

Wellesley Advisory Committee
Juliani Room, Town Hall
September 7, 2016, 7:00PM

Frank Pinto called the meeting of the Advisory Committee to order at 7:00pm. Those present included Rose Mary Donahue, Tom Fitzgibbons, Chad Harris, John Hartnett, Mike Hluchyj, Mark Kaplan, Michael Mastrianni, Alena Poirier, Sara Raveret, Tom Skelly, Andrea Ward, and Kathleen Woodward.

7:00 Citizen's Speak

There was no one present for Citizen's Speak.

7:05 Review of municipal finance terms and financial orientation

Sheryl Strother, Finance Director for the Town of Wellesley, was present and gave an overview of the Town's financial highlights.

Wellesley has a Moody's "Aaa" Rating—only about 12 MA towns have this rating. Wellesley has had only one operating override since FY08. There have been multiple debt exclusions and an OPEB (Other Post-Employment Benefits) Capital Exclusion. A debt exclusion can only be used to pay principal and interest on a particular project; once the debt is paid off, the tax authorization ends. As of 1/1/15, the pension plan unfunded liability is \$55 million. The unfunded OPEB liability is \$78 million (as of 7/1/14).

There is \$140 million in outstanding long-term debt, most of which is exempt debt. No outstanding short-term debt. There was a question on the meaning of "exempt debt": it is debt raised exempt from the constraints of Proposition 2½; debt can be raised outside of limits, subject to a Town vote.

The Sources and Uses Statement shows where the Town gets its money and where it spends it. Property taxes account for 83% of the revenue. Taxes on new construction usually exceed \$1.5 million a year. There was a question on taxes from new construction: new construction is defined as all construction from renovations, new buildings, etc.

The OPEB exclusion was a 10-year capital exclusion; the Town did not borrow. For FY17, \$2.4 million will be paid from inside the levy, and \$600,000 will be paid from the OPEB exclusion. The OPEB capital exclusion expires in 2017; so for FY18, the \$3 million payments towards the unfunded liability will be from inside the levy.

Wellesley uses a single tax rate for residential and commercial property; about 88% of the Wellesley tax base is residential property. Revenues come from local revenue (motor vehicle taxes, licenses, permits, etc.) and local aid. The \$1 million contribution per year from the Municipal Light Plant falls under local revenue; this payment is in lieu of taxes.

Uses of Funds include money spent on the schools (44%), public safety (7%), public works (4%), employee benefits (17%), debt service (11%), cash capital (3%), etc.

The debt limit is \$510 million, which is 5% of equalized property valuation. The outstanding debt is \$140 million. The debt service is \$16.5 million, or 10% of the budget.

The Pension and OPEB appropriations are funding for past service obligations. There are periodic actuarial studies to calculate the liability. Town employees don't get social security—only pension in MA.

A member asked when the Town stopped contributing to the pension fund: the Town stopped contributing to the pension fund in the '90s for more than 10 years because it was fully funded at the time.

OPEB: there are no MA Towns that are fully funded today. Wellesley is on track to fully fund the OPEB liabilities by 2037. Wellesley is ahead in the state for OPEB funding, but not nationwide.

Preview of the FY18 Town Budget--Financial Results and Outlook

Good news from 2016 includes significant one-time transfers (health plan savings); local receipts are up by 11.7%; and turnback has increased 10% (we have high turnback from schools and DPW). Revenue minus expenditures is about \$2 million.

The outlook for 2017: local receipts should exceed budget; state receipts are a concern; turnback is influenced by weather, utility costs, and unforeseen issues.

The outlook for 2018: we can increase our local receipt projections; the state receipts are still a concern; we have a Spring 2016 projection of a \$4 million deficit; and we have many contracts expiring 6/30/17. In addition, the Fallon health plan runs out in 2018.

There was a question on department line items: department money budgeted for personnel cannot be shifted to other line items. There was question whether licenses and permits under "Revenue Details" for FY17 is low: it is a conservative figure. There is no formula for predicting the motor vehicle excise tax: it is an educated estimate. The increase in meals tax hotel/motel in FY16 is based on trending, not on any significant changes.

Key concerns going forward include:

- 2.4 million increase in capital requested (school deferral and DPW increase)
- Health insurance rate increase unknown
- OPEB exclusion expires
- Possible Council on Aging needs at the Tolles-Parsons Center (increased Utilities and FMD staff with increased use of the building)
- Pending MSBA closeout—capital funds to redeploy (perhaps to T-P Senior Center?)
- Potential major projects (school security? HHU? Middle School?)

Preliminary thoughts on guidelines: a 2.5% increase across Town (including Schools) results in a projected deficit of \$583,899; a 4% increase for Schools and a 2.5% for all other Town Departments results in a projected deficit of \$1,626,768.

A question was asked about Free Cash—the assumed FY17 amount is \$2,667,450; however, the scenarios for FY18 include \$2,500,000 projections. There is a danger with depending on Free Cash in case the Schools turnback is lower than expected.

8:45 Liaison reports from summer meetings

The Permanent Building Committee has met seven times since July 1st regarding the police station repairs, highway building roof, Fiske and Schofield, WMS windows, T-P Center. Joe McDonough attended a meeting to discuss the hiring of a Senior Project Manager.

HHU is scheduled to attend the Advisory meeting next week at 8 pm. The committee elected two co-chairs. Multiple demographers were interviewed, and a report was issued last week. SMMA is the architectural consulting firm charged with coming up with multiple scenarios. A communications subcommittee was formed, and a Request for Quote (RFQ) for a community outreach coordinator was issued. A subcommittee was also formed to look at walkability.

The Municipal Light Plant has applied for a state grant to switch to LED streetlights and is looking at the possibility of providing internet service to residents as a revenue stream.

The Natural Resources Commission's activities include updating their policy manual and discussing possible land use consolidation at Town Hall.

The Human Resources Board heard presentations from the Council on Aging regarding increased needs with the upcoming new Senior Center and the Facilities Maintenance Department regarding the hiring of an HVAC coordinator.

The Unified Plan is underway. The Board of Selectmen put out a Request for Proposal (RFP) on developing the Unified Plan. Three proposals from consulting groups came in: Stantec was selected. Additional Advisory Committee members may be needed to attend breakout sessions and subcommittee meetings.

The Planning Board (PB):

- The PB is considering doing a Residential Development Study on lighting, building height, set backs, tree laws, Large House Review provisions, etc. The PB has received a lot of negative feedback regarding the Large House Review. Short-term approaches are under consideration, such as including the garage space into the overall square footage (currently up to 600 square feet can exempted for a garage) and including the attic space—regardless of whether it is “habitable.”
- The Historical Commission is seeking to put a demolition delay in place and is looking for a liaison from the Advisory Committee.

- Additional PB projects include the Wellesley Square Wayfinding and Branding Project.

Sara Raveret made a motion to approve the minutes from the June 22 meeting; Mark Kaplan seconded the motion, and it carried unanimously.

9:00 Adjournment

Frank Pinto adjourned the meeting at 9:02pm.