Other Free Cash items | 4,264,102 | 1,672,787 | (2,591,315) | n/a | - | - | - |
| Other Sources | 1,998,425 | 1,707,104 | (291,321) | -14.6% | 1,790,666 | 1,797,614 | 1,804,702 |
| CPA for North 40 | 550,244 | 550,644 | 400 | 0.1% | 550,644 | 550,244 | 549,444 |
| Exclusions & Exemptions | 17,205,979 | 14,365,672 | (2,840,307) | -16.5% | 13,975,572 | 13,049,272 | 12,219,922 |
| Total Sources | <u>\$ 199,446,105</u> | <u>\$ 201,363,593</u> | <u>\$ 1,917,488</u> | <u>1.0%</u> | <u>\$ 205,459,118</u> | <u>\$ 210,763,801</u> | <u>\$ 216,318,451</u> |
| Uses of Funds | | | | | | | |
| School | \$ 84,802,267 | \$ 87,832,188 | \$ 3,029,921 | 3.6% | \$ 90,467,154 | \$ 93,181,168 | \$ 95,976,603 |
| Other Town Departments | 43,469,705 | 46,424,054 | 2,954,349 | 6.8% | 47,816,776 | 49,251,279 | 50,728,817 |
| Employee Benefits | 34,221,962 | 34,582,400 | 360,438 | 1.1% | 35,873,592 | 37,565,514 | 39,384,628 |
| Cash Capital | 6,737,443 | 7,865,186 | 1,127,743 | 16.7% | 10,892,078 | 8,312,752 | 7,780,687 |
| Debt (inside Levy) | 5,000,000 | 4,400,000 | (600,000) | -12.0% | 5,000,000 | 6,400,000 | 9,200,000 |
| Other Uses | 7,458,505 | 5,343,449 | (2,115,056) | -28.4% | 3,900,149 | 3,933,903 | 3,958,456 |
| Exclusions & Exemptions | 17,756,223 | 14,916,316 | (2,839,907) | -16.0% | 14,526,216 | 13,599,516 | 12,769,366 |
| Total Uses | <u>\$ 199,446,105</u> | <u>\$ 201,363,593</u> | <u>\$ 1,917,488</u> | <u>1.0%</u> | <u>\$ 208,475,964</u> | <u>\$ 212,244,132</u> | <u>\$ 219,798,557</u> |
| Surplus/(Deficit-Override) | \$ 0 | \$ (0) | | | \$ (3,016,846) | \$ (1,480,332) | \$ (3,480,107) |

Based on the budget assumptions outlined above, the current projected deficit for FY25 is \$3 million with no modifications to the cash capital budget or application of additional Free Cash. The FY26 and FY27 out-year projections have deficits in the range of \$1.48 million to \$3.48 million; these deficit projections assume modest revenue increases and a straight 3% increase in school and town operational costs.

Strict adherence to the inside-the-levy Debt Policy can help reduce these deficits and the Board is committed to rigorous analysis of all capital requests. Conversely, allowing any growth in operating guidelines could outstrip resources available inside the levy.

Impact on Deficit of Debt/Capital Policy

| | 2025` | 2026 | 2027 |
|--------------------|----------------|----------------|----------------|
| Revenue | \$ 186,543,783 | \$ 192,766,248 | \$ 198,961,952 |
| Projected Deficit | \$ (3,016,846) | \$ (1,480,332) | \$ (3,480,107) |
| Debt/Capital | \$ 15,892,078 | \$ 14,712,752 | \$ 16,980,687 |
| Percent Requested | 8.52% | 7.63% | 8.53% |
| If reduced to 6.8% | \$ 12,692,078 | \$ 13,112,752 | \$ 13,535,687 |
| Revised Deficit | \$ 183,154 | \$ 119,668 | \$ (35,107) |

For informational purposes only, a model has been created to show the impact on debt and deficits utilizing the **top** of the Debt Policy range at 6.8% of operating revenues, rather than the total amount of capital requested. The table 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 inside-the-levy borrowing for Weston Road), future cash capital allocations would require the following limitations:

- \$7,692,078 in FY25 (a decrease of \$3.2 million)
- \$6,712,752 in FY26 (a decrease of \$1.6 million)
- \$4,335,687 in FY27 (a decrease of \$3.4 million).

The Select Board is pursuing a total of \$1.35 million in ARPA funding for all of the DPW stormwater capital requests and the stormwater portion of the Weston Street reconstruction project.

In addition to the projects financed inside-the-levy, three debt exclusions have been approved in the last two years: the Middle School Building Systems in December 2020, Hardy Elementary School in December 2021, and Hunnewell Elementary School in December 2021. With the use of significant Free Cash, the Town was able to fund the Town Hall Interior Renovation project inside-the-levy.

Over the next five years, one debt exclusion is planned for the renovation/reconstruction of PAWS Pre-School in November/December 2028. However the DPW building projects and the Morses Pond Beach and bath house projects may be pushed to a debt exclusion if costs continue to escalate.

| Major Project Financing Schedule: Six Year Look-Ahead | | | | | | | | | | | | | | |
|---|--------------|----------------|--------------|---------------|----------------|----------------|--------------|-----------------|----------------|----------------|----------------|-----------------|-------------|-----------------|
| February 10, 2023 | | | FY2024 | | FY2025 | | FY2026 | | FY2027 | | FY2028 | | FY2029 | |
| <u>Project</u> | <u>Phase</u> | Estimated Cost | Spring 2023 | Fall 2023 | Spring 2024 | Fall 2024 | Spring 2025 | Fall 2025 | Spring 2026 | Fall 2026 | Spring 2027 | Fall 2027 | Spring 2028 | Fall 2028 |
| <i>MOPO Renovation</i> | Design | \$1.5M | | | X | | | | | | | | | |
| | Construction | \$11.6M | | | | | | X | | | | | | |
| <i>Warren HVAC Renovation</i> | Design | \$531k | X | | | | | | | | | | | |
| | Construction | \$5.5M | | | | X | | | | | | | | |
| <i>DPW New RDF Admin. Bldg</i> | Design | \$700K | | | X | | | | | | | | | |
| | Construction | \$4M | | | | | | X | | | | | | |
| <i>DPW Reno: Park & Hwy</i> | Design | \$1.8M | | | X | | | | | | | | | |
| | Construction | \$9M | | | | | | X | | | | | | |
| <i>Library HVAC Renovation</i> | Design | \$505k | | | | | X | | | | | | | |
| | Construction | \$2.53M | | | | | | | X | | | | | |
| <i>Sprague HVAC Renovation</i> | Design | \$400k | | | | | X | | | | | | | |
| | Construction | \$2.0M | | | | | | | X | | | | | |
| <i>Middle School Roof Replace</i> | Design | \$500K | | | | | | | X | | | | | |
| | Construction | \$7.25M | | | | | | | | X | | | | |
| <i>Sprague School Roof Replace</i> | Design | \$200K | | | | | | | X | | | | | |
| | Construction | \$1.85 | | | | | | | | X | | | | |
| <i>Bates School Roof Replace</i> | Design | \$300K | | | | | | | X | | | | | |
| | Construction | \$3.2M | | | | | | | | X | | | | |
| <i>DPW Reno: RDF Baler Bldg</i> | Design | \$400K | | | | | | | | X | | | | |
| | Construction | \$2.3M | | | | | | | | | X | | | |
| <i>New Preschool</i> | Design | \$2.5M | | | | | | | | X | | | | |
| | Construction | \$22.5M | | | | | | | | | | | DE | |
| <i>AC: Bates, Schot, Fiske, MS</i> | Design | \$1.8M | | | | | | | | X | | | | |
| | Construction | \$14.92M | | | | | | | | | X | | | |
| TOTALS (Millions) = | | | \$531 | \$0.00 | \$4,000 | \$5,500 | \$905 | \$24,600 | \$1,000 | \$4,530 | \$4,700 | \$12,300 | \$0 | \$39,720 |

Median Tax Bill

| | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Levy Prior | \$ 13,346 | \$ 13,948 | \$ 14,481 | \$ 14,982 | \$ 15,495 | \$ 16,021 | \$ 16,560 | \$ 17,113 | \$ 17,679 |
| Levy growth | \$ 601 | \$ 534 | \$ 501 | \$ 513 | \$ 526 | \$ 539 | \$ 553 | \$ 566 | \$ 581 |
| Existing Debt Exclusions | \$ 995 | \$ 815 | \$ 793 | \$ 722 | \$ 659 | \$ 639 | \$ 605 | \$ 542 | \$ 525 |
| HHU | \$ 595 | \$ 513 | \$ 692 | \$ 704 | \$ 685 | \$ 666 | \$ 647 | \$ 628 | \$ 610 |
| Median tax bill | \$ 15,538 | \$ 15,809 | \$ 16,467 | \$ 16,921 | \$ 17,365 | \$ 17,865 | \$ 18,365 | \$ 18,849 | \$ 19,394 |

FY24 Operating and Capital Budget Requests

The proposed FY24 budget request is summarized in the following table. More complete versions of the FY24 Sources & Uses are presented in [Exhibit I](#) and [Exhibit B](#).

| | FY23 Budget | FY24 Request | \$ Inc/(Dec) | % Inc/(Dec) |
|---------------------------------|------------------------|-------------------------|-------------------------|------------------------|
| <i>Sources of Funds</i> | | | | |
| Taxes | \$ 150,927,239 | \$ 156,700,420 | \$ 5,773,181 | 3.8% |
| State Aid | 11,227,119 | 11,451,661 | 224,542 | 2.0% |
| Local Revenue | 10,620,961 | 12,415,305 | 1,794,344 | 16.9% |
| Free Cash to balance | 2,652,036 | 2,500,000 | (152,036) | -5.7% |
| Other free cash items | 4,264,102 | 1,672,787 | (2,591,315) | 0.0% |
| Other Sources | 887,925 | 940,604 | 52,679 | 5.9% |
| CPA Funds | 1,110,500 | 766,500 | (344,000) | -31.0% |
| CPA to offset debt | 550,244 | 550,644 | 400 | 0.1% |
| Exempt Debt | 17,205,979 | 14,365,672 | (2,840,307) | -16.5% |
| Total Sources | \$ 199,446,105 | \$ 201,363,593 | \$ 1,917,488 | 1.0% |
| <i>Uses of Funds</i> | | | | |
| School | \$ 84,802,267 | \$ 87,832,188 | \$ 3,029,921 | 3.6% |
| Other Town Departments | 43,469,705 | 46,424,054 | 2,954,349 | 6.8% |
| Employee Benefits | 34,221,962 | 34,582,400 | 360,438 | 1.1% |
| Cash Capital | 6,737,443 | 7,865,186 | 1,127,743 | 16.7% |
| Debt Service (inside Levy) | 5,000,000 | 4,400,000 | (600,000) | -12.0% |
| Other Uses | 7,458,505 | 5,343,449 | (2,115,056) | -28.4% |
| Exempt Debt | 17,756,223 | 14,916,316 | (2,839,907) | -16.0% |
| Total Uses | \$ 199,446,105 | \$ 201,363,593 | \$ 1,917,488 | 1.0% |
| <i>Surplus/(Deficit)</i> | <u>\$</u> | <u>0</u> | <u>\$ (0)</u> | |

Sources of Funds:

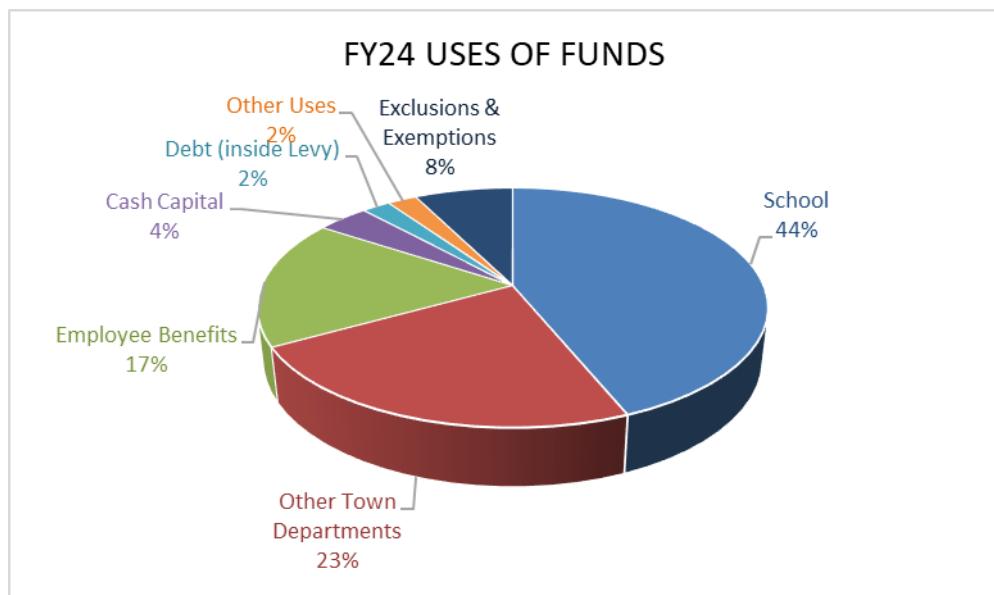
- The 3.8% increase in taxes reflects the allowed growth in the levy limit (2.5%) and \$2 million of new growth.
- At this point, State Aid is showing an increase of \$224,542 or 2%. As noted earlier, the state budget has many months before completion.
- The 16.9% increase in Local Revenue reflects the continuing performance on motor vehicle excise tax, investment income, and meals and hotel/motel tax previously identified.
- The increase of 5.9% in Other Sources is reflecting the rebound of \$500,000 Parking Meter Receipts in FY23 which were a complete loss in FY21 but began rebounding in FY22.

Uses of Funds:

- The 3.6% increase in the School Department budget reflects the base budget, contractual step and anticipated union settlement increases, and a dramatic 14% increase in the out-of-district placement costs driven by the rate set by the state. The 14% increase is a major departure from past precedent; the out-of-district placement costs have typically shown an annual increase in the 1-3% range. The SPED Stabilization fund is intended to be used

for unforeseen special education outplacement costs but cannot be used for this expenditure for two reasons: the number of out-of-district students has not changed and the cost was known at the time of budgeting. The School Department took a close look at their personal services and expenses and worked hard to meet the Town's 3% budget guideline directive, but the significant increase in out-of-district placement costs has been a determining factor, without which the school budget would have been under guideline.

- The 6.8% increase in Other Town Departments is over guideline and reflects the following necessary expenditures:
 - Benefit costs for two full-time positions at the Library that are replacing four part-time positions;
 - Benefit costs for one full-time position in the Town Clerk's office that is replacing part-time positions;
 - Addition of a social worker position to be shared by the Health Department and the Housing Authority;
 - Additional 19 hours for the environmental inspector creating a new full-time position in the Health Department,
 - Increased utility costs and vehicle expenses, including gas and maintenance;
 - Cyber security updates;
 - Wage increases recommended by the Human Resources Board (2% for 50/60 series employees and 3% for 40 series employees);
 - Various adjustments in other expenses for all departments which are detailed in the departmental budgets.
- Debt service is down 12% with the restructuring of some debt and application of Free Cash to previously anticipated borrowing for a fire truck and the Warren HVAC Design Study.
- Cash capital is up 16.7% reflecting the increase above last year's high end of the Debt Policy range (6.8%) to this year's high end of the range (6.8%).



Use of Free Cash: The Board has sought to take advantage of continued turnback and the overperformance in revenues to cover expenses and fund needed projects including the following:

FY23 supplemental appropriations from Free Cash:

- \$18,000 FY22 Human Resources Bill (Article 23)
- \$30,000 Fire Department Appropriation (Article 7)
- \$150,000 Snow and Ice (Article 7)
- \$39,855 Compensated Absences (Article 7)

FY24 appropriations from Free Cash:

- \$63,938 Special Education Reserve Fund (Medicaid)
- \$11,512 Baler stabilization Fund
- \$33,262 Injured on Duty Indemnity Fund
- \$100,000 for Equity Audit (Article 17)
- \$531,075 Warren HVAC Design Study (Article 20)
- \$885,000 Fire Engine (Article 21)

Conclusion

Significant construction projects have had a positive impact on new growth and permits, enabling the Town to continue to raise revenues over and above the Proposition 2 ½ limit on the property tax levy. The Town has also seen growth in vehicle excise and local receipts. While the Town-Wide Financial Plan conservatively projects revenue growth, specific one-time project costs are projected and monitored in the out years in coordination with economic development and land use planning projects and initiatives.

The FY24 budget makes strategic use of reserves, bolstered by conservative assumptions and significant turnback over the past few years. Turnback in departmental personnel, expenses, and health insurance has exceeded historical levels as a result of ongoing hiring challenges, and a continued reduction in expenses related to supply chain issues, lower conference attendance, and lower office expenses. The excess turnback has been used to fund prioritized capital projects with Free Cash.

Other significant capital projects have been funded with available state and federal grants, inside-the-levy funds, and gifts. The Board and other Town departments have been applying more aggressively for federal and state grants and have successfully worked to maximize outside funding opportunities to fund projects and strategic plan initiatives, and emerging issues such Hazard Mitigation, digitization efforts, Fire Department thermal imaging shields, Housing Authority repairs, climate action initiatives, and Diversity, Equity, and Inclusion work. In FY23, the Board used considerable reserves with the appropriation of \$13 million to fund the Town Hall Interior project and continues its strategic approach by recommending appropriation for selected projects, maintaining reserves within the upper limits of the Financial Reserves Policy range of 8 to 12%.

Members of the Board would like to express our sincere appreciation to 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, and union representatives, for their continued commitment to working together to settle 14 union contracts and set up our staff and departments for success in the coming years.

We look forward to continued partnerships, civil discourse, and evaluation of processes and procedures to improve services and operations during the upcoming fiscal year, and beyond. We welcome this annual opportunity to engage in discussion on the strategy to optimize and improve the Town's existing high-quality services, infrastructure, financial stability, community health, and commercial enterprises.

Sincerely yours,

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

Exhibits:

- I – FY24 Summary Sources & Uses of Funds
- B – FY24 Detail Sources & Uses of Funds
- C – FY24-FY28 Five Year Capital Budget Program

www.wellesleyma.gov/2023budgetbook

TOWN OF WELLESLEY- SOURCES AND USES OF FUNDS

Exhibit I

| | <u>FY2023 Tax Rate</u> | <u>FY2024 Request</u> | <u>% Change</u> |
|---|----------------------------|---------------------------|---------------------|
| *** SOURCES OF FUNDS *** | | | |
| Tax & Other Current Revenues | | | |
| Within Levy Limits | | | |
| Real Estate & Per. Prop. Tax | 150,927,239 | 156,700,420 | 3.83% |
| From the Commonwealth | 11,227,119 | 11,451,661 | 2.00% |
| Local Revenue | 10,620,961 | 12,415,305 | 16.89% |
| Sub-Total (Tax & Cur. Rev.) | 172,775,319 | 180,567,386 | 4.51% |
| Outside Levy Limits | | | |
| Real Estate & Pers. Prop. Tax | 17,205,979 | 14,365,672 | -16.51% |
| Available Funds | | | |
| Water and Sewer | 330,683 | 340,604 | 3.00% |
| Parking Meter Receipts | 400,000 | 500,000 | 25.00% |
| Appropriated/Reserved CPA Surcharge | 1,110,500 | 766,500 | -30.98% |
| CPA Funds for North 40 | 550,244 | 550,644 | 0.07% |
| Free Cash- balance budget | 2,652,036 | 2,500,000 | -5.73% |
| Free Cash- Other items | 4,264,102 | 1,672,787 | 100.00% |
| Unencumbered/Transfers from other funds | 157,242 | 100,000 | 100.00% |
| Sub-Total (Available Funds) | 26,670,786 | 20,796,207 | -22.03% |
| TOTAL SOURCES OF FUNDS | 199,446,105 | 201,363,593 | 0.96% |
| *** USE OF FUNDS *** | | | |
| Personal Services (Non-School) | 31,598,693 | 33,332,112 | 5.49% |
| Expenses (Non-School) | 11,871,012 | 13,091,942 | 10.28% |
| Subtotal (Non-School) | 43,469,705 | 46,424,054 | 6.80% |
| Personal Services (School) | 75,369,609 | 76,991,908 | 2.15% |
| Expenses (School) | 9,432,658 | 10,840,280 | 14.92% |
| Subtotal (School) | 84,802,267 | 87,832,188 | 3.57% |
| Sub-Total (Pers. Svcs.& Exp) | 128,271,972 | 134,256,242 | 4.67% |
| Capital & Debt: | | | |
| Within Levy Limits | | | |
| Capital/Extraord./Special Items | 6,737,443 | 7,865,186 | 16.74% |
| Debt Service | 5,000,000 | 4,400,000 | -12.00% |
| Sub-Total (Within Levy Limits) | 11,737,443 | 12,265,186 | 4.50% |
| Outside Levy Limits | | | |
| Debt Service | 17,756,223 | 14,916,316 | -15.99% |
| SUB-TOTAL (CAPITAL & DEBT) | 29,493,666 | 27,181,502 | -7.84% |
| Employee Benefits: | | | |
| Health Insurance & other | 22,185,536 | 22,286,035 | 0.45% |
| Pension Contribution | 8,586,426 | 8,846,365 | 3.03% |
| OPEB Liability Fund | 3,450,000 | 3,450,000 | 0.00% |
| Sub-Total (Shared Costs) | 34,221,962 | 34,582,400 | 1.05% |
| SUB-TOTAL (OPERATIONS) | 191,987,600 | 196,020,144 | 2.10% |
| Special Items: | | | |
| Traffic & Parking Management | 905,291 | 899,003 | -0.69% |
| Appropriated/Reserved CPA Surcharge | 1,110,500 | 766,500 | -30.98% |
| State & County Assessments | 1,328,612 | 1,355,159 | 2.00% |
| Property Tax Abatements | 650,000 | 650,000 | 0.00% |
| Free cash | 3,464,102 | 1,672,787 | 100.00% |
| Sub-Total (Special Items) | 7,458,505 | 5,343,449 | -28.36% |
| TOTAL USE OF FUNDS | 199,446,105 | 201,363,593 | 0.96% |
| TOTAL SOURCE OF FUNDS | 199,446,105 | 201,363,593 | 0.96% |
| SURPLUS (DEFICIT) | 0 | (0) | |

Exhibit B

TOWN OF WELLESLEY - TOWN MEETING APPROVED ALLOCATION OF FUNDS

| SOURCES OF FUNDS | FY23 SOURCES OF FUNDS | FY24 SOURCES OF FUNDS | CHANGE - FY23 to FY24 | |
|---|------------------------------|------------------------------|------------------------------|-----------------|
| | | | \$ Change | % Change |
| Real Estate & Personal Property Tax | | | | |
| Within the Levy Limit | 150,927,239 | 156,700,420 | 5,773,181 | 3.83% |
| Outside the Levy Limit | 17,205,979 | 14,365,672 | (2,840,307) | -16.51% |
| Subtotal - Real Estate & Personal Property Tax | 168,133,218 | 171,066,092 | 2,932,874 | 1.74% |
| From the Commonwealth | | | | |
| Chapter 70 Aid | 9,665,964 | 11,451,661 | 1,785,697 | 18.47% |
| Lottery Aid | 1,500,637 | | (1,500,637) | -100.00% |
| Other Aid | 60,518 | | (60,518) | -100.00% |
| Subtotal - From the Commonwealth | 11,227,119 | 11,451,661 | 224,542 | 2.00% |
| Local Revenue | | | | |
| Motor Vehicle Excise | 5,215,000 | 5,590,000 | 375,000 | 7.19% |
| Licenses and Permits | 1,992,161 | 2,850,000 | 857,839 | 43.06% |
| Interest Earnings | 135,000 | 450,000 | 315,000 | 233.33% |
| RDF Revenue | 650,000 | 725,000 | 75,000 | 11.54% |
| Fines & forfeits | 300,000 | 400,000 | 100,000 | 33.33% |
| Meals/Hotel/Motel Tax | 550,000 | 550,000 | 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 | 702,800 | 774,305 | 71,505 | 10.17% |
| Subtotal - Local Revenue | 10,620,961 | 12,415,305 | 1,794,344 | 16.89% |
| Other Sources | | | | |
| MLP/Water/Sewer reimbursements to IT | 330,683 | 340,604 | 9,921 | 3.00% |
| Parking Meter Receipts | 400,000 | 500,000 | 100,000 | 25.00% |
| Free Cash to balance budget | 2,652,036 | 2,500,000 | (152,036) | -5.73% |
| Free Cash items (add Risk Mgmt) | 100,000 | 1,434,075 | 1,334,075 | |
| Free Cash items | 4,164,102 | 238,712 | (3,925,390) | |
| Appropriated CPA Surcharge | 1,110,500 | 766,500 | (344,000) | |
| CPA Funds applied to North 40 | 550,244 | 550,644 | 400 | 0.07% |
| Town Clerk reimbursed elections | 7,242 | | (7,242) | |
| Police detail and other sources | 150,000 | 100,000 | (50,000) | |
| Subtotal - Other Sources | 9,464,807 | 6,430,535 | -3,034,272 | -32.06% |
| TOTAL SOURCES OF FUNDS | 199,446,105 | 201,363,593 | 1,917,488 | 0.96% |

Exhibit B

| <u>USES OF FUNDS</u> | <u>FY23 USE OF FUNDS (Tax Rate)</u> | | | <u>FY24 USE OF FUNDS (Request)</u> | | | <u>CHANGE - FY23 to FY24</u> | | | |
|--|-------------------------------------|------------------|-------------------|------------------------------------|------------------|-------------------|------------------------------|-------------------|---------------------|--------------------|
| | Pers Svcs | Expenses | Total Ops | Pers Svcs | Expenses | Total Ops | Variance Pers Svcs | Variance Expenses | Variance Total - \$ | Variance Total - % |
| <u>Other General Government</u> | | | | | | | | | | |
| Town Clerk | 383,148 | 84,590 | 467,738 | 346,139 | 92,540 | 438,679 | (37,009) | 7,950 | (29,059) | -6.21% |
| Board of Assessors | 317,869 | 90,900 | 408,769 | 324,873 | 96,150 | 421,023 | 7,004 | 5,250 | 12,254 | 3.00% |
| Planning Board | 367,305 | 76,000 | 443,305 | 366,553 | 76,600 | 443,153 | (752) | 600 | (152) | -0.03% |
| Advisory Committee | 12,000 | 17,550 | 29,550 | 13,000 | 17,300 | 30,300 | 1,000 | (250) | 750 | 2.54% |
| Reserve Fund | 0 | 175,000 | 175,000 | 0 | 175,000 | 175,000 | 0 | 0 | 0 | 0.00% |
| Human Resources Board | 423,389 | 39,950 | 463,339 | 435,831 | 41,400 | 477,231 | 12,442 | 1,450 | 13,892 | 3.00% |
| HR Salary adjustments | 27,148 | 0 | 27,148 | 235,000 | 0 | 235,000 | 207,852 | 0 | 207,852 | NA |
| Subtotal - Other General Government | 1,530,859 | 483,990 | 2,014,849 | 1,721,396 | 498,990 | 2,220,386 | 190,537 | 15,000 | 205,537 | 0 |
| GENERAL GOVERNMENT TOTAL | 9,463,778 | 6,624,654 | 16,088,432 | 11,020,708 | 7,184,707 | 18,205,415 | 1,556,930 | 560,053 | 2,116,983 | 13.16% |
| <u>PUBLIC SAFETY - Select Board</u> | | | | | | | | | | |
| Police Department | 6,505,034 | 762,518 | 7,267,552 | 6,538,148 | 807,201 | 7,345,349 | 33,114 | 44,683 | 77,797 | 1.07% |
| Injured on Duty | see Risk Management Dept 945 | | | see Risk Management Dept 945 | | | | | | |
| Special School Police | 134,677 | 3,557 | 138,234 | 136,878 | 3,664 | 140,542 | 2,201 | 107 | 2,308 | 1.67% |
| Fire Department | 6,006,064 | 296,431 | 6,302,495 | 5,957,091 | 362,901 | 6,319,992 | (48,973) | 66,470 | 17,497 | 0.28% |
| Building Department | 588,742 | 36,500 | 625,242 | 604,304 | 39,100 | 643,404 | 15,562 | 2,600 | 18,162 | 2.90% |
| Sealer of Weights & Measures | 15,269 | 2,700 | 17,969 | 15,660 | 2,550 | 18,210 | 391 | (150) | 241 | 1.34% |
| PUBLIC SAFETY TOTAL - Select Board | 13,249,786 | 1,101,706 | 14,351,492 | 13,252,081 | 1,215,416 | 14,457,497 | 2,295 | 113,710 | 116,005 | 0.81% |
| <u>DEPARTMENT OF PUBLIC WORKS</u> | | | | | | | | | | |
| Engineering | 569,444 | 65,500 | 634,944 | 582,185 | 67,215 | 649,400 | 12,741 | 1,715 | 14,456 | 2.28% |
| Highway | 1,269,065 | 494,200 | 1,763,265 | 1,276,386 | 604,560 | 1,880,946 | 7,321 | 110,360 | 117,681 | 6.67% |
| Fleet Maintenance | 208,392 | 44,331 | 252,723 | 208,392 | 44,331 | 252,723 | 0 | 0 | 0 | 0.00% |
| Park | 1,398,824 | 419,690 | 1,818,514 | 1,451,303 | 512,730 | 1,964,033 | 52,479 | 93,040 | 145,519 | 8.00% |
| Recycling & Disposal | 1,236,792 | 1,405,017 | 2,641,809 | 1,243,904 | 1,690,362 | 2,934,266 | 7,112 | 285,345 | 292,457 | 11.07% |
| Management | 428,194 | 24,070 | 452,264 | 439,202 | 24,070 | 463,272 | 11,008 | 0 | 11,008 | 2.43% |
| Winter Maintenance | 0 | 379,177 | 379,177 | 0 | 379,177 | 379,177 | 0 | 0 | 0 | 0.00% |
| PUBLIC WORKS TOTAL | 5,110,710 | 2,831,985 | 7,942,695 | 5,201,372 | 3,322,445 | 8,523,817 | 90,662 | 490,460 | 581,122 | 7.32% |
| <u>WELLESLEY FREE LIBRARY</u> | | | | | | | | | | |
| Library Trustees | 2,210,207 | 671,627 | 2,881,834 | 2,238,157 | 715,201 | 2,953,358 | 27,950 | 43,574 | 71,524 | 2.48% |
| LIBRARY TOTAL | 2,210,207 | 671,627 | 2,881,834 | 2,238,157 | 715,201 | 2,953,358 | 27,950 | 43,574 | 71,524 | 2.48% |
| <u>RECREATION</u> | | | | | | | | | | |
| Recreation Commission | 385,720 | 31,329 | 417,049 | 394,072 | 32,269 | 426,341 | 8,352 | 940 | 9,292 | 2.23% |
| RECREATION TOTAL | 385,720 | 31,329 | 417,049 | 394,072 | 32,269 | 426,341 | 8,352 | 940 | 9,292 | 2.23% |

Exhibit B

| USES OF FUNDS | FY23 USE OF FUNDS (Tax Rate) | | | FY24 USE OF FUNDS (Request) | | | CHANGE - FY23 to FY24 | | | |
|---|------------------------------|------------------|-------------------|-----------------------------|------------------|-------------------|-----------------------|-------------------|---------------------|--------------------|
| | Pers Svcs | Expenses | Total Ops | Pers Svcs | Expenses | Total Ops | Variance Pers Svcs | Variance Expenses | Variance Total - \$ | Variance Total - % |
| GENERAL GOVERNMENT | | | | | | | | | | |
| <i>Select Board - Administration</i> | | | | | | | | | | |
| Executive Director's Office | 579,749 | 39,700 | 619,449 | 591,131 | 42,000 | 633,131 | 11,382 | 2,300 | 13,682 | 2.21% |
| Climate Action Committee | 107,660 | 9,700 | 117,360 | 152,067 | 9,700 | 161,767 | 44,407 | 0 | 44,407 | 37.84% |
| Central Administrative Services | 0 | 27,700 | 27,700 | 0 | 14,500 | 14,500 | 0 | (13,200) | (13,200) | -47.65% |
| Finance Department | 493,116 | 13,850 | 506,966 | 507,714 | 13,850 | 521,564 | 14,598 | 0 | 14,598 | 2.88% |
| Information Technology | 732,536 | 636,214 | 1,368,750 | 770,489 | 763,775 | 1,534,264 | 37,953 | 127,561 | 165,514 | 12.09% |
| Treasurer & Collector | 362,051 | 122,200 | 484,251 | 368,484 | 129,500 | 497,984 | 6,433 | 7,300 | 13,733 | 2.84% |
| Town Report | 0 | 3,000 | 3,000 | 0 | 2,500 | 2,500 | 0 | (500) | (500) | -16.67% |
| <i>Select Board - Human Services</i> | | | | | | | | | | |
| Council on Aging | 424,426 | 75,700 | 500,126 | 453,888 | 77,750 | 531,638 | 29,462 | 2,050 | 31,512 | 6.30% |
| West Suburban Veterans District | 0 | 61,791 | 61,791 | 0 | 63,394 | 63,394 | 0 | 1,603 | 1,603 | 2.59% |
| Youth Commission | 93,614 | 17,090 | 110,704 | 95,240 | 17,090 | 112,330 | 1,626 | 0 | 1,626 | 1.47% |
| <i>Select Board - Facilities</i> | | | | | | | | | | |
| Facilities Management | 5,057,348 | 3,661,629 | 8,718,977 | 5,220,370 | 3,871,918 | 9,092,288 | 163,022 | 210,289 | 373,311 | 4.28% |
| Land Use Departments relocation | 0 | 0 | 0 | 0 | 133,500 | 133,500 | 0 | 133,500 | 133,500 | 0.00% |
| <i>Select Board - Other Services</i> | | | | | | | | | | |
| Housing Development Corporation | 0 | 6,500 | 6,500 | 0 | 6,500 | 6,500 | 0 | 0 | 0 | 0.00% |
| Historical Commission | 0 | 750 | 750 | 0 | 750 | 750 | 0 | 0 | 0 | 0.00% |
| Memorial Day | 0 | 5,800 | 5,800 | 0 | 5,950 | 5,950 | 0 | 150 | 150 | 2.59% |
| Celebrations Committee | 0 | 4,700 | 4,700 | 0 | 5,000 | 5,000 | 0 | 300 | 300 | 6.38% |
| Contract Settlements | 0 | 0 | 0 | 1,056,611 | 0 | 1,056,611 | 1,056,611 | 0 | 1,056,611 | NA |
| Zoning Board of Appeals | 82,419 | 9,190 | 91,609 | 83,318 | 9,190 | 92,508 | 899 | 0 | 899 | 0.98% |
| <i>Select Board - Shared Services</i> | | | | | | | | | | |
| Law | 0 | 480,000 | 480,000 | 0 | 480,000 | 480,000 | 0 | 0 | 0 | 0.00% |
| Audit Committee | 0 | 60,850 | 60,850 | 0 | 60,850 | 60,850 | 0 | 0 | 0 | 0.00% |
| Risk Management | 0 | 762,300 | 762,300 | 0 | 836,000 | 836,000 | 0 | 73,700 | 73,700 | 9.67% |
| Street Lighting | 0 | 142,000 | 142,000 | 0 | 142,000 | 142,000 | 0 | 0 | 0 | 0.00% |
| Subtotal - Select Board - General Government | 7,932,919 | 6,140,664 | 14,073,583 | 9,299,312 | 6,685,717 | 15,985,029 | 1,366,393 | 545,053 | 1,911,446 | 13.58% |

Exhibit B

| <u>USES OF FUNDS</u> | FY23 USE OF FUNDS (Tax Rate) | | | FY24 USE OF FUNDS (Request) | | | CHANGE - FY23 to FY24 | | | |
|---|------------------------------|-------------------|--------------------|-----------------------------|-------------------|--------------------|-----------------------|-------------------|---------------------|--------------------|
| | Pers Svcs | Expenses | Total Ops | Pers Svcs | Expenses | Total Ops | Variance Pers Svcs | Variance Expenses | Variance Total - \$ | Variance Total - % |
| HEALTH | | | | | | | | | | |
| Board of Health | 888,278 | 142,875 | 1,031,153 | 933,063 | 163,450 | 1,096,513 | 44,785 | 20,575 | 65,360 | 6.34% |
| Mental Health Services | 0 | 285,586 | 285,586 | 0 | 268,404 | 268,404 | 0 | (17,182) | (17,182) | -6.02% |
| HEALTH TOTAL | 888,278 | 428,461 | 1,316,739 | 933,063 | 431,854 | 1,364,917 | 44,785 | 3,393 | 48,178 | 3.66% |
| NATURAL RESOURCES | | | | | | | | | | |
| Natural Resources Commission | 290,214 | 30,000 | 320,214 | 292,659 | 34,300 | 326,959 | 2,445 | 4,300 | 6,745 | 2.11% |
| Morses Pond Project - (NRC, DPW, Rec) | 0 | 151,250 | 151,250 | 0 | 155,750 | 155,750 | 0 | 4,500 | 4,500 | 2.98% |
| NATURAL RESOURCES TOTAL | 290,214 | 181,250 | 471,464 | 292,659 | 190,050 | 482,709 | 2,445 | 8,800 | 11,245 | 2.39% |
| NON-SCHOOL TOTAL | 31,598,693 | 11,871,012 | 43,469,705 | 33,332,112 | 13,091,942 | 46,424,054 | 1,733,419 | 1,220,930 | 2,954,349 | 6.80% |
| WELLESLEY PUBLIC SCHOOLS | | | | | | | | | | |
| Instruction | 53,552,220 | 2,589,233 | 56,141,453 | 54,177,241 | 2,808,613 | 56,985,854 | 625,021 | 219,380 | 844,401 | 1.50% |
| Administration | 1,325,387 | 345,111 | 1,670,498 | 1,400,026 | 241,375 | 1,641,401 | 74,639 | (103,736) | (29,097) | -1.74% |
| Operations | 1,709,627 | 1,814,055 | 3,523,682 | 1,791,863 | 1,978,111 | 3,769,974 | 82,236 | 164,056 | 246,292 | 6.99% |
| Special Education | 18,782,375 | 4,684,259 | 23,466,634 | 19,622,778 | 5,812,181 | 25,434,959 | 840,403 | 1,127,922 | 1,968,325 | 8.39% |
| SCHOOL TOTAL | 75,369,609 | 9,432,658 | 84,802,267 | 76,991,908 | 10,840,280 | 87,832,188 | 1,622,299 | 1,407,622 | 3,029,921 | 3.57% |
| EMPLOYEE BENEFITS | | | | | | | | | | |
| Group Insurance | 21,021,387 | 21,021,387 | 0 | 21,365,965 | 21,365,965 | 0 | 344,578 | 344,578 | 344,578 | 1.64% |
| Workers Compensation | 944,149 | 944,149 | 0 | 700,070 | 700,070 | 0 | (244,079) | (244,079) | (244,079) | -25.85% |
| OPEB Liability Fund | 3,450,000 | 3,450,000 | 0 | 3,450,000 | 3,450,000 | 0 | 0 | 0 | 0 | 0.00% |
| Retirement Contribution | 8,586,426 | 8,586,426 | 0 | 8,846,365 | 8,846,365 | 0 | 259,939 | 259,939 | 259,939 | 3.03% |
| Unemployment Compensation | 100,000 | 100,000 | 0 | 100,000 | 100,000 | 0 | 0 | 0 | 0 | 0.00% |
| Compensated Absences | 120,000 | 120,000 | 0 | 120,000 | 120,000 | 0 | 0 | 0 | 0 | 0.00% |
| EMPLOYEE BENEFITS TOTAL | 0 | 34,221,962 | 34,221,962 | 0 | 34,582,400 | 34,582,400 | 0 | 360,438 | 360,438 | 1.05% |
| ALL PERSONAL SERVICES & EXPENSES | 106,968,302 | 55,525,632 | 162,493,934 | 110,324,020 | 58,514,622 | 168,838,642 | 3,355,718 | 2,988,990 | 6,344,708 | 3.90% |

Exhibit B

| <u>USES OF FUNDS</u> | FY23 USE OF FUNDS (Tax Rate) | | | FY24 USE OF FUNDS (Request) | | | CHANGE - FY23 to FY24 | | | |
|---|------------------------------|-------------------|--------------------|-----------------------------|-------------------|--------------------|-----------------------|--------------------|---------------------|--------------------|
| | Pers Srvs | Expenses | Total Ops | Pers Srvs | Expenses | Total Ops | Variance Pers Srvs | Variance Expenses | Variance Total - \$ | Variance Total - % |
| CAPITAL & DEBT | | | | | | | | | | |
| <i>Departmental Cash Capital</i> | | | | | | | | | | |
| Public Works Capital | 0 | 3,101,000 | 3,101,000 | 0 | 3,487,677 | 3,487,677 | 0 | 386,677 | 386,677 | 12.47% |
| School Capital | 0 | 1,055,497 | 1,055,497 | 0 | 1,241,365 | 1,241,365 | 0 | 185,868 | 185,868 | 17.61% |
| Facilities Capital | 0 | 1,673,000 | 1,673,000 | 0 | 1,933,000 | 1,933,000 | 0 | 260,000 | 260,000 | 15.54% |
| Assessors | 0 | 93,000 | 93,000 | 0 | 0 | 0 | 0 | (93,000) | (93,000) | |
| Select Board Capital | 0 | 467,646 | 467,646 | 0 | 623,844 | 623,844 | 0 | 156,198 | 156,198 | 33.40% |
| Library Capital | 0 | 219,300 | 219,300 | 0 | 154,300 | 154,300 | 0 | (65,000) | (65,000) | -29.64% |
| Town Clerk | 0 | 23,000 | 23,000 | 0 | 0 | 0 | 0 | (23,000) | (23,000) | 0.00% |
| Youth | 0 | 0 | 0 | 0 | 90,000 | 90,000 | 0 | 90,000 | 90,000 | 0.00% |
| NRC Capital | 0 | 105,000 | 105,000 | 0 | 335,000 | 335,000 | 0 | 230,000 | 230,000 | 219.05% |
| Reductions needed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Subtotal - Cash Capital | 0 | 6,737,443 | 6,737,443 | 0 | 7,865,186 | 7,865,186 | 0 | 1,127,743 | 1,127,743 | 16.74% |
| <i>Debt Service</i> | | | | | | | | | | |
| Current Inside Levy Debt Service - Issued | 0 | 5,000,000 | 5,000,000 | 0 | 4,400,000 | 4,400,000 | 0 | (600,000) | (600,000) | -12.00% |
| Outside Levy Debt Service - Issued/Unissued | 0 | 17,756,223 | 17,756,223 | 0 | 14,916,316 | 14,916,316 | 0 | (2,839,907) | (2,839,907) | -15.99% |
| Subtotal - Debt Service | 0 | 22,756,223 | 22,756,223 | 0 | 19,316,316 | 19,316,316 | 0 | (3,439,907) | (3,439,907) | -15.12% |
| CAPITAL & DEBT TOTAL | 0 | 29,493,666 | 29,493,666 | 0 | 27,181,502 | 27,181,502 | 0 | (2,312,164) | (2,312,164) | -7.84% |
| SPECIAL ITEMS | | | | | | | | | | |
| <i>Receipts Reserved for Appropriation</i> | | | | | | | | | | |
| Traffic & Parking Operations | 0 | 905,291 | 905,291 | 0 | 899,003 | 899,003 | 0 | (6,288) | (6,288) | -0.69% |
| Community Preservation Appropriated | 0 | 1,110,500 | 1,110,500 | 0 | 766,500 | 766,500 | 0 | (344,000) | (344,000) | 0.00% |
| Free Cash items - DEI Audit | 0 | 0 | 0 | 0 | 238,712 | 238,712 | 0 | 238,712 | 238,712 | 0.00% |
| Free Cash items - | 0 | 3,464,102 | 3,464,102 | 0 | 1,434,075 | 1,434,075 | 0 | (2,030,027) | (2,030,027) | 0.00% |
| FY2021 FMD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Property Tax Abatements | 0 | 650,000 | 650,000 | 0 | 650,000 | 650,000 | 0 | 0 | 0 | 0.00% |
| State & County Assessments | 0 | 1,328,612 | 1,328,612 | 0 | 1,355,159 | 1,355,159 | 0 | 26,547 | 26,547 | 2.00% |
| SPECIAL ITEMS TOTAL | 0 | 7,458,505 | 7,458,505 | 0 | 5,343,449 | 5,343,449 | 0 | (2,115,056) | (2,115,056) | -28.36% |
| TOTAL USES OF FUNDS | | | 199,446,105 | | | 201,363,593 | | | 1,917,488 | 0.96% |
| TOTAL SOURCES OF FUNDS | | | 199,446,105 | | | 201,363,593 | | | 1,917,488 | 0.96% |
| SURPLUS (DEFICIT) | | | 0 | | | (0) | | | | |



Town of *Wellesley* Five Year Capital Budget Program FY2024-2028

| <u>Summary Schedule</u> | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------------|
| | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 |
| | | | | | | FY2024-2028 Total |
| Cash Capital | 6,737,443 | 7,865,186 | 10,892,078 | 8,312,752 | 7,780,687 | 8,023,333 |
| Free Cash | 16,638,985 | 1,416,075 | 5,500,000 | - | - | 6,916,075 |
| CPC Funding | 485,500 | 555,000 | 800,000 | 4,425,000 | - | 5,780,000 |
| Gift/Fundraising | 1,000,000 | 500,000 | - | - | - | 500,000 |
| Chapter 90 | 790,000 | 790,000 | 790,000 | 790,000 | 790,000 | 3,950,000 |
| Debt Capital Inside Levy | 8,260,681 | 3,110,181 | 6,700,000 | 28,080,000 | 8,525,000 | 18,950,000 |
| Debt Capital Exclusion * | - | - | - | - | - | - |
| Grand Total | \$ 33,912,609 | \$ 14,236,442 | \$ 24,682,078 | \$ 41,607,752 | \$ 17,095,687 | \$ 27,763,333 |
| | | | | | | \$ 125,385,292 |

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. Projects currently labelled "inside the levy" may in fact need to be financed with exempt debt.



Town of *Wellesley*
Five Year Capital Detail Summary FY2024-2028

Exhibit C

| Department | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY24-28 Total |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Cash Capital | | | | | | | |
| CAC | 50,000 | - | 235,000 | 167,700 | 100,000 | 149,000 | 901,700 |
| Information Technology | 181,000 | 250,000 | 96,973 | 33,231 | 17,780 | 17,780 | 254,798 |
| Police | 66,146 | 89,034 | 148,000 | 175,000 | 156,000 | - | 738,810 |
| Fire | 170,500 | 259,810 | 20,000 | 20,000 | 20,000 | 20,000 | 105,000 |
| Council on Aging | - | 25,000 | - | - | - | - | 90,000 |
| Youth Commission | - | 90,000 | - | - | - | - | 90,000 |
| Library | 219,300 | 154,300 | 201,300 | 206,300 | 193,300 | 247,000 | 1,002,200 |
| Natural Resources Commission | 105,000 | 335,000 | 350,000 | 210,500 | 113,000 | 973,000 | 1,981,500 |
| Morses Pond | - | - | 70,000 | 45,000 | 60,000 | - | 175,000 |
| Town Clerk | 23,000 | - | 75,000 | - | - | - | 75,000 |
| Planning Board | - | - | - | - | 200,000 | - | 200,000 |
| Department of Public Works | 3,101,000 | 3,487,677 | 5,595,000 | 3,980,000 | 3,751,000 | 3,539,600 | 20,353,277 |
| Schools | 1,055,497 | 1,241,365 | 1,582,805 | 1,454,021 | 1,169,607 | 1,071,953 | 6,519,751 |
| Facilities Management | 1,673,000 | 1,933,000 | 2,518,000 | 2,021,000 | 2,000,000 | 2,005,000 | 10,477,000 |
| Total Cash Capital | 6,737,443 | 7,865,186 | 10,892,078 | 8,312,752 | 7,780,687 | 8,023,333 | 42,874,036 |
| Other Funding Sources | | | | | | | |
| DPW Street Resurfacing (Ch 90) | 790,000 | 790,000 | 790,000 | 790,000 | 790,000 | 790,000 | 3,950,000 |
| MOPO Beachfront (CPC) | - | - | 800,000 | 4,425,000 | - | - | 5,225,000 |
| Hunn Tennis/Sftball Existing Light Upgrades (CPC) | 400,000 | - | - | - | - | - | - |
| NRC Active Space Utilization Plan (CPC) | 58,000 | - | - | - | - | - | - |
| Restore 1897 Atlas - Planning | 7,500 | - | - | - | - | - | - |
| NRC Lawn Conversion Project (CPC) | 20,000 | - | - | - | - | - | - |
| Dispatch Overhaul (FC) | 195,129 | - | - | - | - | - | - |
| Middle School Parking Lot Paving (FC) | 2,193,856 | - | - | - | - | - | - |
| High School ECM (FC) | 1,250,000 | - | - | - | - | - | - |
| Town Hall Interior (FC) | 13,000,000 | - | - | - | - | - | - |
| Fire Engine (FC) | - | 885,000 | - | - | - | - | 885,000 |
| Washington St./Elm Bank Sidewalk (Grant) | - | 355,000 | - | - | - | - | 355,000 |
| Bathrooms @ Sprague Field (CPC) | - | 200,000 | - | - | - | - | 200,000 |
| Hunnewell TeamRoom + Lights (Gifts) | 1,000,000 | 500,000 | - | - | - | - | 500,000 |
| Warren HVAC Updgrade (FC) | - | 531,075 | 5,500,000 | - | - | - | 6,031,075 |
| Softball fields (CPC) | - | - | - | - | - | - | - |
| Softball fields (CPC) | - | - | - | - | - | - | - |
| Total Other Sources | 18,914,485 | 3,261,075 | 7,090,000 | 5,215,000 | 790,000 | 790,000 | 17,146,075 |
| Debt Capital Inside Levy* | | | | | | | |
| Town Hall Interior Renovation | 8,260,681 | - | - | - | - | - | - |
| DPW- Fuel Depot | - | - | 1,000,000 | - | - | - | 1,000,000 |
| Replacement/Renovation DPW Yard | - | - | - | 1,000,000 | - | - | 1,000,000 |
| DPW- Street Rehabilitations | - | 3,110,181 | 2,500,000 | 6,000,000 | 3,000,000 | 2,000,000 | 16,610,181 |
| DPW- RDF Admin Building | - | - | 700,000 | 4,000,000 | - | - | 4,700,000 |
| FMD - New Bathhouse at MOPO | - | - | 700,000 | 7,175,000 | - | - | 7,875,000 |
| Main Library HVAC System Renovation | - | - | - | 505,000 | 2,525,000 | - | 3,030,000 |
| MS Roof Replacement | - | - | - | - | 500,000 | 7,250,000 | 7,750,000 |
| DPW RDF Repair Projects | - | - | - | - | - | 400,000 | 400,000 |
| DPW Highway & Park Renovation (PBC) | - | - | 1,800,000 | 9,000,000 | - | - | 10,800,000 |
| Bates School Projects | - | - | - | - | 300,000 | 3,200,000 | 3,500,000 |
| Sprague HVAC System Renovation | - | - | - | 400,000 | 2,000,000 | - | 2,400,000 |
| Sprague Projects | - | - | - | - | 200,000 | 1,850,000 | 2,050,000 |
| Air Condition Schools | - | - | - | - | - | 1,750,000 | 1,750,000 |
| New Preschool Building | - | - | - | - | - | 2,500,000 | 2,500,000 |
| Total Borrowed Inside Levy | 8,260,681 | 3,110,181 | 6,700,000 | 28,080,000 | 8,525,000 | 18,950,000 | 65,365,181 |
| Grand Total | \$ 33,912,609 | \$ 14,236,442 | \$ 24,682,078 | \$ 41,607,752 | \$ 17,095,687 | \$ 27,763,333 | \$ 125,385,292 |



Town of Wellesley
FY2024-2028 SB Capital Request

| Capital Project | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY24-28 Total |
|--|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Information Technology | | | | | | | |
| Server Virtualization | - | 250,000 | - | - | - | - | 250,000 |
| Telephone Upgrade (VoIP 2.0) | - | - | 200,000 | 50,000 | - | - | 250,000 |
| 10GB Core Network Switches | 88,500 | - | - | 60,000 | 60,000 | - | 120,000 |
| Upgrade Office Software | - | - | 35,000 | - | - | 40,500 | 75,500 |
| Aerial Flyover & Orthophotography | - | - | - | - | 20,000 | - | 20,000 |
| Replace Wi-Fi Equipment | - | - | - | 15,000 | 20,000 | - | 35,000 |
| Adobe Acrobat Software | - | - | - | 42,700 | - | - | 42,700 |
| Phone System Maint. Contract | 25,000 | - | - | - | - | - | - |
| Fiber Infrastructure Build-Out | 40,000 | - | - | - | - | - | - |
| MUNIS Employee Self Service | 27,500 | - | - | - | - | - | - |
| Backup/Disaster Recovery System | - | - | - | - | - | 108,500 | 108,500 |
| | 181,000 | 250,000 | 235,000 | 167,700 | 100,000 | 149,000 | 901,700 |
| Police | | | | | | | |
| Server Replacement | - | 18,771 | - | 15,451 | - | - | 34,222 |
| Mobile/Portable Radio Replacement | 66,146 | 70,263 | - | - | - | - | 70,263 |
| Electronic Control Devices | - | - | 96,973 | - | - | - | 96,973 |
| Radio Repeater Replacement | - | - | - | 17,780 | 17,780 | 17,780 | 53,340 |
| | 66,146 | 89,034 | 96,973 | 33,231 | 17,780 | 17,780 | 254,798 |
| Fire | | | | | | | |
| Scott Air Bottles | 45,500 | - | 58,000 | - | 60,000 | - | 118,000 |
| Command Vehicle Hybrid | 50,000 | - | - | - | - | - | - |
| Emergency Utility Truck/ ERU | 75,000 | - | - | - | - | - | - |
| Station Intercom Replacement | - | 43,000 | - | - | - | - | 43,000 |
| SCBA Air Pacs Upgrade | - | 96,810 | - | - | - | - | 96,810 |
| Fire Station Feasibility Study | - | 50,000 | - | - | - | - | 50,000 |
| Fleet Service Truck F250 | - | 70,000 | - | - | - | - | 70,000 |
| Fire Hose Equipment | - | - | 20,000 | - | 20,000 | - | 40,000 |
| Town AED Replacement | - | - | 5,000 | - | 5,000 | - | 10,000 |
| Security Camera Upgrade | - | - | 20,000 | - | - | - | 20,000 |
| Air Compressor SCBA Filling | - | - | 45,000 | - | - | - | 45,000 |
| Radio System/Portables | - | - | - | 75,000 | - | - | 75,000 |
| SCBA Masks/Thermal Camera | - | - | - | 100,000 | - | - | 100,000 |
| Message Boards | - | - | - | - | 36,000 | - | 36,000 |
| Off Road EMS Vehicle | - | - | - | - | 35,000 | - | 35,000 |
| | 170,500 | 259,810 | 148,000 | 175,000 | 156,000 | - | 738,810 |
| Climate Action Committee | | | | | | | |
| Climate Action Plan | 50,000 | - | - | - | - | - | - |
| | 50,000 | - | - | - | - | - | - |
| Council on Aging | | | | | | | |
| Restroom Door Accessibility Upgrades | - | 25,000 | - | - | - | - | 25,000 |
| Kitchen and Entrance, Continued | - | - | 20,000 | - | - | - | 20,000 |
| IT Upgrades | - | - | - | 12,000 | - | - | 12,000 |
| Replacements/Upgrade Photocopier/Printer | - | - | - | 8,000 | - | - | 8,000 |
| Exercise Equipment | - | - | - | - | 20,000 | - | 20,000 |
| Replacement Carpeting, Window Shades, Painting | - | - | - | - | - | 20,000 | 20,000 |
| | - | 25,000 | 20,000 | 20,000 | 20,000 | 20,000 | 105,000 |
| Youth Commission | | | | | | | |
| Transportation Vehicle | - | 90,000 | - | - | - | - | 90,000 |
| | - | 90,000 | - | - | - | - | 90,000 |
| SB Cash Capital Total | 467,646 | 713,844 | 499,973 | 395,931 | 293,780 | 186,780 | 2,090,308 |
| | | | | | | | |
| Dispatch Overhaul (Free Cash) | 195,129 | - | - | - | - | - | - |
| Replace Fire Engine Vehicle(s) (Free Cash) | - | 885,000 | - | - | - | - | 885,000 |
| Total SB Other Funding Sources | 195,129 | 885,000 | - | - | - | - | 885,000 |
| Grand Total Select Board | \$ 662,775 | \$ 1,598,844 | \$ 499,973 | \$ 395,931 | \$ 293,780 | \$ 186,780 | \$ 2,975,308 |



Town of Wellesley
FY2024-2028 SB Capital Request

| Capital Project | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY24-28 Total |
|--|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Information Technology | | | | | | | |
| Server Virtualization | - | 250,000 | | | | | 250,000 |
| Telephone Upgrade (VoIP 2.0) | - | - | 200,000 | 50,000 | - | - | 250,000 |
| 10GB Core Network Switches | 88,500 | - | - | 60,000 | 60,000 | - | 120,000 |
| Upgrade Office Software | - | - | 35,000 | - | - | 40,500 | 75,500 |
| Aerial Flyover & Orthophotography | - | - | - | - | 20,000 | - | 20,000 |
| Replace Wi-Fi Equipment | - | - | - | 15,000 | 20,000 | - | 35,000 |
| Adobe Acrobat Software | - | - | - | 42,700 | - | - | 42,700 |
| Phone System Maint. Contract | 25,000 | - | - | - | - | - | - |
| Fiber Infrastructure Build-Out | 40,000 | - | - | - | - | - | - |
| MUNIS Employee Self Service | 27,500 | - | - | - | - | - | - |
| Backup/Disaster Recovery System | - | - | - | - | - | 108,500 | 108,500 |
| | 181,000 | 250,000 | 235,000 | 167,700 | 100,000 | 149,000 | 901,700 |
| Police | | | | | | | |
| Server Replacement | - | 18,771 | - | 15,451 | - | - | 34,222 |
| Mobile/Portable Radio Replacement | 66,146 | 70,263 | - | - | - | - | 70,263 |
| Electronic Control Devices | - | - | 96,973 | - | - | - | 96,973 |
| Radio Repeater Replacement | - | - | - | 17,780 | 17,780 | 17,780 | 53,340 |
| | 66,146 | 89,034 | 96,973 | 33,231 | 17,780 | 17,780 | 254,798 |
| Fire | | | | | | | |
| Scott Air Bottles | 45,500 | - | 58,000 | - | 60,000 | - | 118,000 |
| Command Vehicle Hybrid | 50,000 | - | - | - | - | - | - |
| Emergency Utility Truck/ ERU | 75,000 | - | - | - | - | - | - |
| Station Intercom Replacement | - | 43,000 | - | - | - | - | 43,000 |
| SCBA Air Pacs Upgrade | - | 96,810 | - | - | - | - | 96,810 |
| Fire Station Feasibility Study | - | 50,000 | - | - | - | - | 50,000 |
| Fleet Service Truck F250 | - | 70,000 | - | - | - | - | 70,000 |
| Fire Hose Equipment | - | - | 20,000 | - | 20,000 | - | 40,000 |
| Town AED Replacement | - | - | 5,000 | - | 5,000 | - | 10,000 |
| Security Camera Upgrade | - | - | 20,000 | - | - | - | 20,000 |
| Air Compressor SCBA Filling | - | - | 45,000 | - | - | - | 45,000 |
| Radio System/Portables | - | - | - | 75,000 | - | - | 75,000 |
| SCBA Masks/Thermal Camera | - | - | - | 100,000 | - | - | 100,000 |
| Message Boards | - | - | - | - | 36,000 | - | 36,000 |
| Off Road EMS Vehicle | - | - | - | - | 35,000 | - | 35,000 |
| | 170,500 | 259,810 | 148,000 | 175,000 | 156,000 | - | 738,810 |
| Climate Action Committee | | | | | | | |
| Climate Action Plan | 50,000 | - | - | - | - | - | - |
| | 50,000 | - | - | - | - | - | - |
| Council on Aging | | | | | | | |
| Restroom Door Accessibility Upgrades | - | 25,000 | - | - | - | - | 25,000 |
| Kitchen and Entrance, Continued | - | - | 20,000 | - | - | - | 20,000 |
| IT Upgrades | - | - | - | 12,000 | - | - | 12,000 |
| Replacements/Upgrade Photocopier/Printer | - | - | - | 8,000 | - | - | 8,000 |
| Exercise Equipment | - | - | - | - | 20,000 | - | 20,000 |
| Replacement Carpeting, Window Shades, Painting | - | - | - | - | - | 20,000 | 20,000 |
| | - | 25,000 | 20,000 | 20,000 | 20,000 | 20,000 | 105,000 |
| Youth Commission | | | | | | | |
| Transportation Vehicle | - | 90,000 | - | - | - | - | 90,000 |
| | - | 90,000 | - | - | - | - | 90,000 |
| | | | | | | | |
| SB Cash Capital Total | 467,646 | 713,844 | 499,973 | 395,931 | 293,780 | 186,780 | 2,090,308 |
| | | | | | | | |
| Dispatch Overhaul (Free Cash) | 195,129 | - | - | - | - | - | - |
| Replace Fire Engine Vehicle(s) (Free Cash) | - | 885,000 | - | - | - | - | 885,000 |
| Total SB Other Funding Sources | 195,129 | 885,000 | - | - | - | - | 885,000 |
| | | | | | | | |
| Grand Total Select Board | \$ 662,775 | \$ 1,598,844 | \$ 499,973 | \$ 395,931 | \$ 293,780 | \$ 186,780 | \$ 2,975,308 |



Town of *Wellesley*
FY2024-2028 Facilities Capital Request

| Building Description | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY24-28 Total |
|--------------------------------------|------------|-----------|-----------|------------|-----------|------------|---------------|
| Town Cash Capital | | | | | | | |
| Townwide (Municipal) | 55,000 | 105,000 | 90,000 | 36,000 | 36,000 | 36,000 | 303,000 |
| Police | 65,000 | 52,000 | 24,000 | - | 27,000 | 35,000 | 138,000 |
| Fire Department Main (Headquarters) | 12,000 | 75,000 | 700,000 | 75,000 | - | 335,000 | 1,185,000 |
| Fire Department Central (Station 1) | 600,000 | - | 85,000 | - | 150,000 | 30,000 | 265,000 |
| Warren (Recreation and Health) | 135,000 | - | - | - | 60,000 | 130,000 | 190,000 |
| Morses Pond | - | - | 10,000 | - | - | - | 10,000 |
| Main Library | 120,000 | - | 340,000 | 450,000 | 237,000 | 154,000 | 1,181,000 |
| Hills Library | 15,000 | - | - | - | 275,000 | - | 275,000 |
| Fells Library | 10,000 | - | - | - | - | 12,000 | 12,000 |
| Senior Center | 34,000 | 40,000 | 300,000 | - | - | - | 340,000 |
| DPW Operations | - | - | 95,000 | - | 100,000 | - | 195,000 |
| DPW Water & Sewer | - | - | 50,000 | - | 200,000 | 50,000 | 300,000 |
| DPW Highway & Park | - | - | - | 145,000 | - | 110,000 | 255,000 |
| DPW RDF (Sprinkler and Fabric shed) | 170,000 | - | - | - | - | - | - |
| Subtotal Cash Capital - Municipal | 1,216,000 | 272,000 | 1,694,000 | 706,000 | 1,085,000 | 892,000 | 4,649,000 |
| School Cash Capital | | | | | | | |
| Districtwide (Schools) | 242,000 | 235,000 | 199,000 | 146,000 | 236,000 | 228,000 | 1,044,000 |
| Preschool at Wellesley (PAWS) | 20,000 | - | - | - | - | - | - |
| Bates Elementary | 40,000 | 40,000 | 170,000 | 160,000 | 30,000 | 326,000 | 726,000 |
| Fiske Elementary | - | 55,000 | - | - | - | - | 55,000 |
| Sprague Elementary | - | 26,000 | 110,000 | 660,000 | 200,000 | 355,000 | 1,351,000 |
| Schofield Elementary | - | 55,000 | - | 25,000 | - | - | 80,000 |
| Upham Elementary | - | - | 40,000 | 50,000 | 52,000 | 54,000 | 196,000 |
| Middle School | 145,000 | - | 255,000 | 262,000 | - | - | 517,000 |
| High School | 10,000 | 1,250,000 | 50,000 | 12,000 | - | 150,000 | 1,462,000 |
| Subtotal Cash Capital - Districtwide | 457,000 | 1,661,000 | 824,000 | 1,315,000 | 518,000 | 1,113,000 | 5,431,000 |
| Other Unidentified Cash Capital | - | - | - | - | 397,000 | - | 397,000 |
| Total Cash Capital Requests | 1,673,000 | 1,933,000 | 2,518,000 | 2,021,000 | 2,000,000 | 2,005,000 | 10,477,000 |
| Other Funding Sources | | | | | | | |
| Town Hall Renovations (Free Cash) | 13,000,000 | - | - | - | - | - | - |
| MS Parking Lot Paving (Free Cash) | 2,193,856 | - | - | - | - | - | - |
| High School ECM (Free Cash) | 1,250,000 | - | - | - | - | - | - |
| Warren HVAC Renovation (Free Cash) | - | 531,075 | 5,500,000 | - | - | - | 6,031,075 |
| MOPPO Renovation Project (CPC) | - | - | 800,000 | 4,425,000 | - | - | 5,225,000 |
| Total other funding sources | 3,443,856 | 531,075 | 6,300,000 | 4,425,000 | - | - | 11,256,075 |
| Borrowed Inside | | | | | | | |
| Town Hall Renovations | 8,260,681 | - | - | - | - | - | - |
| MOPPO Renovation Project +CPC | - | - | 700,000 | 7,175,000 | - | - | 7,875,000 |
| DPW RDF Admin Building | - | - | 700,000 | 4,000,000 | - | - | 4,700,000 |
| DPW Highway & Park Renovation | - | - | 1,800,000 | 9,000,000 | - | - | 10,800,000 |
| Main Library HVAC System Renovation | - | - | - | 505,000 | 2,525,000 | - | 3,030,000 |
| Sprague HVAC System Renovation | - | - | - | 400,000 | 2,000,000 | - | 2,400,000 |
| Bates Roof Replacement | - | - | - | - | 300,000 | 3,200,000 | 3,500,000 |
| MS Roof Replacement | - | - | - | - | 500,000 | 7,250,000 | 7,750,000 |
| Sprague Roof Replacement | - | - | - | - | 200,000 | 1,850,000 | 2,050,000 |
| New PreSchool Building | - | - | - | - | - | 2,500,000 | 2,500,000 |
| Air-Condition Schools | - | - | - | - | - | 1,750,000 | 1,750,000 |
| DPW RDF Repair Projects | - | - | - | - | - | 400,000 | 400,000 |
| Total Borrowed Inside | 8,260,681 | - | 3,200,000 | 21,080,000 | 5,525,000 | 16,950,000 | 46,755,000 |
| Town Hall Interior Renovation | - | - | - | - | - | - | - |
| Total Borrowed Outside | - | - | - | - | - | - | - |
| Total FMD Capital Requests | 9,933,681 | 1,933,000 | 5,718,000 | 23,101,000 | 7,525,000 | 18,955,000 | 68,488,075 |



Town of *Wellesley*
FY2024-2028 Non-SB Departments Capital Request

| Capital Project | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY24-28 Total |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Natural Resources Commission | | | | | | | |
| Park Sidewalk Paths/ Parking Lot Repairs | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 75,000 |
| Tree Planting/Management Program | 55,000 | 55,000 | 55,000 | 60,500 | 60,500 | 60,500 | 291,500 |
| Natural Landscape Development | 35,000 | 35,000 | 25,000 | 25,000 | 27,500 | 27,500 | 140,000 |
| Comprehensive Pond Improvements | - | 150,000 | 150,000 | - | - | - | 300,000 |
| Playground Improvement/ADA Access | - | 50,000 | 50,000 | - | - | - | 100,000 |
| Fuller Brook Park Knotweed Removal | - | 15,000 | - | 100,000 | - | - | 115,000 |
| Centennial Erosion Restoration | - | 15,000 | - | - | - | 50,000 | 65,000 |
| Squirrel Road Restoration | - | - | 55,000 | - | - | - | 55,000 |
| Town Forest Improvements | - | - | - | 10,000 | - | - | 10,000 |
| Micro Forest | - | - | - | - | 10,000 | - | 10,000 |
| Water Fountains | - | - | - | - | - | 30,000 | 30,000 |
| Improvements: Result of Active Field/Court Study | - | - | - | - | - | 750,000 | 750,000 |
| Hunnewell Track and Field Landscape | - | - | - | - | - | 25,000 | 25,000 |
| Pump Track (Mt. Bike) | - | - | - | - | - | 15,000 | 15,000 |
| Subtotal Cash Capital | 105,000 | 335,000 | 350,000 | 210,500 | 113,000 | 973,000 | 1,981,500 |
| Hunn. Tennis/Sftball Existing Light Upgrades (CPC) | 400,000 | - | - | - | - | - | - |
| Active Space Utilization Plan (CPC) | 58,000 | - | - | - | - | - | - |
| Lawn Conversion Project (CPC) | 20,000 | - | - | - | - | - | - |
| Total NRC Capital | 583,000 | 335,000 | 350,000 | 210,500 | 113,000 | 973,000 | 1,981,500 |
| Morses Pond | | | | | | | |
| Stormwater Construction/Demo & Monitoring | - | - | 10,000 | - | - | - | 10,000 |
| Bylaw/Regulatory Review/Development | - | - | 25,000 | - | - | - | 25,000 |
| Selective Planting | - | - | 35,000 | 35,000 | - | - | 70,000 |
| Plant Monitoring | - | - | - | 10,000 | 10,000 | - | 20,000 |
| Morses Pond Beach Improvements | - | - | - | - | 50,000 | - | 50,000 |
| Total Morses Pond Capital | - | - | 70,000 | 45,000 | 60,000 | - | 175,000 |
| Library | | | | | | | |
| WFL Van | 55,000 | - | - | - | - | - | - |
| Computer/Peripheral Replacement | 55,300 | 57,300 | 57,300 | 59,300 | 59,300 | 60,000 | 293,200 |
| IT Infrastructure Replacement | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 60,000 |
| Security Cameras | 12,000 | - | 12,000 | - | 12,000 | - | 24,000 |
| New Technology & Devices | 30,000 | 30,000 | 30,000 | 40,000 | 40,000 | 40,000 | 180,000 |
| Self Check System | 45,000 | 30,000 | 30,000 | 30,000 | 35,000 | 35,000 | 160,000 |
| Website Construction/Redesign | - | 15,000 | - | 40,000 | - | - | 55,000 |
| Automated Material Handler | - | 10,000 | - | - | 10,000 | - | 20,000 |
| Time Card system | - | - | 10,000 | - | - | 10,000 | 20,000 |
| Traffic Study | - | - | 50,000 | - | - | - | 50,000 |
| Parking Lot Improvements | - | - | - | 25,000 | - | - | 25,000 |
| Strategic Planning | 10,000 | - | - | - | 25,000 | - | 25,000 |
| Electric Van Replacement | - | - | - | - | - | 65,000 | 65,000 |
| Washington Street Sign Replacement | - | - | - | - | - | 25,000 | 25,000 |
| Total Library Cash Capital | 219,300 | 154,300 | 201,300 | 206,300 | 193,300 | 247,000 | 1,002,200 |
| Town Clerk | | | | | | | |
| Electronic Poll Books for Voter Lists | 8,000 | - | - | - | - | - | - |
| Electronic Voting Devices for Town Meeting | 15,000 | - | - | - | - | - | - |
| New Voting Equipment | - | - | 75,000 | - | - | - | 75,000 |
| Total Town Clerk Cash Capital | 23,000 | - | 75,000 | - | - | - | 75,000 |
| Planning Board | | | | | | | |
| Comprehensive Plan | - | - | - | - | 200,000 | - | 200,000 |
| Planning Board Total | - | - | - | - | 200,000 | - | 200,000 |
| Capital Project | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY24-28 Total |
| School Department (non-Facilities) | | | | | | | |
| Cash Capital: | | | | | | | |
| Furniture/Furnishings/Equipment | - | - | 87,500 | 65,000 | 65,000 | 65,000 | 282,500 |
| Technology | 1,055,497 | 1,241,365 | 1,495,305 | 1,389,021 | 1,104,607 | 1,006,953 | 6,237,251 |
| Subtotal Cash Capital | 1,055,497 | 1,241,365 | 1,582,805 | 1,454,021 | 1,169,607 | 1,071,953 | 6,519,751 |



Town of *Wellesley*

FY2024-2028 Public Works Capital Request

| Capital Project | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY24-28 Total |
|--|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|
| Cash Capital | | | | | | | |
| Sidewalk Street Projects | 40,000 | - | - | - | - | - | - |
| Drainage System Rehabilitation (Other) | 724,500 | - | - | - | - | - | - |
| Street Improvement | 515,500 | 465,677 | 885,000 | 885,000 | 885,000 | 657,600 | 3,778,277 |
| Sidewalk Restoration | 300,000 | 500,000 | 500,000 | 500,000 | 500,000 | 380,000 | 2,380,000 |
| Private Ways | 32,000 | 40,000 | 90,000 | 90,000 | 90,000 | 88,000 | 398,000 |
| Clock Tower | 25,000 | 25,000 | - | - | - | - | 25,000 |
| Vehicle/Equipment Procurement | 765,000 | 1,277,000 | 1,235,000 | 1,340,000 | 1,701,000 | 1,579,000 | 7,132,000 |
| DPW Facilities | 354,000 | 420,000 | 455,000 | 185,000 | 185,000 | 185,000 | 1,430,000 |
| Street Rehabilitation- Design | - | 80,000 | - | 100,000 | - | 100,000 | 280,000 |
| Wellesley Square Design | - | - | 600,000 | - | - | - | 600,000 |
| Athletic/Playground Improvements | 345,000 | 680,000 | 1,830,000 | 880,000 | 390,000 | 550,000 | 4,330,000 |
| Total Cash Capital | 3,101,000 | 3,487,677 | 5,595,000 | 3,980,000 | 3,751,000 | 3,539,600 | 20,353,277 |
| Other Funding Sources: | | | | | | | |
| DPW Street Resurfacing (Ch 90) | 790,000 | 790,000 | 790,000 | 790,000 | 790,000 | 790,000 | 3,950,000 |
| Washington St./Elm Bank Sidewalk (Grant) | - | 355,000 | - | - | - | - | 355,000 |
| High School/Hunnewell Irrigation (Other) | - | 150,000 | - | - | - | - | 150,000 |
| Bathrooms @ Sprague Field (CPC) | - | 200,000 | - | - | - | - | 200,000 |
| Hunnewell Teamroom + Lights (Gifts) | 1,000,000 | 500,000 | - | - | - | - | 500,000 |
| Clock Tower (CPC) | - | - | 525,000 | - | - | - | 525,000 |
| Total Other Funding Sources: | 1,790,000 | 1,995,000 | 1,315,000 | 790,000 | 790,000 | 790,000 | 5,680,000 |
| Borrowed Inside | | | | | | | |
| DPW Fuel Depot Rehabilitation | - | - | 1,000,000 | - | - | - | 1,000,000 |
| Street Rehabilitation-Weston Road | - | 3,110,181 | - | - | - | - | 3,110,181 |
| Street Rehabilitation-Grove Street | - | - | 2,500,000 | - | 3,000,000 | - | 5,500,000 |
| Replacement/Renovation DPW Yard | - | - | - | 1,000,000 | - | - | 1,000,000 |
| Wellesley Square Reconstruction | - | - | - | 6,000,000 | - | - | 6,000,000 |
| Weston @ Linden Intersection | - | - | - | - | - | 2,000,000 | 2,000,000 |
| RDF Baler Replacement | - | - | - | - | - | 1,000,000 | 1,000,000 |
| Total Borrowed | 3,300,000 | 3,110,181 | 3,500,000 | 7,000,000 | 3,000,000 | 3,000,000 | 19,610,181 |
| Debt Capital Exclusion: | | | | | | | |
| Free Cash: | | | | | | | |
| Total Free Cash | | | | | | | |
| Grand Total DPW | 8,191,000 | 8,592,858 | 10,410,000 | 11,770,000 | 7,541,000 | 7,329,600 | 45,643,458 |