

TOWN OF WELLESLEY



REPORTS TO THE ANNUAL TOWN MEETING

MONDAY, APRIL 5, 2010
7:30 P.M.

WELLESLEY MIDDLE SCHOOL AUDITORIUM

by the

ADVISORY COMMITTEE

SCHOOL BUILDING COMMITTEE FOR WELLESLEY MIDDLE SCHOOL
COMMUNITY PRESERVATION COMMITTEE
PLANNING BOARD
GREEN RIBBON STUDY COMMITTEE
BOARD OF SELECTMEN

Please read this book and bring it with
you to the Annual Town Meeting.

In the event that it becomes necessary to cancel any session of Town Meeting,
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TOWN OF WELLESLEY



REPORT OF THE ADVISORY COMMITTEE TO THE 2010 ANNUAL TOWN MEETING

TERM ENDS 2010

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Katherine Macdonald, Vice Chair
Judi Donnelly, Secretary
Stephen Sykes
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TERM ENDS 2011

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Barbara McMahon
Caren Parker
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TERM ENDS 2012

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Derek Redgate

To the Citizens of the Town of Wellesley:

March 15, 2010

Annual Town Meeting convenes on Monday, April 5, 2010, at 7:30 pm, to consider the budget for fiscal year 2011 (FY11) as well as several other appropriations and proposals. All residents are welcome to attend Town Meeting in person, or follow the proceedings on Wellesley Cable TV (Comcast Channel 9, Verizon Channel 39). This letter presents the Advisory Committee's overall perspective on the key features of the budget, and also highlights other significant issues on the Warrant for Town Meeting. In addition, if any further recommendations are made by Advisory between publication of the Reports and the opening of Town Meeting, a notice will be sent to Town Meeting Members by e-mail, and the new recommendations will be posted to the Advisory website.

Many of the Warrant Articles that will be considered at the upcoming Annual Town Meeting are, once again, either related to the "budget," or are requests for an appropriation. While Article 8, the omnibus budget for operations, capital, and debt service, is far and away the largest and most important Article on the agenda, there are many other important issues to be considered. Among them are the following:

1. New contracts for the Town's police officers and firefighters;
2. New spending on Town buildings, including design funds for a new DPW operations/administration building, funds (non-tax-impact) for a new MLP administration building, design funds for modular classrooms at the Middle School, and funds for repairs to the Fire Station in the town center;
3. New spending on planning and design work to preserve and restore Fuller Brook Park; and
4. Several amendments to the Zoning and Town Bylaws, including the establishment of a permanent Sustainable Energy Committee.

Over the past two years, the Town has weathered a severe recession, a collapse in financial markets, and an extremely challenging fiscal environment, and has done so remarkably well. While we can now be more optimistic about the future, real challenges do remain. Fortunately, the Town has managers, staff, and volunteers serving on the various boards and committees who have demonstrated over the past two years that they are up to the challenge.

Summary of Sources and Uses of Funds

Fiscal Years Ending June 30

Sources of Funds	<u>FY10 Tax Rate</u>	<u>FY11 Budget</u>	
Tax Revenues and Other Receipts:			
Property Tax Levy	85,826,267	89,271,924	
Property Taxes for Debt Service excluded from Prop. 2 1/2	6,504,369	9,607,009	
Property Taxes for OPEB Funding excluded from Prop. 2 1/2	1,800,000	1,800,000	
State Aid	7,851,643	8,592,619	
Local Revenue	<u>10,136,785</u>	<u>9,947,390</u>	
	<u>112,119,064</u>	<u>119,218,941</u>	
Community Preservation Fund Contribution	1,623,400	1,136,500	
School Construction Aid	621,838	621,838	
Parking Meter Receipts	546,733	538,661	
Appropriation from Free Cash – Balance Budget	1,029,353	-	
Appropriation from Free Cash – Direct Items	1,829,619	853,000	
Amortize Premium	73,212	-	
Unencumbered & Transfers from other Funds	<u>190,000</u>	<u>334,500</u>	
Total Sources of Funds	<u><u>118,033,219</u></u>	<u><u>122,703,440</u></u>	
Uses of Funds			
Departmental Operations:			
Wellesley Public Schools	53,283,503	55,031,413	3.3%
Other Town Departments:			
Public Safety	10,225,032	10,309,480	0.8%
Department of Public Works	6,119,237	6,178,588	1.0%
Facilities Maintenance & Grounds	3,085,428	3,251,278	5.4%
General Government - Board of Selectmen	3,303,982	3,349,005	1.4%
Wellesley Free Library	2,280,224	2,300,932	0.9%
Other General Government – Clerk, Boards & Committees	1,395,257	1,415,335	1.4%
Recreation, Health, Natural Resources and Other	1,403,482	1,429,467	2.4%
Article 5 – for Merit Pay Plan	<u>18,887</u>	<u>12,000</u>	-36.5%
Sub-Total Other Town Departments	<u>27,831,529</u>	<u>28,246,085</u>	1.5%
Total – All Town Departments	<u>81,115,032</u>	<u>83,277,498</u>	2.7%
Shared Costs - Employee Benefits:			
Health Insurances	13,543,200	13,633,918	
OPEB Contribution	3,000,000	3,000,000	
Pension Plan Contribution, net	866,000	1,732,000	
Other Employee Costs	<u>449,978</u>	<u>445,581</u>	
	<u>98,974,210</u>	<u>102,088,997</u>	
Capital and Debt:			
Cash Capital	2,987,410	2,793,025	
Debt Service - within Prop. 2 1/2	3,639,310	3,591,273	
Debt Service - excluded from Prop. 2 1/2	<u>7,199,625</u>	<u>10,228,847</u>	
	<u>13,826,345</u>	<u>16,613,145</u>	
Special Items:			
Traffic & Parking Management	488,233	520,386	
Community Preservation Fund	1,623,400	1,136,500	
State and County Assessments	1,061,412	1,061,412	
	-	-	
Property Tax Abatements	430,000	430,000	
Other (Direct Free Cash Items)	1,629,619	853,000	
	-	-	
Total Uses of Funds	<u><u>118,033,219</u></u>	<u><u>122,703,440</u></u>	

THE FY11 BUDGET

Town Meeting is not being asked to support an increase in taxes through an operating override to balance the budget, although the Selectmen are proposing to fund several spending items with an appropriation from Free Cash. Within a still-challenging economic environment, and in light of what is happening in other communities across the Commonwealth, achieving a balanced budget in Wellesley without: 1) significant cuts in services to any segment within the community, 2) any negative impact on the well-being of the Town's employees, or 3) an operating override or significant draw on Free Cash, is a substantial achievement that was hardly imaginable twelve or even six months ago. The FY11 budget is presented in Article 8, along with Advisory's perspective on the budget and detailed analysis of its major components.

Key highlights of the FY11 budget include:

- There is no override for the fourth consecutive year. The sum of \$853,000 will be appropriated from Free Cash to fund special items, including repair and replacement of flooring and utility systems at Fire Station #1; design funds for the proposed new DPW Operations Building; and winter maintenance. This level of drawdown in reserves is in-line with, or lower than, that of recent years, and should leave the Free Cash balance at a financially appropriate level.
- On the revenue side, tax revenues inside the levy limit are projected to increase by 4.0%, fractionally below last year's rate of 4.1%. This reflects the 2.5% increase allowed under Proposition 2½ and a projected \$1,300,000 in tax revenues from "new growth," the same as in the FY10 budget. The most recent indications on the Commonwealth's FY11 budget for State Aid is more favorable than had been expected; more is written on this below. The Local Revenue figure is difficult to forecast because it is highly dependent upon auto excise tax revenues, building permit fees, and interest earnings, but is conservatively projected to decline modestly in FY11. Revenue raised through the recently-enacted local option meals tax is projected to be \$350,000 in FY11.
- Town departments were issued budget guidelines appropriate for an environment of fiscal austerity and on the assumption that there would not be broad support for an override. At last year's Town Meeting, the Town-Wide Financial Plan (TWFP) projected budget increases for FY11 of 2.0% for Schools and 0.0% for other Town departments. In September, the Advisory guidelines modified these targets to 2.25% (subject to certain conditions) for the Schools, and 1% for other Town departments. The guideline for the Schools was, for the first time, bifurcated between General Education and Special Tuition and Transportation, with special consideration provided to the latter category. The Schools guideline was subsequently raised by \$845,000 in February of this year to help reduce the possibility of broad cuts in staffing and programs within the Wellesley Public Schools. Most departments met guideline, and Advisory commends all Town departments for their hard work and discipline in a difficult budget environment.
- There has been no growth in "cash capital" for several years, and this year there is a meaningful decline, although the budget includes further increases for the Facilities Maintenance Department.
- There are several newly-settled union contracts within the public safety arena to be approved at this year's Town Meeting (Article 5), covering police patrolmen and superior officers and firefighters, and a related Warrant Article (Article 29) which seeks the removal of the Police Department from Civil Service. While the police contracts involve additional expense in FY11, as the Town commits to maintain (and modestly expand) the educational-incentive program in the face of the elimination of state "Quinn Bill"

funding, the negotiated pay increases for police for FY12 and FY13 are at just 0% and 1%, respectively.

- While financial markets have shown an extraordinary recovery from the depths of early 2009, the Town's pension fund remains seriously underfunded. The budget includes over \$1,700,000 in tax-impact pension contributions.

More Budget Detail and a Look Forward

In the comments below, more detail is offered on certain aspects of the FY11 budget, and some commentary provided on the outlook for FY12 and beyond. While the worst of the crisis now known as the "Great Recession" has passed, its repercussions will be with us for some time – and so will the need for fiscal discipline.

State Aid

As noted above, the news for the Town on Local Aid from the Commonwealth was, in the final analysis, not nearly as bad as was feared at many points during the "budget preparation season." It is important to understand, however, that the numbers in the table above are somewhat misleading: what has really changed from FY10 has much more to do with the types of funds provided to the Town (there has been a shift from "off-the-books" grants to the Schools, such as stimulus funds, to "on-the-books" Chapter 70 funds to the Town), rather than the actual dollar amount. Total funding for the Town from state and federal funds (including Chapter 70, lottery, and other funds, and stimulus grants) is not expected to show any increase in FY11 over FY10.

Salaries

Most members of the Town's bargaining units will enjoy sizable salary increases (ranging from 2.5% to 4.0%) in FY11, the last year of current three-year contracts. In light of the budget challenges facing the Town, the Human Resources Board recommended, and departments adopted, considerably more modest increases for non-union employees for FY11. Series 50 employees will receive a 1% raise in FY11 and Series 40 employees will get 2%. While this restraint clearly helped the Town's fiscal picture for FY11, the payroll for bargaining unit employees is by far the larger share of the Town's aggregate payroll. It is of critical importance that future negotiated settlements take into account the longer-term budget challenges the Town faces.

Employee Benefit Costs

The same also applies for employee benefits. Benefit costs represent a mixed blessing in the FY11 budget. Health insurance is by far the largest item in this category, and the conversion to the "Rate Saver" health insurance plan during calendar 2009 continues to provide significant financial benefits to the Town. Not only is the FY10 "base" for premium increases in FY11 significantly lower than it would otherwise have been, but the premium increase itself, at roughly 6.5%, is less than originally expected. The application of reserves has reduced the tax-impact cost of health insurance in the FY11 budget even further. In contrast, there is a clear need for significant increases in pension contributions to the Wellesley Contributory Retirement System (WCRS) in coming years. Following a \$1 million contribution in FY10 and \$2 million in FY11 (including a portion from the enterprise funds), it is likely that there will need to be continued escalation in these annual contributions, perhaps to a level of \$5 million or more, over the next several years.

Debt Service

Debt service within the levy limit continues to decline, as the "level principal" loan amortization schedules reduce interest obligations. There is no new bonding proposed for FY11 and only minor new debt service projected from projects authorized at prior Town Meetings. This is a welcome development, especially in light of the estimated \$35 million of new borrowing and

associated debt service “outside of the levy limit” (i.e., excluded from the limits of Proposition 2½) that will occur this spring for the new High School, with more to follow.

Town-Wide Financial Plan

The Town-Wide Financial Plan (TWFP) is the Town’s primary planning tool for looking beyond next year’s budget. It initiates the discussion and gives guidance for the budget for the year following that being considered at Town Meeting, in this case FY12. Following the precedent set last year, the TWFP was again “built up” from the bottom-line assumptions of no override and no material use of Free Cash to balance the budget, so that it could be used as more of a “planning tool” rather than a mere “projection.” Of course, it’s effectiveness as a planning tool depends on the degree of “buy-in” received from the various Town departments to both the process and its results. The Board of Selectmen has worked hard to get the necessary buy-in for the most recent TWFP, which for FY12 projects a 2.5% increase in the School Department’s operating budget, and a 1.5% increase in the operating budgets of all other Town departments, over FY11 levels.

OTHER ARTICLES FOR CONSIDERATION AT TOWN MEETING

There are, of course, many other Articles on the Warrant for the 2010 Annual Town Meeting besides Article 8, and these are grouped below according to the type of request. At the time this letter - and the *Advisory Committee’s Report to Annual Town Meeting* - goes to print, Advisory has sufficient information to vote its recommendations on all but four of these Articles (not including those for which no motion is expected).

Appropriations – Operating and Outlay

The key Article here is of course **Article 8**, which has already been discussed, and which Advisory unanimously supports.

Also coming before Town Meeting are a number of other spending authorization requests. New pay schedules for Town employees are covered in **Article 5**. Several supplemental appropriations in FY10, including \$300,000 of additional funds for winter maintenance, are covered in **Article 7**. Funding for the various enterprise fund programs is covered in **Article 11** (Electric), **Article 12** (Water), and **Article 13** (Sewer). Re-authorization of the numerous department revolving funds is covered in **Article 14**. Advisory unanimously supports each of these funding requests.

Appropriations – Special Capital Projects

Under **Articles 17** and **18**, the MLP Board and the Board of Public Works, respectively, are seeking to move forward building projects that have each been “in the works” for at least five years. Advisory supports each of these funding requests.

Through **Article 21**, the Community Preservation Committee requests the transfer of funds for six specific projects, administrative expenses, and reserves, for a total request of \$1,316,500 from the Community Preservation Act fund. This funding does not affect the FY11 budget, as the request is appropriated from a fund which comes from a dedicated real estate tax surcharge. The largest individual items are for Fuller Brook Park planning and design work (requested by the Natural Resources Commission) and for affordable housing (requested by the Wellesley Housing Development Corporation), both of which Advisory supports.

Article 20 is concerned with the issue of accommodating expected enrollment increases at Wellesley Middle School, in part through the placement of an-as-yet-undetermined number of modular classrooms at the site. The Article seeks a transfer of funds to the Permanent Building Committee for design and permitting work. **Article 16** is concerned with needed repairs to, or replacement of, the floor and utility systems at Fire Station #1. At the time this letter goes to

print, Advisory had not received all necessary information to offer an opinion on either of these items, and will provide its recommendation at Town Meeting.

Advisory expects no motions under **Articles 15, 22, or 23.**

Authorizations

Article 29 is the key item here, which is being offered by the Board of Selectmen in conjunction with **Article 5, Motion 1** (as noted above, this extends the current police offers contracts for an additional two years, through FY13). Article 29 seeks the removal of the Police Department from Civil Service. Advisory supports this proposal, as well as Article 5, Motion 1.

Advisory expects no motion under **Articles 25 or 28.**

Bylaw Amendments

The Planning Board is offering several Zoning Bylaw amendments. **Article 30** rewrites the Sign Bylaws to make them simpler, clearer, and more consistent; **Article 31** offers revisions to the conditions for Large House Review approval and simplifies the review process; and **Article 32** changes the building-height bylaws to control the construction of dwellings on artificially “built up” sites. Advisory unanimously supports each of these proposals.

Last but not least, the Board of Selectmen and the Green Ribbon Study Committee (GRSC) are seeking, under **Article 33**, amendments to the Town Bylaws to establish a permanent Sustainable Energy Committee, to further the work done to date by the GRSC. Within this Article is also a motion to approve the GRSC’s recently completed Sustainable Energy Plan and a motion to approve a new part-time Sustainable Energy Coordinator position. Advisory supports the motions under this Article.

The Advisory Committee thanks the dedicated Town employees, elected and appointed officials, and concerned citizens who devote so much time, energy, and expertise to the Town’s affairs. Town Meeting is an opportunity to examine important issues, enter into dialogue, and vote as a community on how to best support our Town and its residents. We hope that in this letter and in the Advisory Report we have provided the information needed for all to understand the issues being brought to the Annual Town Meeting.

Sincerely,

Peter Cory, Chair
Advisory Committee

**ARTICLE 1. To choose a Moderator to preside over said meeting.
(Board of Selectmen)**

Advisory expects no motion under this Article.

**ARTICLE 2. To receive reports of town officers, boards and committees, including the Annual Town Report, the Report to this Town Meeting of the Advisory Committee, the *Report of the Community Preservation Committee*, and the Reports of the Board of Selectmen on the Five Year Capital Budget Program and the Town-Wide Financial Plan pursuant to Town Bylaw Sections 19.5.2 and 19.16 respectively; and discharge presently authorized special committees; or take any other action relative thereto.
(Board of Selectmen)**

Advisory expects no motion under this Article.

REVENUE ARTICLES

ARTICLE 3. To see what action the Town will take relative to revenue as follows:

- a) Establish new and/or amend current fees or other charges for services and programs provided to the public;**
- b) Vote to authorize the Board of Assessors to use any monies paid to the Town from the Wellesley Municipal Light Plant as an estimated receipt when computing the Fiscal Year 2011 Tax Rate;**

**or take any other action relative thereto.
(Board of Selectmen)**

This Article authorizes acceptance of a \$1 million payment from the Municipal Light Plant (MLP) in FY11. The MLP Board has approved this payment to the Town for FY11. The Board of Assessors must receive annual authorization to incorporate the receipt of these funds from the MLP into the tax rate; passage of this Article provides the needed authorization for FY11.

Annual passage of this Article permits the Town's taxpayers to continue receiving the benefit of their ownership of the MLP. The \$1 million payment to the Town incorporated into the FY11 budget is at the same level it has been for the past eight years. This contribution is significantly higher than that of other similarly-sized, municipally-owned light plants in Massachusetts (in both dollar terms and as a percent of revenues), and is estimated to be at least twice the amount that a privately-owned utility would pay in property taxes to the Town.

Advisory recommends favorable action, 10 to 0, with 1 abstention.

APPROPRIATIONS – OPERATING AND OUTLAY

**ARTICLE 4. To see if the Town will vote to amend ARTICLE 31 of the Town Bylaws by making changes in Schedule A entitled "Job Classifications by Groups" which constitutes part of said Bylaws; or take any other action relative thereto.
(Human Resources Board)**

Schedule A of Article 31 of the Town Bylaws sets the job classifications by group for all Town employees, other than School Department employees. The Human Resources Board is empowered under Article 31 to amend these job classifications to reflect changes, modifications, and deletions during the year. Article 4, Motion 1 requests Town Meeting to approve all such changes made during the past year by amending Schedule A. The changes are presented in four sections: New Classifications, Reclassifications, Title Changes and Reclassifications & Title Changes.

New Classifications: These are new positions, which have been developed to meet the Town's needs. They are evaluated by the Human Resources Board and classified according to the Hay System, as described in the *Introduction to Human Resources Articles*, an Appendix to this Advisory Report. This year, five job titles have been added to the job classifications. Three of the five positions were created for the Facilities Maintenance Department and the remaining two were new roles created for existing employees in the Department of Public Works.

The pay for the non-bargaining unit trade positions (e.g., T19 in Facilities Maintenance) is described in Article 5, Motion 2. For Series 50 positions, the salary depends on the individual's position in the salary range, as presented in Article 5, Motion 3. Because these actions were taken during FY10, the incremental costs, if any, were covered by funds already in the FY10 budget and are already included in the proposed FY11 budget in Article 8.

New Classifications

<u>Classification</u>	<u>Department</u>	<u>Job Group</u>
Administrative Assistant	FAC	51
Carpenter/Painter	FAC	T19
Electrician	FAC	T19
Park Facilities Technician	DPW	17
Park Maintenance Worker	DPW	13

Reclassifications: These are existing positions for which the duties, functions, or requirements have changed. The Human Resources Board re-evaluated these positions based on revised position descriptions using the Hay System. This year, there are four reclassifications, three of which resulted in an increase in Job Group with no change to job title and one of which resulted in a lateral change to a new job group with no change in pay. (The F19 job group, originally created specifically for the Fire Department, has been changed to T19 to include tradesmen in other areas, such as Facilities Maintenance.) These job reclassifications took place during FY10 and the incremental costs were covered by funds in the FY10 budget and are already included in the proposed FY11 budget in Article 8.

Reclassifications

<u>Classification</u>	<u>Department</u>	<u>From-To Job Group</u>
Fire Mechanic	FIRE	F19 to T19
Medium Equipment Operator – Highway	DPW	14 to 15
Truck Driver A/Laborer	DPW	14 to 15
Water and Sewer Systems Engineer	DPW	56 to 57

Title Change: This change to job title more accurately reflects the nature of the position, although the job's classification has not changed. There is no budget impact from this change.

Title Change:

<u>From Title</u>	<u>To Title</u>	<u>Department</u>	<u>Job Group</u>
Crane Operator	Construction Equipment Operator	DPW	17

Reclassification and Title Change: This change to job title and classification more accurately reflects the nature, duties, functions and requirements of the position as they have evolved over time. This job reclassification and title change took place during FY10 and the incremental costs were covered by funds in the FY10 budget and are already included in the proposed FY11 budget in Article 8.

Reclassification & Title Change

<u>From Title and Job Group</u>	<u>Department</u>	<u>To Title and Job Group</u>
Clerk 43	REC	Secretary II 44

This motion seeks Town Meeting approval for actions taken during FY10 to adjust the classification of positions as required to meet the personnel needs of the Town and/or as required by the Town Bylaws. Departments and boards are able to seek reclassification or add new positions within their budgetary constraints.

Advisory recommends favorable action, 14-0.

**ARTICLE 5. To see if the Town will vote to amend ARTICLE 31 of the Town Bylaws by making changes in Schedule B entitled “Salary Plan – Pay Schedule” established under Section 31.6, which constitutes part of said Bylaws; to raise and appropriate, or otherwise provide, money therefor; or take any other action relative thereto.
(Human Resources Board)**

Article 5, which has five motions, seeks Town Meeting approval to make appropriate changes to the salary and wage schedules agreed to as part of union contract negotiations, as well as for the Series 40 and Series 50 employees. Schedule B sets the rates of pay for all Town employees, except School Department personnel.

Motion 1

The current three-year contract for the Wellesley police, which does not expire until June 30, 2011, includes salary increases and other pay adjustments (e.g. night shift differential) intended to make both base pay and total compensation more competitive with comparable communities, as well as an agreement to migrate to the Rate-Saver health plans effective January 1, 2009. Several recent events, including very significant reductions in “Quinn bill” reimbursements from the State as well as a desire by the Town to remove police personnel from the provisions of the Civil Service law, provided an incentive to negotiate a two-year contract extension.

The Police Career Incentive Pay Program (known as the “Quinn” bill) was established in 1970 by the State Legislature to incent police officers to obtain college and graduate degrees. Upon obtaining a degree in criminal justice from a New England college, officers receive a yearly incentive ranging from 10%-25% of their base pay. While historically the State has reimbursed the Town for 50% of the cost of this program, in 2009 and 2010 reimbursement was slashed to a minimal amount. In addition, as of July 1, 2009, the program was closed to new participants. While one option would be for Wellesley to stop paying its police officers the State share, the Town believes in the benefits of an educated police force and recognizes that competitive compensation with other towns is critical to police officer retention.

Town Meeting first accepted the statute to put the Police Department under Civil Service in 1908. The Town believes that, today, the Police Department would best be served by opting out of what has become a restrictive and cumbersome state-run Civil Service system, thereby enabling the Town to have more control over hiring and promotion criteria and selection. Please see Article 29 for more detail on the request to remove police personnel from Civil Service.

The new agreement achieves the Town's four key objectives: maintain an educated police force, remain competitive in terms of pay levels, gain flexibility with regard to hiring and promotions and control costs. Under the agreement, salary increases will be 0% in FY12 and 1% in FY13. The Town will continue to pay the incentives for officers currently in the Quinn program and, effective July 1, 2010, will institute a smaller fixed-dollar educational incentive for new officers to the department. Recognizing the limitations of the prior Quinn program, the Town also will offer the fixed-dollar incentive program to four current officers who have relevant degrees that did not qualify under the Quinn rules. In addition, the Police Union has agreed to the Town's request to remove the Police Department from Civil Service.

The shortfall in State funding of Quinn bill reimbursements has cost the Town approximately \$127,000 in the current fiscal year. The \$190,000 projected incremental cost to the Town for FY11 to pay what previously would have been the State's share of Quinn bill payments, assuming no State funding, as well as to fund a fixed dollar incentive program for non-Quinn-eligible police officers is included in the FY11 budget presented in Article 8. Although in FY12 and beyond the Town will continue to incur incremental costs related to the educational incentives, these will be substantially offset by other, financially favorable, parts of the contract.

While not all members of Advisory support the continuance of an educational incentive plan, and some would have liked to have seen a renegotiation of the previously-contracted salary increases for FY11 to reflect the increased cost to the Town to pay the State's share of the Quinn bill payments, the majority recognize that there are multiple elements to reaching a contract settlement and believe that, overall, this agreement is fair and advantageous for the Town.

Advisory recommends favorable action, 13-1.

Motion 2

A one-year agreement has been reached with the Firefighters union that would grant a 1.75% base wage increase in FY11 to all firefighters, as well as a \$2/week night differential to those working the night shifts. Factoring in savings from staff turnover (as new employees typically are hired at a lower base wage than those leaving), the Fire Department's budget, included in Article 8, has a net 1% salary increase for FY11, consistent with Advisory guidelines. The Town and union both sought a one-year agreement, ending June 30, 2011. The Firefighters union now will be on the same contract schedule as the other bargaining units in Town (except for the police unions whose contracts will expire on June 30, 2013.)

Advisory recommends favorable action, 13-0.

Motion 3

Motion 3 will amend Schedule B to adjust the Series 40 salary schedule to grant a 2.0% pay rate increase for the entire group of Series 40 employees. These positions are non-union, non-management staff and are eligible for overtime. (See Appendix A - *Introduction to Human Resources Articles* for information about the pay plan for Series 40 employees.)

As benchmarking by the Human Resources Board revealed that compensation for this group of employees has been below the wages provided for similar jobs in comparable towns for multiple years, efforts have been made in recent years to bring the Series 40 pay schedule closer to market rate. Balancing the current fiscal constraints facing the Town with the goal to maintain a market-rate Series 40 pay scale, and recognizing that Town employees in comparable union jobs will receive at least a 2% pay increase in FY11, the Human Resources Board has determined that a 2% increase is appropriate for FY11. The 2% increase, equaling approximately \$37,000, has been included in the FY11 budget presented in Article 8.

SCHEDULE B
SALARY PLAN – PAY SCHEDULES
Rates Effective as indicated as of July 1, 2010
Hourly rates – reflects 2% increase over FY10

Job Group	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
49	20.87	21.80	22.79	23.82	24.89	26.00
48	20.04	20.94	21.88	22.86	23.89	24.96
47	19.22	20.08	20.99	21.94	22.92	23.94
46	18.42	19.25	20.11	21.02	21.97	22.96
45	17.56	18.35	19.18	20.04	20.94	21.88
44	16.74	17.50	18.29	19.11	19.96	20.87
43	15.91	16.63	17.38	18.16	18.97	19.83
42	15.08	15.76	16.47	17.22	17.99	18.81
41	14.40	15.06	15.74	16.44	17.18	17.94

Hourly rates – reflects 2% increase over FY10

Trade positions – non-union

Job Group	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
T19	23.93	25.12	26.38	27.70	29.09	30.54

Most 40-series employees are currently at step 6 and will not receive a step increase. Advisory believes that the 2% increase for the Series 40 personnel recommended in this motion is appropriate as the increase is fair and consistent with that to be given to similar groups in Town. In addition, Advisory recognizes the importance of maintaining market rate salaries for this group relative to compensation earned in comparable towns.

Advisory recommends favorable action, 14-0.

Motion 4

Motion 4 will amend Schedule B by increasing the salary ranges by 1% at the midpoint for the Series 50 Merit Pay Plan employees. This proposed increase does not cause any employee to automatically receive a raise unless the employee's salary is below the new minimum for that position. This year, no employees will receive automatic increases of this type.

Given the Town's current economic constraints, the Human Resources Board believes that the 1% adjustment to salary ranges is appropriate for FY11 and will help maintain market-rate salaries relative to comparable communities. See table below:

SCHEDULE B
SALARY PLAN – PAY SCHEDULES

Salary rates effective as indicated as of July 1, 2010

Reflects 1% increase over FY10 ranges

Job Group	Minimum	Midpoint	Maximum
69	116,640	145,800	174,960
68	108,080	135,100	162,120
67	100,160	125,200	150,240
66	92,720	115,900	139,080
65	85,920	107,400	128,880
64	80,160	100,200	120,240
63	74,960	93,700	112,440
62	70,160	87,700	105,240
61	65,600	82,000	98,400
60	61,360	76,700	92,040
59	57,120	71,400	85,680
58	53,600	67,000	80,400
57	50,000	62,500	75,000
56	46,800	58,500	70,200
55	43,680	54,600	65,520
54	41,680	52,100	62,520
53	39,760	49,700	59,640
52	37,680	47,100	56,520
51	35,920	44,900	53,880
50	34,240	42,800	51,360

Network and Information Systems

Job Group	Minimum	Midpoint	Maximum
61	74,080	92,600	111,120
60	69,360	86,700	104,040
59	64,880	81,100	97,320

Job Group	Minimum	Midpoint	Maximum
58	60,400	75,500	90,600
57	56,480	70,600	84,720
56	52,880	66,100	79,320
55	50,240	62,800	75,360
54	47,920	59,900	71,880
53	45,680	57,100	68,520
52	43,360	54,200	65,040
51	41,440	51,800	62,160

Advisory agrees with the Human Resources Board that a 1% adjustment to the ranges is appropriate for FY11, particularly considering that no adjustment was made in FY10.

Advisory recommends favorable action, 14-0.

Motion 5

Motion 5 requests \$12,000 for the purpose of granting special-situation salary increases for employees in Job Groups 50 and above. This motion reflects a departure from the prior years' practice under the Town's Merit Pay Plan of requesting funding for Job Group 50 and above employee pay increases. This year, the approximately \$51,000 to provide this group of employees with a 1% salary increase has been included in the departmental budget requests under Article 8.

Series 50 employees receive neither step increases nor typically automatic salary increases based on an across-the-board adjustment. Under the Merit Pay Plan, which was designed to ensure that salary increases are granted based on performance, the Boards have the flexibility to grant larger increases to outstanding employees and no increase to employees not performing up to a minimum level. Balancing the Town's current financial constraints with the importance of recognizing and rewarding valuable employees, the Human Resources Board is recommending a 1% salary adjustment in FY11 for all Series 50 employees (except for those receiving unsatisfactory performance reviews) as it believes that a 1% pool does not provide sufficient financial resources to fund a meaningful "Merit Pay Plan" based on performance.

Under this motion, the Human Resources Board is requesting funds for a small salary adjustment pool for 50-series employees. As a central principle of the Town's compensation program is to move well-performing employees to the midpoint (market value) of their range, the Human Resources Board believes that it is important to commit resources to this goal even in a fiscally tight environment. \$7,000 of the \$12,000 total request will be used to fund an additional 2% increase for the two Series 50 employees who are in the lowest 20% of their range and an additional 1% increase for the eight employees who are in the second lowest 20% for their range, contingent upon satisfactory performance. The additional \$5,000 is for contingency funds to address reclassifications, position upgrades, six-month reviews etc. that may occur during the fiscal year.

Recognizing the difficulty of funding a merit pay plan in FY11 to the extent possible in prior years, and yet understanding the importance of acknowledging the Series 50 personnel, Advisory believes that the 1% increase, included in the departmental budgets under Article 8, is

appropriate as it meets the guidelines provided by Advisory at the beginning of the budget process. In addition, Advisory concurs that the \$12,000 request in this motion is fair and reasonable. The total FY11 \$63,000 request for the Series 50 personnel increases is approximately half of the \$120,000 FY10 request and 40% percent of the \$150,000 FY09 request.

Advisory recommends favorable action, 14-0.

ARTICLE 6. To see if the Town will vote to amend the Town Bylaws regarding the Human Resources Board and the classification and salary plans, as follows:

(a) Amend Bylaw Article 30. HUMAN RESOURCES BOARD, Section 30.5. Review Work, regarding the review by the Human Resources Board of the work of positions subject to the Classification Plan.

(b) Amend Bylaw Article 31. CLASSIFICATION AND SALARY PLANS, Section 31.2. New or Changed Positions, relating to the allocation of positions to appropriate groups;

(c) Amend the Appendix to the Classification and Salary Plans established under Sections 31.1. Classification Plan and 31.6. Salary Plan respectively, which constitutes part of said Bylaws, relating to promotional increases for non-union employees and to the calculation of the service required for vacations with pay for non-union employees;

the current proposals of the Bylaw Amendments referenced above being on file in the office of the Human Resources Department (said proposals being subject to change before or at Town Meeting);

or take any other action relative thereto.

(Human Resources Board)

Over the past year, the Human Resources Board has reviewed the Salary Plan and Town Bylaws to identify areas of inconsistency where current practice differs from the stated requirement. Four such areas were identified and are the basis for the four motions under Article 6. Motion 1 proposes to amend Article 30.5 of the Town Bylaws to eliminate the requirement that the Human Resources Board review every position at least once every five years. Motion 2 proposes to amend Article 31.2 of the Town Bylaws to accurately reflect the Human Resources Boards authority to establish pay scales only for new job positions not covered by collective bargaining. Motion 3 requests to amend the Appendix to the Town's Classification and Salary Plan established under Article 31.6 of the Town By-laws that allows appointing authorities to offer up to a 15% increase to internal employees promoted in or to a Job Group 50 position as this authorization has evolved effectively to an automatic 15% increase. Motion 4 requests to add a new provision to the Appendix to the Town's Classification and Salary Plan established under Article 31.6 of the Town By-laws to allow employees to be given credit towards vacation for their previous part-time benefit-eligible service by converting that service to its full-time equivalent.

Motion 1

Proposed language:

30.5. Review Work. The Board shall, as necessary and appropriate and consistent with good human resources practices, review the work of all positions subject to the Classification Plan. Such reviews shall be so scheduled as to respond to requests by department heads or upon the

Board's initiative when it becomes aware of circumstances that indicate that a review is appropriate. As a result of such review, the Board may tentatively add a new position to the Classification Plan or reclassify an existing position to a different group subject to the subsequent ratification of its action by a formal amendment of the Classification Plan at the next annual or special Town Meeting.

The Human Resources Board believes that position descriptions should accurately reflect the responsibilities and requirements of jobs. This allows incumbents and applicants for positions when they become vacant to understand what is expected of them and to validate that the positions have been placed in the appropriate job group for compensation purposes. Standard management practice requires that jobs be thoroughly reviewed in response to relevant circumstances such as a change in job responsibilities, a reorganization in the department, a change in the external labor market or a review request from the department. Given that this review process involves department heads and their staffs, as well as the Human Resources Department staff, the Human Resources Board proposes to change from the arbitrary time-driven review cycle requirement to a more flexible and responsive standard, as is consistent with good human resources practices.

Advisory supports the proposed Bylaw amendment and agrees that the recommended changes appear reasonable and appropriate.

Advisory recommends favorable action, 14-0.

Motion 2

Proposed language:

31.2. New or Changed Positions. Whenever a new position is established that is not included in a collective bargaining unit, or the duties of an existing position not included in a collective bargaining unit are so changed that in effect a new position is created, upon presentation of substantiating data satisfactory to the Human Resources Board, the Board shall allocate such new or changed position to its appropriate group. The allocation of new or changed positions included in collective bargaining units shall be subject to negotiations as required by Chapter 150E of the Massachusetts General Laws.

The current provision does not distinguish between union and non-union positions and, as such, does not take into account the requirements of the collective bargaining laws, which require the Town to negotiate the pay levels for jobs in each bargaining unit. When a job description for a union position has been revised, the Town and union discuss whether the changes warrant any change in compensation. Similarly, when a new position in a bargaining unit is created, the pay level for that position is determined through the bargaining process. There is a long-standing practice of using the Hay method of point-factor analysis as a resource and reference point in this bargaining process, but the classification indicated by the job analysis is not binding on the union. In reality, the Human Resources Board's role in allocating new or changed positions to their appropriate groups is limited to positions not covered by collective bargaining. The language of the Bylaw as it is written is outdated and does not accurately reflect the required process.

Advisory supports the proposed Bylaw amendment and agrees that the changes clarify the Human Resource Board's role in establishing job descriptions and compensation for new or revised, union and non-union, positions.

Advisory recommends favorable action, 14-0.

Motion 3

Proposed language:

31.6, I – B, 4. Employees promoted in or to Job Group 50 and above may be granted an increase in salary on the recommendation of the Department Head and approval of the appropriate Board, Committee or Commission and the Human Resources Board, based on standing in the range, skills and experience, but shall receive at least the minimum, but not more than the midpoint, of the salary range for the position to which they are promoted.

It is the Town's practice to conduct competitive searches for positions in Job Group 50 and above. When a qualified *internal* candidate is selected, the salary offer should reflect the market rate for the position, as it would for an *external* candidate. As currently written, the Bylaw allows appointing authorities to offer up to a 15% increase to the selected internal candidate, which has evolved effectively to an automatic 15% increase. For any given promotional situation, a 15% increase may result in a salary that is too low, based on the market, or it may place the employee higher in the range than is appropriate for someone new to that position. The Human Resources Board considers that the midpoint of the range (market rate) is a more appropriate and meaningful upper limit in most situations.

In the Human Resources Board's view, the reference points for a promotional salary adjustment should be comparable to those of an initial salary offer. This requires consideration of the employee's overall work experience, demonstrated skills and abilities, the extent to which they exceed the minimum requirements of the position, and the employee's current salary level compared to the market rate for the new position.

The current Bylaw requires the approval of the Human Resources Board for initial external hiring salaries that exceed the minimum of the range. The Board believes that a similar approval process is appropriate for promotional increases as well. This individualized determination of a promotional increase will allow the parties to take into consideration how soon after promotion an employee will be eligible to receive a July 1 salary increase and adjust accordingly, thus eliminating the need for the interim six-month service increase provision.

Advisory supports the proposed Bylaw amendment and agrees that the recommended changes appear reasonable and appropriate. The Town's Board's and Committee's have not raised any concerns to the Human Resources Board regarding the proposed change.

Advisory recommends favorable action, 14-0.

Motion 4

Proposed language:

31.6, II – E, 5. Full-time employees who worked for the Town on a part-time, benefit-eligible basis immediately prior to entering into their full-time position shall be eligible to have their part-time benefit-eligible service included in the calculation of their vacation eligibility by converting such part-time service to its full-time equivalent.

The Human Resources Board is aware of situations in which employees have worked for the Town on a part-time, benefit-eligible basis for a long period of time before assuming a full-time position with the Town. As the Bylaw is currently written, such employees' part-time service, of whatever duration, is not recognized at all for vacation purposes when they begin working on a full-time basis. While this progression from part-time to full-time service may not have been commonplace when the Salary Plan was first devised, the Human Resources Board is aware that patterns of working have changed, particularly, although not exclusively, in terms of women in the workplace. The Board believes that it is fair and equitable to allow employees to be given

credit towards vacation for their previous part-time benefit-eligible service by converting that service to its full-time equivalent.

Advisory supports the proposed Bylaw amendment and agrees that the recommended changes appear reasonable and appropriate.

Advisory recommends favorable action, 14-0.

ARTICLE 7. To see what sums of money the Town will raise and appropriate, or otherwise provide, including transfer from available funds, or borrowing, to supplement or reduce appropriations previously approved by the 2009 Annual Town Meeting; or take any other action relative thereto.

(Board of Selectmen)

This Article requests two supplemental FY10 appropriations, one to the Zoning Board of Appeals for funds to pay several unpaid invoices dating back to FY07, and the other to the Board of Public Works for winter maintenance. The Article also requests approval of a transfer of funds within the Natural Resource Department's FY10 operating budget, from the expense to the personal services category.

Motion 1

Under the first Motion, the Board of Selectmen is seeking a supplemental appropriation of \$234.25 to cover the payment of two ZBA invoices that remain outstanding from FY07, and have recently "resurfaced." The Board of Selectmen expects to fund this payment from Free Cash certified as of June 30, 2009.

Passage requires a 4/5 vote.

Advisory recommends favorable action, 13 to 0.

Motion 2

Under the second Motion, the Board of Selectmen is seeking to transfer \$2,000 from the expense to the personal services category within the Natural Resource Department's FY10 operating budget, for payroll to complete the NRC's Open Space Plan. This reflects the recognition of a temporary hire as a temporary part-time Town employee, rather than an outside consultant as originally proposed in the FY10 budget. The project has been completed, and the individual is no longer on the Town's payroll.

Advisory recommends favorable action, 13 to 0.

Motion 3

Under the third Motion, the Board of Public Works (BPW) is requesting a supplemental appropriation of \$300,000 for winter maintenance. The winter maintenance budget includes the cost of equipment maintenance, sand and salt, personal services, and, potentially, some use of private contractors. When plowing occurs during regular working hours, the personnel cost is included in the regular DPW budget. However, when the work occurs outside of regular working hours, requiring the payment of overtime to DPW staff, or when outside personnel are required because of the size and scope of the effort, the cost is applied against the winter maintenance budget. The number of storms, the timing of these storms, and total snowfall all influence the costs of winter maintenance in a given year.

The Town's usual practice has been to set the annual budget appropriation for winter maintenance well below the average actual cost over the previous several years. Under Massachusetts General Law, provided the appropriation for the current fiscal year equals or exceeds that of the prior year, a town may spend for winter maintenance in excess of the available appropriation - provided also that such spending is approved by the Board of Selectmen and the Advisory Committee. The town may fund this higher spending through a supplemental appropriation from free cash in the current year, or roll the excess into the following year's tax rate. Wellesley typically selects the former route. Indeed, Wellesley's FY10 Winter Maintenance appropriation was \$348,703, the same as in FY09, and the Board of Public Works has secured the necessary approvals to spend up to \$300,000 in excess of this amount. The Board of Selectmen is now requesting Town Meeting approval of a Supplemental FY10 appropriation from Free Cash to cover this spending.

Advisory recommends favorable action, 13 to 0.

ARTICLE 8. To see what sums of money the Town will raise and appropriate, or otherwise provide, including transfer from available funds, or borrowing, for the following:

(a) for the operation of the several Town departments, including capital outlay, maturing debt and interest, and to provide for a Reserve Fund;

(b) for extraordinary maintenance, special capital projects and other capital outlay items for the several Town departments;

(c) for such purposes as may be voted contingent upon passage by the voters of referendum questions as authorized by the General Laws Chapter 59, Section 21c (m), as amended;

or take any other action relative thereto.

(Board of Selectmen)

ARTICLE 8, MOTION 1

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

<u>Funding Item</u>	Personal Services 01	Expenses 02	Total Operations
GENERAL GOVERNMENT			
To the Board of Selectmen for General Government; \$1,782,042 for 01-Personal Services and \$1,566,963 for 02-Expenses. And it is recommended that the sums be allocated as follows:			
Board of Selectmen - Administration			
122 Executive Director's Office	364,184	26,250	390,434
000 Sustainability Coordinator	19,000	0	19,000
199 Central Administrative Services	0	98,614	98,614
133 Finance Department	343,109	8,990	352,099
155 Network & Information Systems	441,879	207,373	649,252
145 Treasurer & Collector	249,074	121,725	370,799
197 Parking Fines Processing	45,742	55,400	101,142
195 Town Report	0	4,000	4,000
181 Human Relations Committee	0	0	0
Board of Selectmen - Human Services			
541 Council on Aging	154,026	73,125	227,151
183 Fair Housing Committee	0	200	200
543 Veterans' Services	54,836	20,350	75,186
542 Youth Commission	63,260	22,050	85,310
Board of Selectmen - Other Services			
180 Housing Development Corporation	0	3,500	3,500
182 Metro West Planning	0	0	0
691 Historical Commission	0	750	750
690 Historical District Commission	0	250	250
693 Memorial Day	0	0	0
692 Celebrations Committee	0	4,700	4,700
176 Zoning Board of Appeals	46,932	7,115	54,047
Board of Selectmen - Shared Services			
151 Law	0	272,360	272,360
945 Risk Management	0	312,000	312,000
458 Street Lighting	0	328,211	328,211
Subtotal - Board of Selectmen - General Government	1,782,042	1,566,963	3,349,005
Other General Government			
To the following Town boards and officials:			
192 Facilities Maintenance and Grounds - Town	779,020	211,919	990,939
3XX Facilities Maintenance and Grounds - School	1,917,959	342,380	2,260,339
161 Town Clerk/Election & Registration	248,908	45,650	294,558
141 Board of Assessors	238,845	72,932	311,777
175 Planning Board	208,767	42,273	251,040
135 Audit Committee	0	56,250	56,250
185 Permanent Building Committee	9,546	5,900	15,446
152 Human Resources Board	262,608	20,175	282,783
131 Advisory Committee	8,681	13,800	22,481
132 Advisory Committee - Reserve Fund	0	175,000	175,000
125 Green Ribbon Committee	0	6,000	6,000
Subtotal - Other General Government	3,674,334	992,279	4,666,613
GENERAL GOVERNMENT TOTAL	5,456,376	2,559,242	8,015,618

<u>Funding Item</u>	Personal Services 01	Expenses 02	Total Operations
<u>PUBLIC SAFETY - BOARD OF SELECTMEN</u>			
To the Board of Selectmen for Public Safety, \$9,170,643 for 01-Personal Services and \$1,138,837 for 02-Expenses. And it is recommended that the sums be allocated as follows:			
210 Police Department	4,519,570	692,386	5,211,956
299 Special School Police	96,644	2,772	99,416
220 Fire Department	4,165,250	336,029	4,501,279
241 Building Department	376,129	24,850	400,979
230 Emergency Medical Services	0	80,000	80,000
244 Sealer of Weights & Measures	13,050	2,800	15,850
PUBLIC SAFETY TOTAL - BOARD OF SELECTMEN	9,170,643	1,138,837	10,309,480
<u>PUBLIC WORKS</u>			
To the Board of Public Works, \$3,740,693 for 01-Personal Services and \$2,437,895 for 02-Expenses. And it is recommended that the sums be allocated as follows:			
410 Engineering	479,325	79,788	559,113
420 Highway	948,026	440,772	1,388,798
454 Fleet Maintenance	127,100	56,462	183,562
430 Park	998,318	267,537	1,265,855
440 Recycling & Disposal	855,079	1,191,720	2,046,799
450 Management	332,845	52,913	385,758
456 Winter Maintenance	0	348,703	348,703
PUBLIC WORKS TOTAL	3,740,693	2,437,895	6,178,588

Provided that the cash on hand in the RDF Baler and Compactors Major Repairs and Replacement Fund on June 30, 2010 be appropriated to the Board of Public Works for major repairs and replacement of the baler and the trash compactors and their attachments at the Recycling and Disposal Facility (major repair being defined as repairs or scheduled maintenance costing more than \$5,000); and that expenditures from this fund may be made by the Board of Public Works for major repairs, but expenditures for equipment replacement shall be subject to Town Meeting Appropriation.

WELLESLEY FREE LIBRARY

To the Trustees of the Wellesley Free Library:

610 Library Trustees	1,525,661	562,212	2,087,873
620 Regional Services (Non-Tax Impact)	143,523	69,536	213,059
LIBRARY TOTAL	1,669,184	631,748	2,300,932

RECREATION

To the Recreation Commission:

630 Recreation Commission	267,254	61,166	328,420
RECREATION TOTAL	267,254	61,166	328,420

HEALTH

To the Board of Health:

510 Board of Health	332,520	89,610	422,130
523 Mental Health Services	0	210,399	210,399
HEALTH TOTAL	332,520	300,009	632,529

<u>Funding Item</u>	Personal Services 01	Expenses 02	Total Operations
<u>NATURAL RESOURCES</u>			
To the Natural Resources Commission:			
171 Natural Resources Commission	177,561	18,450	196,011
172 Morses Pond	0	160,370	160,370
NATURAL RESOURCES TOTAL	177,561	178,820	356,381
<u>FIRE ALARMS/TRAFFIC SIGNALS</u>			
To the Board of Selectmen:			
492 Fire & Traffic Signal Systems	57,497	54,640	112,137
TAX IMPACT TOTAL	57,497	54,640	112,137
NON-SCHOOL TOTAL	20,871,728	7,362,357	28,234,085
<u>WELLESLEY PUBLIC SCHOOLS</u>			
To the School Committee, \$55,031,413 in the aggregate for 01-Personal Services and 02-Expenses. And it is recommended that the sum be allocated as follows:			
320 Instruction	40,151,513	1,398,275	41,549,788
330 Administration	852,893	161,925	1,014,818
340 Operations	593,819	1,887,576	2,481,395
360 Special Tuition/Transportation/Inclusion	5,133,608	4,851,804	9,985,412
SCHOOL TOTAL	46,731,833	8,299,580	55,031,413
<u>EMPLOYEE BENEFITS</u>			
To the following Town boards and officials for the purposes indicated:			
914 Board of Selectmen - Group Insurance	0	13,633,918	13,633,918
919 Board of Selectmen - Other Post Empl. Benefits Liability Fund	0	3,000,000	3,000,000
910 Board of Selectmen - Retirement Contribution	0	1,732,000	1,732,000
912 Board of Selectmen - Workers' Compensation	0	225,363	225,363
913 Board of Selectmen - Unemployment Compensation	0	100,000	100,000
950 Board of Selectmen - Compensated Absences	0	90,000	90,000
911 Contributory Retirement Board - Non-Contributory Pensions	0	30,218	30,218
EMPLOYEE BENEFITS TOTAL	0	18,811,499	18,811,499
And further, that the balance on hand in the Workers' Compensation fund on June 30, 2010 and any interest earnings of the program, are appropriated for expenses related to the Workers' Compensation Program of the Town for Fiscal Year 2011.			
ALL PERSONAL SERVICES & EXPENSES	67,603,561	34,473,436	102,076,997

Funding Item	Personal Services 01	Expenses 02	Total Operations
<u>CAPITAL & DEBT</u>			
To the following Town boards and officials for the purposes indicated:			
<i>Departmental Cash Capital</i>			
400 Board of Public Works - Capital	0	1,300,000	1,300,000
300 School Committee - Capital	0	569,714	569,714
300 School Committee - Facilities Capital	0	243,747	243,747
122 Board of Selectmen - Capital	0	253,499	253,499
192 Facilities Maintenance	0	255,850	255,850
192 Facilities Maintenance - Replenish reserve	0	35,000	35,000
610 Library Trustees - Capital	0	34,215	34,215
171 Natural Resources Commission - Capital	0	50,500	50,500
172 Morses Pond - Capital	0	50,500	50,500
Subtotal - Cash Capital	0	2,793,025	2,793,025
To the Town Treasurer and Collector for:			
700 Current Inside Levy Debt Service - Issued	0	3,491,273	3,491,273
700 New Debt Service - Inside Levy	0	100,000	100,000
700 Current Outside Levy Debt Service - Issued	0	7,050,847	7,050,847
700 New Outside Levy Debt Service - Unissued	0	3,178,000	3,178,000
Subtotal - Maturing Debt & Interest	0	13,820,120	13,820,120
CAPITAL & DEBT TOTAL	0	16,613,145	16,613,145
<u>RECEIPTS RESERVED FOR APPROPRIATION</u>			
To the Board of Selectmen, to be taken from the Parking Meter Receipts Account:			
293 Traffic & Parking Operations	159,186	361,200	520,386
RECEIPTS RESERVED TOTAL	159,186	361,200	520,386
TOTAL APPROPRIATIONS - ARTICLE 8, MOTION 1			\$ 119,210,528

And to help meet said appropriations, transfer the sum of \$125,000 from the Police detail account, \$209,500 from the school lunch fund.

OVERVIEW OF BUDGET

The total FY11 budget request for operations, cash capital, and debt service within the levy limit is \$108,473,295, which is \$2,872,365, or 2.7%, over the FY10 request. The components of the increase are as follows:

	<u>Change from FY10 to FY11</u>	
Departmental Budgets - Personal Services & Expenses	\$2,169,353	+2.7%
Employee Benefits	952,321	+5.3%
Cash Capital	(194,385)	-6.5%
Debt Service within Prop 2½ Levy Limit	<u>(48,037)</u>	-1.3%
	\$2,879,252	2.7%

The FY11 budget incorporates modest growth in most departmental budgets, some reductions in Cash Capital costs and in Debt Service within the Prop 2½ levy limit, and lower-than-expected (but still significant) growth in Employee Benefits costs. The Employee Benefits request reflects relatively favorable news on Group Health Insurance costs, most welcome in the face of the proposed increased contribution to the Wellesley Contributory Retirement System. The Schools' operating budget continues to grow much more rapidly than most non-School departmental budgets. On the revenue side, the news from the Commonwealth on Local Aid appears to be very positive, although it is important to understand that what has really changed from FY10 has much more to do with the type of funds provided (there has been a shift from "off-the-books" grants to the Schools, such as stimulus funds, to "on-the-books" Ch. 70 funds to the Town), rather than the actual dollar amount. More is written on this below. Nonetheless, it is true is that for much of the Town's "budget preparation season," the outlook for Local Aid swung variously from (what might be best described as) "challenging" to "draconian," to eventually "not so bad." At the same time, local revenues remain on the soft side and are conservatively projected to decline 1.9% in FY11. The FY11 budget is in balance, and as a result there is no need to seek Annual Town Meeting (TM) approval either to ask the voters for an increase in taxes through an operating override, or for an appropriation from Free Cash reserves (other than for special items, such as the repair of the Fire Station #1 floor) to meet an operations budget deficit.

THE BUDGET PROCESS

The annual budget process started with the presentation of the Town-Wide Financial Plan (TWFP) to the ATM in the spring of 2009. In light of the very grim outlook at the time, during the following months the major departments continued to meet as a Budget Working Group to consider various options for drastic budget action. Subsequently, in late September, the Advisory Committee recommended budget guidelines that, while cognizant of the easing crisis in the financial markets, sought to recognize the very difficult fiscal situation faced by the Commonwealth and the Town with the continuing pressures on the state and national economies. These guidelines reflected a projected modest decrease in State Aid (from cuts to Quinn Bill funding, among others), as well as the severe cuts announced by Governor Patrick, quite late in FY09, to the Circuit Breaker Reimbursement (CBR) formula for FY10. (Through the CBR formula, the State provides partial reimbursement to school districts for some special education costs). Although these latter cuts were expected to be (and indeed have been) fully offset by State and Federal stimulus funds in FY10, there were no guarantees that the same would hold true in FY11, placing the School Department in a potentially untenable position. As a result, Advisory split the School budget into "general education" (or "non-ST&T") and Special Tuition & Transportation (or "ST&T") components and issued separate FY11 budget guidelines for each, providing special consideration on the ST&T side. At the same time, the Advisory

guideline for the School Department's non-ST&T FY11 operating budget, as well as the guidelines for other Town department operating budgets and the aggregate cash capital budgets, were set at a 1% rate of increase from FY10 (discussed further below).

Most Town Departments submitted operating and cash capital budgets that met the Advisory guidelines. Advisory understands the challenges that Town Departments faced in achieving these targets, as union contracts settled in FY08 and FY09 typically imposed salary increases between 2.5% and 3.0% in FY10 and FY11 (and in some cases, significantly more) on top of the traditional step and lane increases enjoyed by some, but not all, employees. The Human Resources Board's guidelines for FY11 salary increases for non-union employees, 2% for Series 40 and 1% for Series 50 employees, were endorsed by Advisory, and clearly helped the budgeting process for FY11.

There are two important exceptions to the above statement about "meeting guidelines:" the School Department and Facilities Maintenance. In early January, the School Committee approved a FY11 operating budget request reflecting an increase of 5.1% over FY10, well above the Advisory guideline. After extensive discussion, and amid concern about the potential for significant cuts in teaching and other staff and the academic program across all grade levels, a compromise between the Board of Selectmen, the School Committee, and Advisory was reached in early February. The effective Advisory guideline for the Schools operating budget was increased, and the School Committee was asked to reduce its budget request to meet the new guideline. After further discussions, an additional concession to the Schools operating budget was agreed to: the Schools would make significant cuts in its cash capital budget in exchange for an additional increase in its operating budget guideline. The net result of all of this was that the guideline to the Schools operating budget was increased by around \$845,000. The School Committee then voted a 3.3% budget increase on February 23. Facilities Maintenance, while much smaller in size than the Schools, submitted operating and cash capital budgets well over guideline. The Town has committed in recent years to increase funding for the ongoing care and maintenance of Town and School buildings, and the Facilities Maintenance budgets need to be considered in this context. Both the Schools and Facilities Maintenance budgets are discussed in more detail in the following pages.

A significant shortfall between Sources and Uses remained in the budget, but a reversal of the most pessimistic assumptions regarding State Aid, favorable revisions to the Employee Benefits costs (health insurance), and agreed-to reductions in cash capital requests from several Town departments helped to further reduce the gap. As of March, the budget deficit has been eliminated, following receipt of further good news on the State Aid front. It deserves noting that the decision by the 2009 Special Town Meeting to support the Local Option Meals Tax has been an important contributor, providing \$350,000 in projected annual revenue to the Town.

The table below compares the FY11 assumptions used in the March 2009 TWFP, the budget guidelines issued by the Advisory Committee in September 2009, and the proposed budget as of March 2010. The numbers shown are the percent increase over either the FY10 budget request (for TWFP) or FY10 appropriation (tax rate); several of the trends noted above are readily observable. The numbers shown for State Aid below, and throughout this discussion, differ in one important way from the TWFP included in this Report. The March 2010 TWFP includes on the "From the Commonwealth" line in the FY10 Sources of Funds several items, including Chapter 70, lottery, school construction, and other, more minor, state funds, *plus* the total of state and federal stimulus funds granted to the School Department for FY10. Advisory has not included stimulus funds in the Local Aid number for FY10. Therefore, the "base" that Advisory has used for calculating the FY11 State Aid increase in the table below is lower, giving the appearance of a significant increase in State Aid. Advisory recognizes that while there will

be a large increase in State Ch. 70 funds in FY11, total funding for the Town from state and federal funds (including stimulus grants) is not expected to show any increase in FY11 over FY10.

	Town-Wide Financial Plan March 2009	Projections at time of Advisory FY11 Guidelines September 2009	Proposed FY11 Budget March 2010
Budgeting Assumptions:			
Tax increase (within levy limits)	4.0%	4.0%	4.0%
State Aid	0.0%	-2.9%	9.4%
Local Revenue (incl. LOMT)*	5.0%	5.5%	-1.9%
Employee Benefits increase	13.8%	12.8%	5.3%
Cash Capital expenditures	0.0%	1.0%	-6.3%
School Department increase	2.0%	2.25%	3.3%
Other Town Departments increase	0.0%	1.0%	1.5%

*Estimated receipts from the Local Option Meals Tax (LOMT) were included in the State Aid line in last year's TWFP, but have been moved to the Local Revenue line, consistent with more recent presentations.

More detailed information on the Departmental operating budget requests is shown below, and is discussed in the sections that follow. The numbers below include the costs associated with the settlement of new contracts with the bargaining units representing police patrolmen and superior officers, and firefighters. These contracts are discussed in more detail in Article 5.

Departmental Operating Budgets	FY10 Appropriated Budget	FY11 Proposed Budget	% Change
Wellesley Public Schools	53,283,503	55,031,413	3.3%
Public Safety – Police, Fire, EMS	10,225,032	10,309,480	0.8%
Department of Public Works	6,119,237	6,178,588	1.0%
Facilities Maintenance & Grounds	3,085,428	3,251,278	5.4%
General Government – Selectmen	3,303,982	3,349,005	1.4%
Wellesley Free Library	2,280,224	2,300,932	0.9%
Clerk, Assessors, Planning, NRC, HR, Advisory	1,395,257	1,415,335	1.4%
Recreation, Health, Natural Resources, other	1,403,482	1,429,467	2.4%
Sub Total – All Other Departments	27,812,642	28,234,085	1.5%
Total Departmental Operating Budgets	81,096,145	83,265,498	2.7%

- Certain Boards, including DPW and Library, have some expenses that are either non-tax impact or are directly offset by revenue. The School Committee applied State and Federal stimulus funds to offset some operating budget expenses.

CONCLUSION AND RECOMMENDATION

The Town enjoyed a respite from soaring Employee Benefit costs in FY10, the result of the Town's shift to the Rate Saver health insurance program. The FY11 Employee Benefit numbers are now far below earlier projections, due to a lower-than-expected health insurance premium increase and a substantial offset from accumulated reserves. But there is every reason to believe that from FY11 onward, Employee Benefit costs are likely to accelerate once again. This is the result of several factors, including the likelihood of significant future increases in health

insurance premiums and the need for even larger contributions to the Wellesley Contributory Retirement System (WCRS). While the increase in Employee Benefits costs for FY11 is budgeted at just 5.3%, a number closer to 10.7% is likely in FY12, as shown in the Town-Wide Financial Plan included in this Advisory Report. This incorporates an assumption of a 7.0% increase in health insurance premiums in FY12, and a \$3 million contribution to the WCRS. The Town needs to be prepared for even sharper increases in the years beyond. The consequences will be a challenge for all: continuing constraint on the growth of operating budgets for Town departments for the next 3-5 years, and perhaps substantial tax hikes via operating, or other specially-legislated, overrides, or both. Town departments will be negotiating new contracts with many of the bargaining units during the upcoming year, and the results of these negotiations will impact budgets for several years. It goes without saying that restraint in the magnitude of these settlements is critical to the Town's fiscal balance going forward.

Given these challenges, a further shift toward borrowings to fund special projects proposed by Town departments is likely. Borrowing authorized within the levy limit of Prop. 2½, and the debt service within the levy is projected to continue to decline, but the Selectmen have proposed that a significant portion of this growing "surplus" should be devoted to the Town's facilities maintenance needs. Advisory is generally supportive of this plan, while recognizing that each year a decision does need to be made based on the merits of competing spending proposals. Debt service outside of the levy limit ("excluded debt") is once again projected to increase sharply, by \$3.029 million, or 42.1%, after growing \$1,334,000, or 23%, in FY10. Bonding of the new High School construction project, which has now entered the substantive construction phase, is an important part of this. There are, however, several other capital projects which will be brought before Town Meeting in the next 12 months, including the Senior Center, the Middle School, and the DPW Administration building. While the substantial increase in debt service on excluded debt will not directly impact the deficit because it will be funded principally from taxes specifically approved for this purpose by debt exclusion votes, it will impact property tax bills.

Notwithstanding the above, Town departments are generally to be congratulated on having done the difficult job of trying to meet the generally austere Advisory budget guidelines. Advisory supports the proposed budget for departmental operations, employee benefits, cash capital, and debt service.

Advisory recommends favorable action, 14 to 0.

GENERAL GOVERNMENT

General Government includes those Departments and Boards under the supervision of the Board of Selectmen (BOS). Note that photocopying and some telephone expenses have been moved from the department budgets to the Central Administration Services budget, making year-over-year comparisons lower than they would otherwise be. For most departments, the numbers are quite small.

	FY09 Actual	FY10 Approp.	FY11 Request	FY10-11 Change
Administration				
Executive Director's Office	364,616	386,569	409,434	5.9%
Financial Services	342,422	348,612	352,099	1.0%
Network and Information Systems	638,432	642,853	649,252	1.0%
Treasurer & Collector	361,611	367,513	370,799	0.9%
Parking Fines Processing	105,189	105,525	101,142	-4.2%
Central Administrative Services, and other	23,795	88,495	102,614	16.0%
Human Services				
Council on Aging	213,221	216,152	227,151	5.1%
Veterans' Services & Benefits	60,988	75,186	75,186	0.0%
Youth Commission	82,509	84,481	85,310	1.0%
Other Services & Committees				
Zoning Board of Appeals	53,689	54,933	54,047	-1.6%
Other Committees, Commissions, Services	16,293	13,593	9,200	-32.3%
Shared Services				
Law	267,000	269,670	272,360	1.0%
Risk Management	339,000	322,000	312,000	-3.1%
Street Lighting	0	328,000	328,211	0.0%
General Government – Board of Selectmen	2,870,265	3,303,982	3,349,085	1.4%

Executive Director's Office

This budget funds the work of the Office of the Executive Director of General Government Services. The Executive Director serves as the senior executive for the Board of Selectmen. The Board of Selectmen has authority to appoint department heads to various Town offices, to issue permits and licenses and to administer and coordinate many Town-wide matters. The Executive Director also shares a joint management role with an appointee of the School Superintendent for Town-wide facilities maintenance.

The increase in the FY11 Executive Director's budget is 5.9%. However, this includes \$19,000, or 50% of the salary, for a new part-time, non-benefited Sustainability Coordinator position requested within the context of Article 33. The \$19,000 balance of the salary will be paid within the MLP's non-tax impact budget. Excluding this position, the FY11 Executive Director's budget increase is 1.0%. An increase in the personal services cost reflects a modest adjustment to the amount of the Deputy Director's salary charged-out to the Facilities Maintenance Department, offset by reductions in the expense line.

Financial Services

Financial Services administers the town-wide financial reporting and general ledger system, accounts payable, payroll and the annual budget. Financial Services also issues financial statements, completes various State and Federal reporting requirements and manages the Town's integrated financial software package (MUNIS). This department was reorganized as a

separate department from the Executive Director's Office in FY06, and the budget was separated out starting in FY09.

Network and Information Systems

The Network and Information Systems (NIS) Department provides network and computer support to all Town departments. It processes all billings and payrolls throughout the year and maintains all data backups. The Town's network consists of 19 servers connected via Town owned fiber optic cable to 23 buildings. The NIS department supports various computer applications including the Town's Integrated Financial Package (MUNIS), and Geographic Information Systems (GIS). In addition, the NIS staff supports all personnel computers hardware and software needs including printers and peripherals.

The FY11 budget is at guideline. The budget numbers shown are the tax-impact costs, net of reimbursement by the enterprise funds (water, sewer, and Municipal Light Plant) for work performed on their behalf of approximately \$163,500 for Personal Services and \$87,300 for Expenses.

Treasurer and Collector

The office of the Treasurer and Collector is responsible for town-wide cash management activities, including for the employee group benefit programs (except retirement). The office also is responsible for debt management and for assisting in the administration of other town-wide functions, such as the self-insured Workers' Compensation Program.

Parking Fines Processing

The Parking Clerk administers and processes citations to motorists and conducts hearings for appeals from motorists who challenge the validity of a ticket. Receipts from parking fines are deposited in the Town's General Fund.

Central Administrative Services and Other

This budget includes the cost for maintaining copiers and providing the telephone system at Town Hall, as well as for the production of the Annual Town Report. The budget for FY11 has increased significantly as telephone and copy system expenses for many Town Departments have been consolidated into this single departmental category.

Council on Aging

The Council on Aging provides information and referrals to seniors needing help with housing, transportation, medical services, benefit programs, home care services, long-term care, and other related issues. Services offered by the Council include outreach, assessment, newsletters, volunteer opportunities, a subsidized transportation program, and a variety of social, educational and recreational activities. The Council's expense budget is higher for FY11 as a result of a significant increase in rental rates at the Wellesley Community Center.

Veterans' Services

The Veterans' Services Department provides financial assistance to veterans and their dependents who meet the eligibility requirements of Federal and State programs. At \$75,186, the FY11 budget is level funded vis-à-vis FY10; 75% of this cost is reimbursed by the State and is returned to the Town's General Fund. An important initiative during FY10 has been the efforts by the Executive Director's Office to establish a Regional Veterans District with several other Towns, including Dover, Needham, and Weston. While the FY11 budget request is based on the costs of the current stand-alone department structure, it is envisioned that significant savings to the budget may be realized when the District begins functioning. A new part-time position is requested, to provide District administrative support.

Youth Commission

Wellesley's Youth Commission provides services and programs to support a broad spectrum of the Town's middle school and high school age youth.

Zoning Board of Appeals

The Zoning Board of Appeals (ZBA) hears and decides appeals and petitions for variances, Special Permits, Findings, Site Plan Approvals and Comprehensive Permits pursuant to the provisions of and in compliance with the Zoning Bylaw of the Town and the Zoning Act (MGL Chapter 40A and 40B). The ZBA provides the public with information and responses to zoning questions and with assistance in the petitioning process.

Other Committees, Commissions, and Services

This is the combined expense to support the Fair Housing Committee, Wellesley Housing Development Corporation, Historical Commission, Historical District Commission, and Celebrations Committee. The Memorial Day Service line has been transferred to Veterans Services.

Law

This budget funds legal services for Town boards and departments. It provides for Town Counsel and other outside counsel. It also includes recording fees, transcripts fees, copying charges and expert witness fees. The budget does not include funding for services related to activities of the Enterprise Funds, which pay for their own legal services. The FY11 budget is 1.0% over FY10.

Risk Management

This budget provides for the premium costs for general liability, automobile, property insurance, and public official liability insurance for all Town operations, as well as funds for occupational health services. Injured-on-Duty Insurance coverage for Police and Fire Department officers is also included. While comprehensive liability insurance premiums have risen for the Town, an increase in reimbursement from the Enterprise Funds has more than offset this, and the tax-impact budget has declined by 3% in aggregate.

Street Lighting

Beginning in FY11, street lighting expense has been moved from the Department of Public Works budget to the Shared Services within the General Government Services budget. The Selectmen and MLP continue to move forward with a program for retrofitting street lights to reduce energy consumption.

OTHER GENERAL GOVERNMENT

Other General Government includes those boards, committees or officials that are either elected, have shared reporting to the Selectmen and another board or committee, or are appointed by the Town Moderator.

	FY09 Actual	FY10 Approp.	FY11 Request	FY10-11 Change
Facilities Maintenance and Grounds	2,865,921	3,085,428	3,251,278	5.4%
Town Clerk	300,020	261,053	294,558	12.8%
Board of Assessors	316,473	314,850	311,777	-1.0%
Planning Board	248,283	247,255	251,040	1.5%
Audit Committee	56,250	56,250	56,250	0.0%
Permanent Building Committee	15,219	16,951	15,446	-8.9%
Human Resources Board	274,731	281,198	282,783	0.6%
Advisory Committee	50,202	36,700	22,481	-38.7%
Advisory Committee – Reserve Fund	175,000	175,000	175,000	0.0%
Green Ribbon Committee	1,500	6,000	6,000	0.0%
Sub Total	<u>1,437,678</u>	<u>1,414,144</u>	<u>1,427,335</u>	1.0%
Other General Government	<u>4,303,599</u>	<u>4,499,572</u>	<u>4,678,613</u>	4.0%

Facilities Maintenance and Grounds

The Facilities Maintenance and Grounds Department is responsible for the maintenance and upkeep of all Town buildings, except buildings managed by the Department of Public Works and the Municipal Light Plant. These buildings include: Town Hall, the Police Station, the two Fire Stations, the main Library and the two branch libraries, Recreation/Health (Warren) Building, High School, Middle School, the seven elementary schools, the pre-school, and the Sprague “Field House” – approximately 800,000 square feet of School buildings and 300,000 of other Town buildings. Facilities Maintenance is a relatively new department, created in FY09 to consolidate the building and grounds maintenance functions into one department under the management of a Director of Facilities Maintenance and the joint direction of the Board of Selectmen and the School Committee. The current Director has been in place since August, 2008. The budget includes the personal services of 3.5 FTE administrative personnel and the existing staff of approximately 42 FTE custodial and 6 FTE maintenance personnel. Some of the custodial staff are non-union employees working primarily on non-School buildings, and many are unionized staff working on School buildings. Departmental expenses include building and custodial supplies and materials and service contracts, and exclude utilities expense, except for Town Hall. While progress is being made to present a consolidated budget with a carefully prioritized, flexible allocation of custodial and maintenance resources across all Town buildings, the department is not there yet.

The FY11 budget request continues the “ramping up” of spending on facilities maintenance operations within the Town. The FY11 budget request is \$165,850 or 5.4%, over the budget for FY10, primarily due to a further increase in personal services. The FY10 budget added management resources (approximately half of a Deputy Director’s salary) and maintenance and repair staff (a full-time electrician and full-time carpenter, along with two seasonal painters). The FY11 budget request includes another new position, a Procurement Specialist, and adds 0.2 FTE custodial staff, dedicated to the Library. There is a modest downward adjustment in the amount of the Deputy Director’s time that is allocated to Facilities, and a corresponding increase in the allocation to the Executive Director’s office. The new Procurement Specialist is expected to focus on purchasing activities, and especially procurement bidding and contracting – which is currently absorbing far more of the Director’s time than is appropriate or desirable.

Departmental expenses have increased with higher pricing on service contracts for elevators and HVAC, while the provision of hand-sanitizer materials to public buildings is a significant cost factor.

The BOS, the School Committee, and Facilities Maintenance staff have been working over the course of the year to assess an appropriate, long-term level of maintenance (operating and capital) spending for the Town and to develop a strategy for identifying funding sources. The “run off” in inside-the-levy debt service spending as the current outstanding principal declines and the interest expense falls is one possible source of such funding.

Town Clerk

The Town Clerk’s office conducts all Federal, State and local elections in Town and maintains an accurate voting list. The office maintains vital records (e.g., births, deaths, marriages), the Town’s Bylaws and other Town records required under the laws of the Commonwealth, and issues various licenses, certifications, permits and reports.

During an election, the Town Clerk’s office engages approximately 75 per diem tellers and other voting place personnel. Pay for all temporary workers varies from year to year depending on the number of regularly scheduled elections. The large FY11 budget increase is primarily the result of an active election cycle, with congressional elections on the calendar for November. The budget does not include funds for unscheduled elections, such as for overrides or debt exclusions that are normally funded by a request from the Reserve Fund. (The FY10 budget did not include funds for the special election for the US Senate seat held earlier this year; the cost for this election will be covered by the State.)

The Town Clerk’s office generates approximately \$100,000 per year in revenue from fees for processing items such as dog licenses, vital records certificates and passport applications. This revenue is reported as Local Revenue in the General Fund.

Board of Assessors

The Board of Assessors is part of Town government, but is regulated by the Massachusetts Department of Revenue. The Board is required to: make annually a fair valuation of all taxable property, both real and personal; establish and maintain an accurate database of specific property characteristics and valuations for internal and public use; assess and apportion Town taxes and certain state and county taxes; prepare, process and issue motor vehicle excise tax bills; and act upon applications for tax abatements and exemptions, including appearing before the State Appellate Tax Board.

Planning Board

The Planning Board controls subdivision development, studies the resources, possibilities and needs of the Town in order to prepare a comprehensive plan in accordance with Massachusetts General Laws, recommends changes in the Town Zoning Bylaw, appoints members of the Design Review Board and considers applications for Projects of Significant Impact (PSI), among numerous other responsibilities.

The Planning Board’s major projects for FY11 include continued work on the re-codification of the existing Zoning Bylaws, continued implementation and refinement of Large House Review, the St. James Alternative Land Use Study, and the completion of all review and permitting for the 27 Washington Street project. The 1.5% increase in the FY11 budget reflects the transfer of the Metrowest Growth Management dues to Planning from the Board of Selectmen and a small increase for consultant services.

Audit Committee

The Audit Committee is responsible for the annual examination of the Town's consolidated financial statements in accordance with generally accepted auditing standards in the United States. The projected \$93,000 annual audit fee is unchanged from FY10; the \$36,750 of this expense allocated to the Enterprise Funds is also unchanged from FY10.

Permanent Building Committee

The Permanent Building Committee (PBC) oversees all construction projects for which the Town issues bonded debt. Excluded from the charge of the PBC are maintenance of Town-owned property, road and civil projects of the Department of Public Works, building, substation, and service equipment projects of the Municipal Light Plant, and projects for the Housing Authority. The PBC does not initiate projects, but provides management and control services to Town boards pursuing construction projects. The budget funds support services to the PBC itself. The cost of services provided by the architects and engineering firms engaged by the PBC to execute projects, as well as costs of the Project Administrator, are included in the relevant project budgets.

The PBC's current priorities include closing out the Middle School renovation project and the MLP and DPW garages. The PBC will continue to coordinate the final stages of the elementary schools' infrastructure capital project, and the construction of the new High School, which is now well underway and scheduled for completion in mid-2012 (in time for occupancy at the beginning of the 2012-13 school year). The existing High School is scheduled for demolition by June 2013. The PBC also anticipates working with the MLP and DPW on their proposed new administration buildings, with the School Building Committee on modular classrooms for Wellesley Middle School, and with the Selectmen on the proposed Senior Center, if these projects receive Town Meeting and voter approval.

Human Resources Board

The Human Resources Board serves all Town employees, except School personnel, in the areas of recruitment, administration of classification and salary plans, administration of union contracts, oversight of personnel policies and procedures, training, affirmative action, employee performance evaluations, and compliance with applicable laws pertaining to employment. In addition, the Board administers the insurance benefit plans for all Town employees including School personnel and retirees.

Advisory Committee

The Advisory Committee consists of 15 residents appointed by the Moderator for three-year terms. Its statutory responsibilities include considering, reporting and making recommendations to the Town Meeting members on all Town Meeting articles. The Advisory Committee's responsibilities also include making recommendations to Town Boards and Committees regarding balancing the Town budget and acting on all requests for transfers from the Reserve Fund. The budget funds the production and distribution of the Committee's Reports and a 0.2 FTE Administrative Assistant. The decrease in Advisory's FY11 budget from FY10 is due to a reduction in the estimated number of copies of the full Advisory Report that will be requested by residents who are not Town Meeting Members. The estimated cost for the Advisory Chair's "Letter" that is required to be sent to all Town residents in place of the full Report is included in the budget.

Advisory Committee - Reserve Fund

The Reserve Fund provides funding during a fiscal year for expenses that are extraordinary or unforeseen at the time Annual Town Meeting appropriates the budget for that year. This reduces the need to defer critical expenses and/or to call Special Town Meetings to deal with

events with limited expense impact. Transfers from the Reserve Fund are made under motions passed by one of the Town boards and approved by the Advisory Committee.

PUBLIC SAFETY – BOARD OF SELECTMEN

	FY09 Actual	FY10 Approp.	FY11 Request	FY10-11 Change
Police Department	4,787,416	5,127,435	5,211,956	1.7%
Special School Police	68,222	98,469	99,416	1.0%
Fire Department	4,134,477	4,456,712	4,501,279	1.0%
Building Department	319,964	397,285	400,979	0.9%
Emergency Medical Services	119,000	126,890	80,000	-37.0%
Sealer of Weights and Measures	8,496	18,241	15,850	-13.1%
	9,437,575	10,225,032	10,309,480	0.8%

Police Department

The FY11 budget for the Police Department funds positions for a total of 43 sworn personnel, including the Chief, Deputy Chief, three Lieutenants, six Sergeants and 32 Police Officers. The budget also funds 10 civilian dispatchers (down from 11 in prior years, with one unfilled position eliminated), an animal control officer, and three secretaries (one funded from revenue).

The FY11 budget request represents a net increase of \$84,521, or 1.7%, over the FY10 budget, with an increase of \$100,417 for personal services offset in part by a reduction of \$15,896 for expenses. As just noted, one position was eliminated from the budget—the 11th position on the dispatchers staff—in order to bring the overall budget closer to guideline. This helps offset the contract settlements concluded with the Superior Officers and Patrolmen during FY09, which provided salary increases of between 3% and 4% respectively for FY11, and also significant increases in certain other categories of compensation such as the Night Shift Differential, Holiday Pay, etc. New contracts have been negotiated and ratified, and these will go into effect in FY12, as discussed in greater detail in Article 5 of this Report. There are multiple elements to the new contracts; some of these will take effect during FY11, including the withdrawal of the Police Department from Civil Service (see Article 29), and the introduction of a new fixed-dollar education incentive program for department members (see Article 5). In addition, the Town will bear 100% of the cost of the so-called “Quinn Bill” payments in FY11. Salary increases under the new contract will be 0% for FY12 and 1% for FY13. It is Advisory’s hope that with the removal of the force from Civil Service, the Town will enjoy greater success in hiring and retaining officers, paving the way for a significant decline in police overtime expenses in the future.

The \$692,386 expense budget for FY11 is down by 2.2% from FY10. This budget covers vehicle replacement and vehicle maintenance and gasoline, which account for approximately 43% (almost \$300,000) of the total. Expenses related to the Police Station, including utilities, telephone, office supplies, and departmental equipment, and other personnel-related expenses, such as tuition reimbursement, training, professional memberships, and uniforms, account for the balance of this budget.

The Police Department anticipates generating approximately \$265,500 in revenue from fines and permit fees in FY11, but, as noted above, is no longer receiving State reimbursement (under the Quinn Bill) for education incentive costs.

Special School Police

The school crossing guards provide safe passage for school children at busy intersections and thoroughfares. The FY11 budget of \$99,416 provides funds for 17 school crossing guards and one substitute guard, all of which are part-time positions and can be difficult to fill. Currently several positions remain open; police officers are assigned to cover unfilled posts.

Fire Department

The Fire Department staff of 57 includes 36 Firefighters, 12 Lieutenants, 4 Captains (working four shifts), and a Captain Fire Inspector (working days only). The Fire Chief, Deputy Fire Chief, mechanic and secretary complete the staff. In addition to fire-fighting responsibilities, the Fire Department provides emergency medical services and handles hazardous materials incidents. The Fire Chief also serves as the Town's Emergency Management Director. The Fire Department budget for FY11 shows an increase of 1.0%, a number that includes a 1.75% salary increase for firefighters in FY11, negotiated as part of a just-concluded, one-year contract. The new contract is discussed in more detail under Article 5. Overtime remains a very large budget item for the Fire Department; staffing levels for each shift are being reviewed, and the expectation is that efficiencies will be realized at some point in the future as a result.

Advisory notes that both the Police and Fire Departments were included in the Town's FY11 Budget Working Group department-level reviews of staffing and service delivery in Wellesley, as compared to neighboring towns, conducted during the spring and summer of 2009. As of the time this Report goes to print, Advisory has not had an opportunity to review the analysis or findings.

Building Department

The Building Department is charged with enforcing all applicable codes, State statutes, rules, regulations, ordinances and bylaws. It conducts mandated field inspections for all work authorized under any required permit.

The FY11 operating budget increase is within Advisory's 1% guideline increase over FY10. Revenues from building permits, and related charges, are an important source of funds for the Town.

Emergency Medical Services

The Town provides emergency medical service through a contract with American Medical Resources (AMR) to provide ambulance service 24 hours a day, 7 days a week. Two trained paramedics staff the Advanced Life Support-equipped ambulance at all times. In larger emergencies, the contract provides for increased support from other ambulance services. As revenue generated from ambulance fees is insufficient to cover the cost of this contract, the Town appropriates funds to cover the shortfall.

The FY11 budget request reflects the terms of the second year of a new two-year contract signed with AMR that became effective July 1, 2009; the annual contract price is significantly lower than that anticipated at the time of the 2009 ATM.

Sealer of Weights and Measures

The Sealer of Weights and Measures provides consumer protection when the price of goods is determined by weight or by linear and/or liquid measure. Activities include regular inspection of supermarket and shop scales, unit pricing labels, service station pumps, fuel oil truck meters, pharmacies and random inspections. One part-time person, who is certified by the Division of Standards, staffs this function.

BOARD OF PUBLIC WORKS

	FY09 Actual	FY10 Approp.	FY11 Request	FY10-11 Change
Engineering	576,526	548,040	559,113	2.0%
Highway	1,319,644	1,363,613	1,388,798	1.8%
Fleet Maintenance	173,926	179,855	183,562	2.1%
Park & Tree	1,174,191	1,246,955	1,265,855	1.5%
Recycling & Disposal Management	1,990,842	2,059,410	2,046,799	-0.6%
Management	352,025	370,694	385,758	4.1%
Winter Maintenance	919,024	348,703	348,703	0.0%
	6,506,178	6,117,270	6,178,588	1.0%

The Board of Public Works (BPW) is responsible for overseeing the delivery of essential public works, water and sewer utilities, and other services provided to the Town by the Department of Public Works (DPW). Funding for these services includes both tax revenues and customer payments. Town tax revenues fund the DPW Engineering, Park and Highway, Recycling and Disposal, and Management Services Divisions. DPW services paid by tax revenues are often referred to as the DPW “tax-impact programs.” Rate-paying customers fund the services provided by the DPW Water and Sewer Divisions, which do not affect the Town’s tax rate. Budgets for these programs, referred to as “enterprise fund programs,” are presented in Articles 12 and 13.

The Park and Highway Division maintains Town roadways, sidewalks, curbs, and street name signs. It also maintains catch basins, culverts, storm drains, Town parks and playgrounds, public shade trees, and brooks and streams. The Recycling and Disposal Facility (RDF) is responsible for disposing of solid waste and recyclable materials. The RDF is the Town’s most used facility with over 350,000 vehicle trips to this facility annually. The Engineering Division designs and provides project management services for all DPW projects. The Division also reviews private plans for conformance to Town standards for the Planning Board, Zoning Board of Appeals, and other Town departments. Other responsibilities include implementation of the storm water management plan, and maintenance of Town plans and files related to deeds, easements, and construction.

The Board of Public Works is requesting an appropriation of \$6,178,588 from Town funds to pay operating expenditures in FY11. This request represents an increase of \$61,318, or 1.0%, over the FY10 budget. The BPW budget increase meets the Advisory Committee guideline of 1.0%.

The FY11 budget projects a 2.3% increase in personal services, which reflects increased labor costs, largely driven by the negotiated wage and step increases for employees covered under existing labor contracts, and estimated increases in the compensation of personnel not covered by collective bargaining agreements. The budget projects a 1.1% decrease in expenses, a result of lower trash disposal costs and a lower contribution to a reserve fund for the purchase of a new baler for use at the RDF. Total tonnage is projected to remain steady but a renegotiation of the Town’s trash disposal contract resulted in a lower disposal cost-per-ton. In addition, in order to bring the DPW budget within the 1.0% Advisory Committee guideline, it was necessary to make a further reduction in the amount requested for the Baler Replacement Fund. The DPW will make every effort to augment this Fund at the end of the year if there are unexpended balances in other accounts.

The winter maintenance budget is level funded for FY11. The FY11 budget of \$348,703 is below the four-year average of actual snow removal costs of \$661,358 and below actual snow removal costs in any of the last four years. Budgeting below the average cost of winter maintenance has been the Town's customary practice. If actual costs are greater than the budgeted amount, as is the case in FY10, provided certain other pre-conditions are met the Town has the option under Massachusetts law of either funding the overrun through a supplemental appropriation from Free Cash (see Article 7), or of rolling the cost forward into the next fiscal year. In light of this flexibility, which is not available for other expenditures, it has been the Town's position, supported by Advisory, to budget snow removal costs at a level below the average cost of snow removal.

The street lighting budget, which has been a part of the DPW budget in prior years, is included in the Selectmen's proposed FY11 budget.

As the result of a strong rebound in the market for recycled materials, the DPW projects FY11 RDF revenues of approximately \$680,000—an increase of approximately \$200,000 from FY10 budgeted revenues. The DPW budget also includes the projected cost of RDF business opportunities of \$94,378, an increase of 1.2% over FY10. Revenues from these business opportunities are returned to the Town and are not reflected in the DPW budget. This program has provided \$179,000 in net revenues to the Town since its inception in FY07. The RDF will make use of the appropriated funds only when a profitable opportunity arises, with the resulting revenues going to the General Fund. If no profitable opportunities are available, unspent funds at year-end will be returned to the General Fund. Although the resale value of recycled materials has declined significantly in recent years with the downturn in the economy, revenue from these business opportunities is projected to at least equal the \$94,378 cost.

Budget Risks

Under some circumstances, the DPW may shift personal services either to DPW capital projects or to Town programs funded through other budgets. For FY11, the budget assumes that approximately \$800,000 in DPW personal services costs will be funded through other budgets. In some cases, the occurrence and timing of such work is controlled by other departments and, accordingly, the DPW might not be able to recover all of these projected costs in FY11 or subsequently.

FY11 DPW Program Budget

Consistent with recent budget reporting practice, the DPW FY11 budget motion provides for an appropriation for Personal Services and an appropriation for Expenses, with *recommended* specific personal services and expense allocations made to each of the DPW programs. Appropriating aggregate funds for Personal Services and for Expenses with only a recommendation for the allocations provides the Board of Public Works with the ability, if necessary and after a voted approval by the Board, to transfer funds between the program allocations. As in the past, unused appropriations at year-end will go into the Town's General Fund account. Funding for any deficiencies must be obtained from the Reserve Fund or approved by Town Meeting.

BOARD OF LIBRARY TRUSTEES

	<u>FY09 Actual</u>	<u>FY10 Approp.</u>	<u>FY11 Request</u>	<u>FY10-11 Change</u>
Library Trustees	2,036,792	2,067,165	2,087,873	1.0%
Regional Services – (Non-Tax Impact)	204,684	213,059	213,059	0.0%
	<u>2,241,476</u>	<u>2,280,224</u>	<u>2,300,932</u>	<u>0.9%</u>

Use of The Wellesley Free Library (WFL) grew in FY09, continuing a trend seen since the opening of the new Library and spurred by increased demand for library services during the economic downturn. There were 461,778 WFL visits in FY09, up 13% versus FY08; circulation was up 6% over FY08, to 644,277 items. Growth in library use has continued in the first six months of FY10. This increased activity has been accommodated while maintaining Library offerings and hours, but without increasing staff. Convenient ways for patrons to access library services, such as The WFL's website (to which visits were up 43% in FY09), a self-check-out machine, and the Library's public workstations, have all contributed to the efficiency of library operations.

Town Funds (tax-impact) Portion of the Budget

The FY11 tax-impact budget increase of \$20,708 is at the 1.0% Advisory guideline over FY10. To meet the 1% budget guideline while meeting contractual (2.75%) salary increases and minimum required State spending on materials, the Library Trustees reduced some position hours. They placed a priority on preserving Library operating hours and positions that serve the public: approximately half the \$28,393 reduction in personal services comes from materials preservation and half from part-time circulation employee hours. Even after these reductions, all of the Library's 1.0% budget increase comes from the cost of personal services (73% of the tax-impact budget), which is up 1.5%. The FY11 expense budget (27% of the tax-impact budget) is essentially unchanged from FY10, with decreases in some utilities and other areas of necessary spending offsetting increases in others.

Regional Funding for Interlibrary Loan Services (non-tax impact)

For many years The Wellesley Free Library has provided Interlibrary Loan (ILL) services to patrons of the Metro-West region through a contract with the regional office of the Board of Library Commissioners. The current three-year contract, expiring in June 2010, will be extended for one year, at the estimated expense shown above, while the regional library system undergoes a restructuring. It is unclear what role the WFL will play in ILL in future years. ILL services, although voted as part of the total library appropriations, are not funded by Town taxes.

Branches

The WFL Trustees operate the Fells and Hills branches with private funding. The costs associated with the branches are not included in the budget numbers shown above, and do not have a tax impact. The Wellesley Community Children's Center is currently leasing the Fells Branch building for their after-school program and the Hills Branch for office use. As approved by the 2009 Annual Town Meeting, payments from these leases go into a revolving account to fund capital expenditures at the branches.

Other Funding

While the Town budget covers core library services, The Library Trustees rely on a number of outside funding sources to enhance the resources available through the WFL. In FY09, the

Town budget covered 87.7% of the \$2,323,535 spent to operate the Main Library; State funding paid for an additional 1.5%, and various sources of private funding covered the remainder, approximately \$250,000. In FY09, the Library Trustees established the Wellesley Free Library Foundation to serve as the main supporting organization of the WFL, which, along with The Friends of the Wellesley Free Libraries and The Centennial Fund, encourages private philanthropy to support the WFL. The library is also the beneficiary of several trusts, most directed toward specific uses, and other gifts. Together, these sources of private funding pay for all library programs, enhancements to the collection, and other enriched library resources that are not covered in the Town budget.

OTHER COMMISSIONS AND BOARDS

Other Commissions & Boards	FY09 Actual	FY10 App (TR)	FY11 Request	FY10-11 Change
Recreation Commission	392,912	328,471	328,420	0.0%
Board of Health (BOH)	372,917	416,374	422,130	1.4%
BOH – Mental Health Services	166,924	208,316	210,399	1.0%
Natural Resources Commission (NRC)	175,437	195,160	196,011	0.4%
NRC – Morses Pond Project	130,871	160,370	160,370	0.0%
Municipal Light Plant (Tax Impact)	85,155	94,791	112,137	18.3%

Recreation Commission

The Recreation Commission's \$328,420 budget covers the tax-impact costs of the Recreation Department; in addition, the Recreation Department has a non tax-impact program budget that is funded by fees charged to program participants. The program fees are intended to cover the actual costs of the programs and any unreserved excess balance in the recreation revolving fund at the end of the year is returned to the General Fund.

Board of Health

The Board of Health assesses the public health needs of the community, providing environmental and community health services, communicable disease monitoring, and public health nursing services. Other functions include enforcing sanitary regulations and emergency response planning. The budget also subsidizes community mental health services provided by an independent organization.

Natural Resources Commission

The Natural Resources Commission manages park and conservation land, cares for public shade trees, acquires land and conservation restrictions, sets policy for pets control and pesticide use, protects the Town's forests and serves as the Town's wetland protection agency. The NRC has a role in collaborative efforts with other boards, including the Morses Pond Comprehensive Management Plan, the Playing Fields Task Force, and the recently formed Fuller Brook Park Coordinating Committee.

Morses Pond Project

This appropriation provides the operating expenses required to carry out activities under the Morses Pond Comprehensive Plan, principally the services of a Pond Manager consultant, the operation of the weed harvester, and the operation of the phosphorous inactivation system. This appropriation does not include expenses for water treatment and related activities carried out by the NRC, Recreation, and DPW within their own budgets.

Municipal Light Plant (Tax-Impact)

The Municipal Light Plant oversees the maintenance of the Town's fire alarms and traffic signals. Costs related to these items are paid from tax revenues. The MLP pays one full-time employee and currently uses the services of a retired signal alarm foreman to maintain the fire alarms and traffic signals. As noted elsewhere below, the Selectmen recently approved the acquisition of a new Master Fire Box, which eliminates the residential fire alarm call-boxes and transitions the master box system to a new radio-based technology. Institutional and commercial users of the fire alarm system pay a fee for the service; town buildings are connected to the alarm system without charge.

WELLESLEY PUBLIC SCHOOLS

	FY09 Actual	FY10* Request	FY11 Request	FY10-11 Change
Instruction	39,235,484	40,436,817	41,549,788	2.8%
Administration	986,189	1,033,103	1,014,818	-1.8%
Operations	2,691,994	2,546,548	2,481,395	-2.6%
Special Tuition & Transportation	7,095,987	9,267,035	9,985,412	7.8%
	50,009,654	53,283,503	55,031,413	3.3%

*FY10 numbers are adjusted to reflect the \$870,284 reallocation of some district-wide programs from the moderate special education budget to the Special Tuition and Transportation budget.

The Wellesley Public School system is comprised of almost 4800 students educated by a network of approximately 746 employees across ten school buildings. For FY11, the School Committee is requesting a budget of \$55,031,413, an increase of \$1,747,910 or 3.28% over FY10. Personal Services account for \$46,731,833 of the request; the expense request is \$8,299,580. The breakdown of this budget request across categories is outlined above. The complete Wellesley Public Schools FY11 Recommended Budget can be found on the Wellesley Public Schools website, www.wellesley.k12.ma.us, via the link for District Information.

This 3.28% budget increase, while larger than last year's increase, remains at the low end of School budget increases over the past ten years. This is a reflection of the difficult financial times, as well as the result of lower-than-anticipated enrollment growth, favorable energy costs, and the efforts of the school staff and committees involved in the budget review process.

FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
7.3%	7.2%	3.4%	3.8%	5.4%	9.2%	4.9%	8.5%	3.1%	3.28%

I. Getting to a Budget

The current economic crisis has affected revenues at the state and local levels. The downturn in revenues along with the expectation that there will be no FY11 operating budget override has forced severe belt tightening on the part of all Town departments. In setting the budget guidelines for FY11 budgets in October 2009, the Advisory Committee proposed guideline budget increases for the School Department at two levels: 1) operating expenses **excluding** the Special Tuition & Transportation (ST&T) category, with a 1% guideline; and 2) the aggregate operating budget **including** ST&T, with up to \$750,000 allocated to the ST&T portion to compensate for the expected reduction in circuit breaker funding (the State mechanism for

The year-over-year increase in personal services (at level service) as a cost driver is higher than last year, both in percentage terms and absolute dollars. The FY11 increase in wages largely reflects the impact of current contracts with teachers and a modest increase in salaries to non-union staff (who will receive 1% or 2% salary increases, in keeping with other Town departments, depending on the job classification group). The Schools expect to offset this increase in part by cost reductions of \$240,900 as a result of planned retirements and \$275,000 of savings from staff turnover, which is lower than the FY10 estimate of \$300,000.

• **Enrollment Increase Cost** **Decrease of \$11,399 (-0.02%)**

(For a detailed analysis of the school enrollment report, please see Appendix B in this Advisory Report.)

There is considerable variability in the impact of any one year’s enrollment growth on staffing levels and budgets, depending not only on the absolute size of the year’s enrollment growth, but also on the changing “mix” of students represented in the student body. The distribution of students across schools, grades, academic interests, and learning skills does matter, as do existing staffing patterns, class sizes, and so on. In certain years, enrollment increases can be absorbed without significantly impacting class sizes and violating class-size guidelines, while in other years enrollment increases reach a level that requires hiring additional teaching staff. The challenge is to absorb the enrollment increases while maintaining class size guidelines and the full breadth of program offerings.

FY10 saw the first decline in aggregate enrollment in the Wellesley Public School system in more than 10 years. The table below presents the projected enrollment increase for FY11 and for the last several years, along with the associated operating budget increase. Where relevant, actual enrollment growth is also shown in parentheses. The FY11 budget increase is based upon a system-wide reduction of 0.1 FTE as overall enrollment is projected to increase by 38 students from 4,778 to 4,816 (0.8%); in the FY10 budget, the School Department had projected an increase of 48 students and had based the budget upon 9.1 new FTE positions (6.6 professional and 2.5 support).

Enrollment Projections and Budget Increases				
	Projected (Actual) Additional Students		Operating Budget Increase	
	Students	% Students	Costs	% of Total
FY07	71 (72)	1.6% (1.6%)	\$491,000	1.2%
FY08	96 (146)	2.1% (3.2%)	\$276,000	0.6%
FY09	96 (121)	2.1% (2.6%)	\$501,000	1.0%
FY10	48 (-21)	1.0% (-0.0%)	\$440,000	0.9%
FY11	38	0.8%	-\$11,399	0.0%
Totals K to 12, not including Pre-K or Out-of-District Students				

Elementary School Enrollment

The long-anticipated decline in elementary school enrollment appears to have begun. Having hit a high water mark in FY09, elementary school enrollment was expected to remain flat in FY10; instead, it declined by 57 students (2.3%), which led to an unexpected reduction of one section

in FY10. In FY11, elementary school enrollment is expected to decline from 2,421 by 16 students to 2,405. The FY11 budget responds to this declining enrollment by reducing the number of elementary school sections from 116 to 114. Elementary school instructional FTEs will decline by 1.7. With an average class size of 20.9, only nine of the 116 classrooms exceeded guidelines in FY10. Anomalies in the system, such as an unusually large 3rd grade at Bates or 4th grade at Upham or 5th grade at Sprague, can lead to a localized perception that there is systemic overcrowding; however, with 42 elementary classes below guideline, and 65 at guideline, the fact is the School Department has been able to manage the overall enrollment to meet guideline. Next year, class size on average is expected to increase slightly to 21.1 and it is likely, once again, that a small number of classes will exceed guidelines in the elementary schools.

Middle School Enrollment

Actual Middle School enrollment in FY10 was 72 students above the FY09 enrollment, but only two students above the projected enrollment. In FY11, enrollment is expected to decline by 11 from 1,133 to 1,122, and the number of FTEs will decline by 0.1. This relief is only temporary, as Middle School enrollment is expected to increase significantly in the next few years.

High School Enrollment

High School enrollment, projected to decline by 22 in FY10, actually dropped by 33. In FY11, High School enrollment is projected to increase by 65 students from 1,224 to 1,289, driven primarily by a large influx of students from the current 8th grade. Because the FY10 budget provided for level staffing at the High School despite the projected enrollment drop, the FY11 budget includes funds for only an additional 1.9 FTEs.

In the current environment, forecasting enrollments is probably a more uncertain enterprise than usual. For the first time since the School Department began tracking in and out migration of students in the FY04 school year, the Wellesley Public Schools experienced a net loss due to out migration. A significant portion of the variance in elementary school projections for FY10 was the result of families moving not only out of Wellesley, but out of Massachusetts. At the same time, some of the growth in Middle School enrollment, especially in the 8th grade, was attributable to families moving into Town. Furthermore, an unexpectedly large number of students from FY09's 8th Grade chose to attend independent schools, leading to a decrease in the FY10 9th Grade. Myriad factors may be at work here, including flat home sales, relocation dictated by the job market, the perceived impact of the High School project, and changes in the public/independent school enrollment mix. Accordingly, it is difficult to draw too many conclusions based on numbers from a single year.

• **Special Tuition and Transportation** **Increase of \$718,377(1.35%)**

(For a detailed description of the full spectrum of Special Education programs please see Appendix D in this Advisory Report.)

The FY11 budget request for ST&T is \$9,985,412, an increase of \$718,377 over FY10. (Beginning in FY11, some of the district-wide inclusion programs previously accounted for in the moderate SPED portion of the budget have been moved to the ST&T budget to more accurately reflect special education costs. The dollar amount reallocated is \$870,284 and FY10 numbers have been adjusted to reflect this change.)

Special Tuition and Transportation				
	FY08	FY09	FY10	FY11
	Actual	Actual	Adjusted Budget	Budget
Number of Students				
Inclusion	123	167	168	166
Out-of-District	96	68	83	84
Transportation	136	158	153	143
Costs				
Personal Services	2,690,989	3,253,916	4,606,718	5,133,608
Expenses:				
Inclusion	565,351	445,195	374,650	316,650
Out-of-district tuition	5,289,866	5,762,130	5,573,926	5,516,212
Less: Circuit Breaker	-2,012,782	-2,157,003	-1,318,321	-1,088,419
Less: ARRA funds		-685,484	-496,000	-325,000
Transportation	457,208	478,781	526,062	432,361
Total Net Cost	6,990,632	7,097,535	9,267,035	9,985,412

Special Tuition and Transportation (ST&T) costs include all costs associated with educating those students with the most intensive special needs. These students receive services either through one of the Inclusion Programs within the Wellesley Public Schools (classes for students with intense special needs who spend large parts of their day in “substantially separate” classes from regular education students), or through out-of-district (OOD) placements in a variety of private, collaborative or vocational school settings for which the Wellesley schools pay a “special tuition.” Also included in this budget category are the transportation expenses for these students both within district and in out-of-district programs. Additionally, included in the transportation costs are the expenses for those students whose Individual Education Plans (IEPs) specify a transportation need and students with a 504 plan (students with physical limitations who require transportation assistance but not necessarily special education assistance in school). ST&T costs do not include costs associated with students with more mild disabilities who do receive special services but who spend most of their day in a regular general education classroom. The costs of regular Special Education are covered in the Instructional portion of the school budget. The ST&T budget request is built upon information that the School Department knows – the students receiving ST&T services as of October 1 - as well as information the School Department can predict, based on early intervention information received from the State or information from other districts who alert the Schools of students moving to Wellesley. ST&T costs are unpredictable due to a number of reasons, including changes in the level of need of the individual student, the need to make placements for students due to unexpected disciplinary or emotional issues, and the unknown element of children who turn three years of age who have not been identified with significant needs but for whom the Town is required to provide services.

For FY11, it is anticipated that 166 students will participate in Wellesley’s Inclusion programs, 84 students will be placed in out-of-district programs and 143 students will receive special

transportation services. By comparison, the adjusted FY10 budget includes costs for 168 inclusion students, 83 out-of-district students and 153 special transportation students.

Inclusion

The Inclusion program budget request for FY11 includes \$4,654,985 for personal services, an increase of \$526,661 over FY10, and \$316,650 for expenses, a decrease from FY10 of \$58,000. In addition to the Inclusion classes which exist already at every level in the Wellesley schools, FY11 will see the implementation of a new therapeutic program for students with social and emotional issues at the elementary school level. While the Inclusion programs are expensive to implement due to the highly individualized programs and professional staff involved, they generally are preferred as they keep students in their home district and are more cost effective than sending students out-of-district. The savings from the implementation of the new therapeutic program is estimated at \$122,436.

FY11 Out-of District Students and Tuition Budget						FY10 Tuition Range	
		Tuition Cost	Circuit Breaker	ARRA Grant	Net Tuition		
	FY11 Students	(Gross)	Offset	Offset	Cost	Low	High
Residential	8	1,704,878	(615,558)	0	1,089,320	\$50,890	\$363,467
Day	57	2,944,466	(364,633)	(325,000)	2,254,833	\$31,935	\$123,631
Collaborative	15	776,617	(108,228)	0	668,389	\$43,303	\$56,514
Vocational	4	90,251	0	0	90,251	\$18,725	\$21,000
TOTAL	84	5,516,212	(1,088,419)	(325,000)	4,102,793		
Highest costs include one-to-one assistant							

Out-of-District Tuitions

The FY11 cost estimate for out-of-district tuitions is \$4,102,793, an increase of \$343,188 over FY10. All of this increase is a direct result of reduced State aid (known as “circuit breaker” funding). In fact, the number of Wellesley students placed out of district is anticipated to decrease by one student, and the gross cost of tuitions is anticipated to decline by approximately \$293,487. In FY11, Wellesley will see a decrease in the number of students placed in residential programs and a freeze in some out-of-district tuitions, as well as a number of students remaining in district because of the new therapeutic inclusion program, all contributing to the decrease in the gross tuition expense.

Circuit breaker funding is the reimbursement program which funds a portion of legally-mandated services that exceed a pre-specified per student cost threshold. When circuit breaker funding was first established, the reimbursement rate was 75%. In FY10, with a deteriorating economy, the ST&T budget was developed assuming a reduction in circuit breaker funding to 60%. Ultimately, the reduction was to 40%. The FY11 ST&T budget reflects a circuit breaker reimbursement rate of 40% with an estimated reimbursement of \$1,088,419, compared to an expected reimbursement at the time of the 2009 ATM of \$1,318,321. The FY11 estimate is based on an estimate of FY10 actual costs so the exact amount of reimbursement will not be determined until the close of the fiscal year. However, the reduction in circuit breaker reimbursement has forced the application of federal ARRA funds to offset the shortfall in out-of-district tuitions for both FY10 (\$496,000) and FY11 (\$325,000).

Special Transportation

The transportation portion of the FY11 ST&T budget request is \$910,984. This represents a savings of \$93,472 over FY10, with over half that savings coming from the completion in FY10 of the lease-to-purchase contracts for all of Wellesley's vans, resulting in a \$55,416 savings in contracted services and the School Department's ownership of 13 vans. The School van program provides 88% of Wellesley's special transportation services.

- **Utilities Expense** **Increase of \$13,102 (0.02%)**

Electricity, fuel oil, natural gas, water, sewer, telephone and trash disposal costs make up the utilities expense which is budgeted at \$1,661,037 for FY11, an increase of \$13,102 over FY10. In FY10, the School Department began to negotiate oil and natural gas contracts directly with suppliers for the Schools, and all other Town departments, at a significant savings to prices paid through The Educational Cooperative (TEC). The FY11 budget for heating oil and natural gas is down slightly from FY10. This savings is offset by the cost of electricity that continues to rise with a 3% increase in FY11 from \$661,010 in FY10 to \$680,325 in FY11.

- **Program Enhancements** **Increase of \$34,809 (0.06%)**

The FY11 budget request includes modest enhancements to the program. Due to the high level of interest in Mandarin Chinese at the Middle School and the number of students being shut out of taking it, an additional section is slated to be added in FY11, the equivalent of 0.2 FTE or \$11,400. Also, the concussion testing program implemented at the High School this year will be brought to the Middle School in FY11 at a cost of \$3,700. This cost will be fully offset by an increase in the Middle School athletic user fee. At the High School, a Select Strings program will be introduced in the orchestra program to accommodate the increasing number of talented orchestral students. While the High School has had select groups for wind and percussion instrumentalists as well as select choral groups for several years, there has not been a select string group and many view this as an equity issue. This program is budgeted to cost approximately \$11,400. FY11 will see the introduction of an AP Economics class at the High School as well as an Engineering course. These electives will be introduced with no increase to FTE's as the faculty to support them are already built into the program but the expense for course materials and supplies will add \$8,309 to the FY11 budget.

- **All Other Changes** **Decrease of \$312,885 (-0.58%)**

This category of budget adjustments is traditionally a catch all for changes not included in any of the other categories outlined. For FY11, there is a significant amount captured here. A major portion of the decrease, \$167,218, is due to the elimination of the bus program at the High School which was implemented in FY10 in response to concerns over traffic issues associated with the High School construction project. Due to much lower than expected bus ridership and the availability of more parking than anticipated in the vicinity of the High School (particularly the opening of all day parking along Washington Street), the new bus program and the associated subsidy have been eliminated from the FY11 budget at a substantial savings. Also included in this decrease is the elimination of library book purchases across the system, for a savings of \$45,918, a 5% reduction in expense budgets for a savings of \$84,207, and the withdrawal from one education collaborative at a savings of \$27,000. The operating side of the School budget has also benefited from a transfer of savings realized in the cash capital budget due to the new pricing of FY11 computer purchases. (See the Schools Cash Capital Budget on page 48.)

The School Committee voted to increase the FY11 prices of school lunches, the second step in a two-step increase, in order to fund the cost of insurance benefits for the food services staff.

While this action has no direct impact on the School budget since the costs of benefits are not carried in individual department budgets, it does affect the Town-wide budget with a savings of \$110,000 in FY11 and fulfills a commitment the Schools made to the Town last year.

III. Observations

Given the economic realities of the times, the limitations of Proposition 2½, and the expectations of continued excellence in the Wellesley Public Schools, it is no surprise that this year's budget process was an unusually difficult one: the always limited funds were in even shorter supply, and the proposed reductions in budget growth seemed to be deeper than before.

The fact is the final School budget is not as painful as anticipated in January, but this fact is accompanied by some good news/bad news. On the good news side, instead of 25 positions being affected, only two positions will be cut which were anticipated to be vacant anyway at the end of this year. While it was initially anticipated that meeting the budget guidelines would involve significant detrimental impacts to the programs and operations of the Wellesley Public Schools, the final approved budget leaves the program intact and actually allows for some minor improvements. This is due, in part, to the upward revisions to Advisory's guidelines at the Inter-Board meeting in early February, as well as to the Schools' ability to apply cash capital budget savings to the operating budget.

However, the underlying situation is not as promising. The expense budgets across the district have been cut another 5%, putting these budgets at approximately the same level they were ten years ago. While the elementary band/orchestra program was not cut from the budget, a new \$100 fee has been put in place. The potential for additional savings in coming years from cuts on the expense side is limited and places to implement new fees to generate more revenue are running out. Creating even greater uncertainty for the FY12 budget and beyond are the one-time savings or events that enabled the Schools to reach this FY11 budget, such as the out-of-district tuition freeze and the availability of significant federal stimulus funds.

By the time FY11 is complete, it is anticipated that over \$3 million in federal stimulus money will have been applied to the last three budget years, FY09, FY10, and FY11. A significant portion of these funds have been applied to out-of-district tuition costs to compensate for cuts in State Chapter 70 funds as well as circuit breaker reimbursement. Much of the "investment" portion of the federal ARRA funds are being used to build programs and services that will increase efficiencies and reduce costs down the road, such as the Response to Intervention (RTI) Program and training of Wellesley personnel to conduct some professional development programs "in-district" as new employees come on board. However, like the tuitions being funded through stimulus funds, a number of professional positions, as well as books and materials, are also being funded this way. All of these costs will have to be borne by the Town in FY12 and future years. The potential for a large budget gap in FY12 is very real and the Wellesley Schools will continue to be pressed to find real cost savings.

Looking to the Future

On the good news side, the Wellesley Schools are finally seeing the long-awaited downturn in the rate of enrollment growth. The space pressure at the elementary school level is diminishing, the number of elementary sections is decreasing with some accompanying cost savings and there is space now in district to accommodate the new Inclusion classroom, at a significant cost savings to the ST&T budget.

Wellesley's elementary education model, structured around seven "neighborhood" schools, virtually ensures that true system-wide efficiencies cannot be fully realized. Accordingly, the

three 5th Grade classes at Sprague are in the 24 – 26 student range (with two over guideline), whereas the three 5th Grade classes at Fiske are at the lower end of the guideline with 19 students each. However, based on current projections, by FY15 there will be a need for 12 – 16 fewer elementary sections than the 114 projected for FY11, and it may be that at that point consolidation of elementary schools will lead to increased efficiencies.

The bad news is that the elementary bubble is aging up to the Middle School and High School, where the cost of educating a student is higher and space is at a premium. In addition, the Inclusion programs implemented so successfully at the elementary level require space in the Middle School and High School as the students age up. While the budget pressure from large enrollment increases is lessening, the Wellesley Schools are not out of the woods yet and there will be costs involved, not the least of which is addressing the space capacity issue at the Middle School.

FY11 will see the end of the current Wellesley teachers' contract. With little relief in sight for the Town budget and fewer dollars for discretionary spending, the new contract will need to be negotiated with both sides bearing in mind these fiscal realities along with the need to maintain salaries competitive with those in comparable school districts in order for Wellesley to retain its excellent teaching staff. Both sides need to be aware of situations in which other Towns currently involved in contract negotiations find themselves and be mindful of the pressures put on the Wellesley Schools' budgets in outlying years by whatever contract is negotiated.

The Special Education program of the Wellesley Schools has an excellent reputation because of the experience of the staff and the quality of the services provided. While the ST&T portion of the budget has not grown in the last two years at the same rate as seen in the years immediately prior, ST&T costs still continue to be a major driver of the School budget. Additionally, in the last ten years, the Special Education section of the Instructional portion of the budget has more than doubled while the Regular Education portion of the budget has grown by less than half that rate for the same period. The School Department has made major inroads in attempting to gain some control over all Special Education costs. Wellesley owns the fleet of vans that provides the major portion of its special transportation program. This provides tremendous savings to the Town and insures the quality of service provided to its most vulnerable students. The FY10 budget saw the addition of a special education attorney and while it is difficult to accurately quantify total savings attributable to this addition, the School administration estimates a significant amount in tuition and transportation costs have been avoided because of the work of the attorney. In addition, the SPED attorney has given the Schools guidance in terms of compliance and personnel and training requirements, all of which will combine to achieve long-term savings for the Schools. Another long-term goal and potential source of savings for the Schools is to bring out-of-district students back to the Wellesley schools through the Inclusion program – and to keep students in town in the first place.

The Inclusion program in the Wellesley Schools continues to grow with the addition in FY11 of a Therapeutic Program in the elementary school, a program that has been in the planning stages for a number of years but was awaiting the right circumstances, which included to a large extent, space in one of the elementary schools. Though Inclusion programs are less expensive for the most part than out-of-district placements, the cost per student can range anywhere from \$13,450 to \$111,000. As the number of students requiring special services continues to grow and with increasing numbers of medically fragile children surviving and reaching school-age with more profound special needs, the demands on the Inclusion program will grow accordingly. Wellesley will need to continue to work to find efficiencies and savings in order to keep control of the costs. The Schools plan to hire a K-12 SPED Administrator in FY11, through federal

stimulus funding, to provide greater oversight to the in-district programs and thereby relieve pressure on department heads and special educators, and hopefully realize greater efficiencies.

The “structural” pressures placed on the budget every year, namely Proposition 2½ combined with the financial burdens forced by the unfunded Special Education State mandates, would indicate that the time may be here for Wellesley and every other school district to join forces and as one united block to push State government for some changes in current law and the level of funding for mandated programs.

Budget Process

It is the observation of many on the Advisory Committee that in the preparation of FY12's budget, there should be some fundamental changes to the School budget process and the way in which the School budget is communicated. The annual frustrations surrounding this process are partially a result of bad timing. Wellesley's budget process begins in the fall, when the school year is just underway and the fiscal year still early, making it difficult to build a budget on the realities of the current year. Assumptions regarding funds from the State are built into the budget early, but State budgets are never finalized until Wellesley is ready for or even already engaged in Town Meeting. Changing these circumstances would be difficult.

Some changes are possible and would be beneficial to the Schools and to the Town. Advisory endorses a full review of the budget process and presentation in order to develop a plan for improvement in advance of the FY12 budget cycle. As the budget pressures will continue to mount in FY12 and beyond, clarity and clear communication will be increasingly important.

Summary

Advisory understands that the Wellesley Public School system is a complicated entity with many moving and changing parts serving a special subset of the population and providing important services to a community with very high standards. Advisory has the responsibility of bearing that in mind as it tackles the budget for the entire Town of Wellesley and attempts to balance it in a fair and realistic way. This year's Advisory Committee demonstrated this in two significant ways: the bifurcation of the School budget in setting guidelines, acknowledging the impact on the budget of ST&T growth and changes in reimbursement, and the approval of the additional Town funds to reduce the Schools' budget gap. Many Advisory members are concerned about the use of federal stimulus funds in the FY11 budget and the funding gap that is likely to occur for FY12.

EMPLOYEE BENEFITS

The Town's Employee Benefits costs are appropriated and largely managed at the Town-wide level, under the oversight of the Board of Selectmen. Unlike standard practice in many private sector organizations, Wellesley, and most other municipalities, budget these costs centrally and do not formally allocate them to the boards and departments that are generating the cost. As a result, it can be challenging to ensure that hiring boards understand the full costs borne by the Town when considering whether to use full-time staff, consultants, or part-time staff (whether benefited or not). The Executive Director has taken an active role in communicating this information to Town departments and has worked with the boards to raise awareness of this issue. Importantly, during FY10, the Executive Director and the Finance Department have, for the first time, developed a “fully allocated” budget view for the upcoming fiscal year, which presents a more comprehensive view of each department's total operating costs, including the costs of Employee Benefits for both past (withdrawn or retired) and present (active) employees. This data is presented in the Board of Selectmen's Town Wide Financial Plan.

The Town enjoyed a very welcome respite from soaring Employee Benefit costs in FY10 as a result of the Town's shift to the Rate Saver health insurance program; the budget increase for FY10 over FY09 was just 1.8%. From FY11 onward, however, Employee Benefits costs are likely to once again accelerate rapidly. This is the result of several factors, including the resumption of significant increases in the premiums paid for Group Health Insurance and the need for substantial, and growing, contributions to the Wellesley Contributory Retirement System (WCTRS). While the increase in Employee Benefits for FY11 is budgeted at just 5.3%, due to a lower-than-expected health insurance premium increase and a substantial offset from accumulated reserves, a number closer to 10.7% is likely in FY12, as shown in the Town Wide Financial Plan included in this Advisory Report. The FY11 budget includes \$18,811,499 in funding for Employee Benefits.

	FY09 Actual	FY10 Approp. (TR)	FY11 Request	FY10-11 Change
Group Insurance	13,297,872	13,543,200	13,633,918	0.7%
OPEB Liability Funding	3,000,000	3,000,000	3,000,000	0.0%
Pension/Retirement Contribution	0	866,000	1,732,000	50.0%
Workers' Compensation	744,924	225,438	225,363	0.0%
Unemployment Compensation	100,000	100,000	100,000	0.0%
Compensated Absences	82,821	90,000	90,000	0.0%
Non-Contributory Pensions	35,685	34,540	30,218	-12.5%
	17,171,302	17,859,178	18,811,499	5.3%

Group Insurance

The Group Insurance budget covers the Town's share of the cost of employee and retiree health insurance benefits, as well as a limited health reimbursement plan as part of the new Rate Saver health insurance program. In addition, it includes the cost of an employee assistance program and the Town's share of the Federal Medicare tax, dental insurance, long-term disability insurance, and life insurance. The tax-impact budget request is net of a reimbursement from the Enterprise Funds for their personnel, and a credit for interest earnings on the Group Insurance Fund.

The Group Health Insurance cost, which constitutes the major portion of this budget category, is driven largely by insurance rates as the Town's employee base is growing fairly slowly. The Town reached agreement with about 85% of the benefit-eligible employees (union and non-union) to migrate to the Rate Saver plan as of January 1, 2009, and the balance followed on July 1. The new plan provided a 15% premium reduction, but required higher co-pays by plan participants. The Town agreed to offset some of these higher co-pay costs by establishing Health Reimbursement Accounts; the appropriation for this program will increase modestly in FY11. Health insurance premium increases for FY11 of 6.5% are reflected in the budget; these have been offset to a significant extent by a one-time draw-down of the accumulated reserves in the Special Revenue Fund into which the appropriated funds are deposited.

Group Dental insurance expenses have increased significantly in recent years, including FY11 (projected). Group Life Insurance and Long Term Disability costs to the Town will remain unchanged in FY11.

OPEB Liability Fund

Other Post Employment Benefits (OPEB) liabilities are the actuarially-calculated cost of the Town's obligation, incurred in payment for services received in current and prior years, to provide medical insurance in future years to retired Town employees. Because the Town, like other municipalities, funded retiree health care costs entirely on a pay-as-you-go basis until FY06, the Town has a large unfunded liability for benefits earned during prior years. This \$3 million appropriation reduces that unfunded liability. Of this funding, \$1.2 million comes from within the levy limit taxes and \$1.8 million comes from a ten-year exclusion voted in FY07. As of December 31, 2009, the market value of the OPEB General Fund balance was approximately \$11.5 million.

Pension/Retirement Contribution

Up until FY10, contributions to this account had not been made for more than a decade because the WCRS had been fully funded and annual investment earnings were more than sufficient to cover the annual "net normal cost" to the Town. Following the severe downturn in global financial markets that began during FY08 and continued well into FY09, the Retirement Board made the fiscally-prudent decision to resume contributions to the system during FY10. The Board requested \$1,000,000 in funding for FY10, and \$2,000,000 for FY11. Despite the recovery in global financial markets during the latter part of FY09 and into FY10 (to date), based on preliminary findings of the bi-annual actuarial valuation of the WCRS undertaken as of January 1, 2010, the need for the \$2 million contribution for FY11 has been reconfirmed. It also appears that a contribution for FY12 will need to be on the order of \$3 million (at a minimum), with the possibility of numbers closer to \$4-\$6 million in the following several years. The MLP, Water, Sewer, and the Wellesley Housing Authority will be required to contribute their individual percentage shares of these costs, resulting in a net request from the Town for FY11 of \$1,762,000.

Workers' Compensation

The Town's Workers' Compensation Program is self-funded, with the payment of all claims made directly from the Fund. The Town contracts for certain administrative services and an excess coverage policy. The program provides workers' compensation coverage for all Town employees except for uniformed Fire and Police personnel, who are excluded by State statute.

Over the first ten years of the program, no additional appropriation was required because the earnings on the fund balance were adequate to cover costs. In more recent years, the fund balance has been reduced and earnings have been significantly lower, resulting in an increase in the appropriation. Because there was a large increase in the FY09 appropriation, and the Town's loss history in that year was moderate (although the Fund's investment losses were non-trivial), the fund's assets as of June 30, 2009 recovered sharply. The FY10 appropriation was significantly lower and the FY11 appropriation has been held at the same level, approximately \$225,000.

Unemployment Compensation

The Unemployment Compensation budget is used to reimburse the Massachusetts Division of Employment Security for actual claims paid on behalf of the Town. The Town has an option of paying a fixed percentage of payroll or actual expenses and has chosen the latter approach. Qualified claims may be reimbursed for a period of up to 30 weeks. Following a \$100,000 contribution to, and zero claims from, the Fund in FY09, as of June 30, 2009, the balance was \$226,614. A further contribution of \$100,000 is being made in FY10, and the budget request for FY11 is in the same amount.

Compensated Absences

The Compensated Absences budget provides funds to pay eligible employees for vacation and sick leave earned in prior years when it is probable that the payment will occur during the budget year. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave, subject to specific limitations, at their then-current rates of pay. For example, firefighters are paid 100% of their unused sick leave days up to a maximum of 520 hours upon termination of employment. Uniformed police personnel are paid 50% of their unused sick leave days upon termination of employment. Employees may not accumulate vacation days for subsequent use in future years. Unspent funds in this budget revert to free cash at the end of the fiscal year.

Non-Contributory Pensions

The Non-Contributory Pension budget provides retirement benefits for four retired employees or their surviving spouses who elected not to become members of the Contributory Retirement System when it was established in 1937. Allowances are also paid to certain veterans who joined the Contributory Retirement System but at retirement elected to take non-contributory benefits. Currently we are paying one retiree and one beneficiary of a deceased retiree.

CASH CAPITAL AND DEBT SERVICE

Cash capital is the annual purchase of capital assets (such as equipment, furnishings, or minor construction projects) or projects which due to their size and irregular occurrence are not part of departmental operating budgets. Debt service (principal and interest payments for bonded projects) is referred to as either "inside the levy," meaning it is part of the Town's annual operating budget subject to Proposition 2½, or "outside the levy," meaning it is debt service on projects that the voters have excluded from the limits of Proposition 2½.

The Town's general policy has been to maintain the combined funding for cash capital and debt service inside the levy at a level between 7% and 8% of Taxes and Current Revenues. The intention is to provide a level of funding that adequately addresses routine capital needs, while preventing undue pressures on the operating budgets of various Town boards and departments. As the table below indicates, however, this percentage has declined somewhat recently, and in FY11 is projected to slip below 6% for the first time in many years. This in part reflects the pressures on cash capital spending that has resulted from the difficult fiscal conditions confronting the Town during this steep economic downturn. But it also reflects, in part, the Town's relatively rapid pay-down of principal, which produces declining interest expense over time, and the limited new inside-the-levy capital borrowings undertaken or planned in recent years. Debt service on existing inside-the-levy debt is projected to decline by \$148,037 in FY11, with new inside the levy debt service of \$100,000 reflecting primarily a short-term borrowing (one year) for the Sprague Fields.

Allowing for the rapidly accelerating debt-service outside the levy limit, however, total capital costs continue to rise rapidly, both in absolute dollars and relative to aggregate revenue sources (Taxes and Current Revenues). Much of this borrowing has been associated with school projects, especially the new High School project. Outside-the-levy debt service will require an additional appropriation of \$3,178,000 in FY11.

**Trends in Wellesley Capital Costs
(\$000s omitted)**

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Cash Capital	2,592	2,592	2,297	2,399	2,943	2,826	2,787	2,803
As % of Inside Levy Taxes plus Current Revenue*	3.4%	3.1%	2.8%	2.6%	2.6%	2.8%	2.7%	2.6%
Inside Levy Debt Service as % of Inside Levy Taxes plus Current Revenue	2,999	3,113	3,625	4,033	4,010	4,120	3,639	3,591
	3.9%	4.0%	4.5%	4.4%	4.2%	4.0%	3.6%	3.3%
Outside Levy Debt Service as % of Total Taxes plus Current Revenue	2,379	2,316	2,862	4,473	4,413	5,687	7,200	10,229
	3.0%	2.9%	3.4%	4.7%	4.4%	5.6%	6.3%	8.6%
Total Debt Service as % of Total Taxes plus Current Revenue	5,387	5,429	6,487	8,506	8,423	9,807	10,839	13,033
	6.8%	6.7%	7.7%	8.9%	8.4%	9.0%	9.6%	11.0%
Total Capital Costs as % of Total Taxes plus Current Revenue	7,970	7,847	8,784	10,905	11,366	12,633	13,626	15,836
	10.1%	9.7%	10.4%	11.4%	11.3%	11.6%	12.1%	13.3%
Inside Levy Taxes plus Current Revenue	76,197	78,583	91,448	92,133	96,569	101,802	103,815	107,574
Total Taxes plus Current Revenue	78,576	80,899	84,319	95,927	100,312	108,653	112,119	118,981

*Current Revenue equals State Aid plus Local Revenue

Departmental Cash Capital

Departmental Cash Capital is appropriated to boards, committees and officials for the purchase of equipment, furnishings, minor construction projects or other capital assets that are neither part of departmental operating budgets nor financed with bonds paid from Debt Service, but, instead, are paid for from cash on a current basis. These purchases are considered capital assets generally due to the multi-year useful life, the non-recurring nature of the purchase or the substantial cost of the item compared to the size of the department's operating budget.

The Advisory guideline for FY11 cash capital issued in September 2009 was for an increase in aggregate departmental cash capital requests no greater than 1.0% over FY10 levels. Subsequently, in February 2010, when the Town's most up-to-date statement on Sources & Uses of funds indicated that a very large deficit was likely in FY11, Advisory requested a 5% cut in the cash capital budget requests of major departments, and most complied. Several departments will see a decline in cash capital spending in FY11. The increase for the Board of Selectmen reflects the purchase of a new Master Fire Box and for Facilities Maintenance and Grounds the ongoing program to increase maintenance spending on the Town's assets.

Department Cash Capital Table

	FY09 Actual	FY10 Appropriated	FY11 Request
Board of Public Works	1,303,500	1,358,500	1,300,000
School Committee	775,507	687,876	569,714
Board of Selectmen	182,268	182,234	253,499
Facilities Maintenance-School	366,708	207,300	243,747
Facilities Maintenance-Town		215,000	255,850
Facilities Reserve Fund			35,000
Library Trustees	36,300	36,500	34,215
Natural Resources Commission	35,000	35,000	50,500
Morses Pond	50,000	50,000	50,500
Planning Board	25,000	0	0
Town Clerk	52,000	0	0
	2,826,283	2,772,410	2,793,025

Board of Public Works

The Board of Public Works (BPW) is requesting \$1,300,000 in cash capital, which is allocated as follows:

	FY09 Actual	FY10 Appropriated	FY11 Request
Street and Sidewalk Maintenance	580,000	602,000	405,000
Equipment Replacement	557,000	433,000	692,000
Athletic Fields/Playgrounds	107,000	145,000	101,000
DPW Facilities Maintenance	39,500	173,500	90,000
Other	20,000	5,000	12,000
	1,303,500	1,358,500	1,300,000

The FY11 request is a decrease of \$58,500 (-4.3%) from the FY10 appropriation. The increase of \$259,000 in Equipment Replacement is offset by reductions in each of the other categories, most notably a decrease from \$160,000 to \$0 in the Sidewalk Restoration program. This decrease is a result of Sidewalk capital funds remaining from FY10 because of sidewalk work completed as part of the recent Glen Road and Linden Street projects.

This capital budget is consistent with the recent practice of looking to rehabilitate streets (not including major connector streets funded through Chapter 90 or other funds) over approximately 20 years, at the long end of the targeted 15- to 20-year cycle. Approximately one mile of sidewalks are repaired or rehabilitated annually.

Equipment and vehicle replacement occurs on a rolling basis with a goal of rehabilitating or replacing high-maintenance and unreliable vehicles and equipment. The FY11 equipment and vehicle replacement budget provides for the replacement or rehabilitation of 9 major pieces of equipment and several small units such as trailers.

Advisory requested that the BPW reduce its capital budget by \$69,000 and the BPW complied, reducing their budget from \$1,369,000 to the \$1,300,000 request before Town Meeting. The

BPW is planning to utilize Chapter 90 funds in the amount of \$300,000 to fund construction of a new salt storage shed, which does not require Town Meeting authorization. In addition, the BPW is seeking an appropriation from free cash of \$253,000 for the design of a DPW Operations Building (see Article 18).

School Committee

The School Committee is requesting \$569,714 in cash capital, excluding school-related facilities maintenance capital items. School cash capital is allocated as follows:

	FY09 Actual	FY10 Appropriated	FY11 Budget
Technology	\$454,103	\$478,080	\$439,535
Furniture/Furnishings	47,913	58,031	43,314
Copiers, Equipment and Storage	52,426	67,104	6,560
Instructional Equip./Materials	25,615	30,009	15,305
Interior Reconfig./Improvements	165,831	42,903	35,000
Safety	0	11,749	0
Master Plan Update			30,000
Total	\$745,888	\$687,876	\$569,714

Last November, the School Department recommended, and the School Committee adopted, a Cash Capital Budget totaling \$695,210, including \$501,626 for replacement technology and \$63,405 for new technology. This proposed budget was in line with the 1% guideline issued by the Advisory Committee in late September 2009. In light of the growing Town-wide budget pressures, the major Town Departments, including the Schools, were asked by Advisory in early February to cut the cash capital request by 5% (\$34,738). The Schools took this reduction from their technology capital request. Furthermore, the Schools proposed that additional cuts to their technology capital request be reallocated to fund \$90,758 of their FY11 operating budget shortfall, to which Advisory agreed. The FY11 tax impact cash capital budget request is now lower than the Schools' capital appropriation in any of the past four years.

Typically, technology is the largest category of school cash capital spending, with a significant portion of this for replacement of aging computers and other equipment. The Schools were able to achieve approximately \$82,681, or 22.6%, of the requested budget reduction, from lower pricing on 287 replacement computers in the budget. Other reductions included eliminating a request for a new wireless controller at the High School, and reducing requests for SMARTBoards and SMART Elmos (document cameras) by 50%.

The budget request also includes \$35,000 as a contingency for reconfiguring space in the event of enrollment changes and \$30,000 to engage an engineer to assess the condition of the Hardy, Hunnewell, and Upham modular classrooms. A more extensive study of the elementary school infrastructure has been deferred. The copier and equipment line for FY11 is \$40,100 lower than it otherwise would be as the Schools have been able to fund the purchase of new copiers with federal stimulus funds in FY10; this is a one-time use that will not be available in the future as other copier equipment is scheduled to be replaced. Similarly, stimulus funds in the amount of \$15,995 were used in FY10 to purchase 36 netbooks and 3 carts.

Observations

By far, the largest share of the Schools' capital requests, approximately 77%, is for technology. Replacement computers comprise the largest line item within this category. Advisory notes that

the budget might have been cut further had the School Department decided to defer replacement of some of the older computers system-wide. Further, while the 22.6% reduction in pricing of replacement computers is welcome news, Advisory notes that this is the second consecutive year that a substantial price reduction was realized for replacement computers after the School Committee had approved its budget and presented it to Advisory. Advisory might reasonably anticipate that the Schools will present an initial budget reflecting more realistic prices in the future.

This budget begins to address, but does not resolve, the ongoing issue of technology parity within the elementary schools. Included in the budget are funds to purchase five SMARTBoards for elementary schools (Fiske, Upham, and Sprague), as well as to install five projection systems at Fiske and Hardy. As of the end of November, there was one SMARTBoard at Fiske and two at Sprague, whereas Schofield had eight and Hunnewell and Upham seven each. As another point of comparison, Sprague had two document cameras and Fiske four, whereas Bates had 20 and Hunnewell 19.

The system-wide imbalance appears to be the unintended result of the acceptance of gifts from private donors over a period of years by the School Committee. As we have noted elsewhere, it is difficult to determine total spending, and all components of spending, within the public school system. One reason for this is gifts. The Town is fortunate to have benefitted from the generosity of many individuals and organizations over the years; contributions from private sources have saved the taxpayers of Wellesley substantial amounts of money. Although gifts do not have a large impact on the entire system in any one year, they have come to play a large role in funding school technology. The FY10 budget for technology is \$495,298; however, through the end of February 2010, the School Committee had accepted through consent agenda motions gifts of, or for, technology totaling over \$200,000. In other words, approximately 30% of this year's technology acquisitions will be through gifts (and this assumes that no more gifts are accepted this year.)

Looking ahead, the Schools' planned technology expenditures for the next few years are as follows:

<u>FY</u>	<u>Amount</u>
2012	614,939
2013	615,732
2014	642,832
2015	<u>667,377</u>
Total	2,540,880

This is a substantial sum, especially at a time when town-wide capital budgets are experiencing significant stress. At the same time, the new High School will be completed, and the budget for this project includes significant spending on new technology. Additionally, the Schools are projecting significant capital maintenance projects within this period and will be embarking on the further development and implementation of solutions to the projected capacity shortfall at the Middle School. Advisory does not question the importance of technology in the classroom. It does, however, feel that, given the magnitude of proposed technology expenditures, the importance of private donations to the Schools' acquisition of technology, and the potential, for redistribution of technology from the existing High School to elsewhere in the system, that the School Department should develop a comprehensive multi-year plan outlining its technology needs and objectives, and how these would be implemented system-wide.

Board of Selectmen

The Board of Selectmen oversees capital budgets for two functions: General Government Administration and Public Safety. Network and Information Systems capital will pay for the third year of a three-year project to upgrade switches on the Town's network and the replacement of an auto backup tape device.

	FY09	FY10	FY11
	Actual	Appropriated	Request
Administration			
Mailing System	26,092	0	0
Network and Information Systems	41,000	67,000	20,000
Public Safety			
Police	51,126	53,709	80,699
Fire	64,050	61,525	152,800
	182,268	182,234	253,499

In FY11, the Police capital budget is for the fourth year of a four-year plan to purchase mobile and portable radios to replace current equipment that is approximately 10 years old, with an expenditure of \$39,021. Additionally, the capital request includes a touch screen booking station, costing \$36,524, and antivirus computer protection for \$5,154. The Fire capital budget includes replacing five portable radios (year three of a four year plan), in the amount of \$22,300, replacing a command vehicle for \$36,000 (replacing a 2001 vehicle with 123,000 miles), and a new capital request of \$94,500 for a Master Fire Box. The Selectmen recently approved the new Master Fire Box plan, which eliminates the residential fire alarm call-boxes and transitions the master box system to a new radio-based technology. This technology will eliminate the need to maintain the wire network and to maintain/replace the digitizers. The requested capital is to replace the digitizers with a single system in the dispatch center that will support the new radio-based technology. The capital request also covers the material cost of transmitters to be installed on each of the municipal master boxes. The MLP will provide the installation work at no cost to the Town.

Facilities Maintenance

The Facilities Maintenance Department requests \$499,597 for FY11, the second year of a consolidated budget to address current maintenance capital needs across several Town buildings.

Facilities Maintenance

	FY09	FY10	FY11
	Actual	Appropriated	Request
Town Hall	120,900	115,000	15,000
Library	0	10,000	38,000
Police Station	19,800	10,000	57,750
Fire Stations	17,200	60,000	100,000
Warren Building	1,900	0	35,100
Morses Pond Bath House Roof	0	20,000	0
School Facilities	206,908	144,670	243,747

This amount includes facilities maintenance for Town buildings of \$255,850 and for School buildings of \$243,747. Under the Town facilities maintenance, \$15,000 is scheduled for flooring in the Town Hall, \$38,000 for the Library, including a \$20,500 Library maintenance van, \$100,000 for the Fire Station, including a new roof for \$95,000 at the Worcester Street location, \$35,100 for the Warren Building, including \$20,000 for a shed storage building, and \$57,750 for the Police Station, including \$25,750 for the roof. Highlights of the School Facilities Maintenance program include a Field House vehicle in the amount of \$57,000, roof repairs and maintenance throughout the system, and \$37,652 for lighting retrofit and safety lighting at Upham School.

The Facilities Maintenance Reserve Fund was created to address unanticipated or emergency needs. The appropriation of \$35,000 to this fund is to replenish the \$35,000 withdrawn during FY10 to study the condition of the Central Street Fire Station floor. In the fall 2009, an assessment of the Central Street Fire Station revealed the floor's coating system had failed causing water to penetrate the floor and compromise the structure. Please see Article 16 for details on the appropriation request for the repair of the Central Street Fire Station floor.

Natural Resources Commission

The Natural Resources Commission manages park and conservation land, cares for public shade trees, acquires land and conservation restrictions, sets policy for pets control and pesticide use, protects the Town's forests and serves as the Town's wetland protection agency. The NRC has a role in collaborative efforts with other boards, including the Morses Pond Comprehensive Management Plan, the Playing Fields Task Force and others.

Morses Pond Project

This appropriation provides the operating expenses required to carry out activities under the Morses Pond Comprehensive Plan, principally the services of a Pond Manager consultant, the operation of the weed harvester and the operation of the phosphorous inactivation system. This appropriation does not include expenses for water treatment and related activities carried out by the NRC, Recreation and DPW within their own budgets.

	FY09 Actual	FY10 Appropriated	FY11 Request
Natural Resources Commission			
Tree Planting	25,000	30,000	30,000
Fuller Brook Park Restoration Study	10,000	0	0
Park Sidewalk and Path Repairs	0	20,000	20,500
Morses Pond Project			
Erosion Control	50,000	50,000	50,500
	55,000	100,000	110,000

The NRC reduced its proposed capital budget request by \$69,500 to \$50,500 to help reduce the budget deficit. The \$50,500 will enable the NRC to continue its tree planting program and to make emergency repairs to park sidewalks and paths. The tree planting program is an annual capital program appropriated to NRC and implemented through the DPW to replace trees lost due to disease and weather.

Morses Pond Project Capital

Watershed Education Program	\$20,000
Stormwater Management Improvements	\$29,000
Manual Harvesting	\$1,000
Total	\$50,500

The NRC, DPW and Recreation deferred several elements of the Morses Pond Comprehensive Management Plan, reducing the capital request by \$59,500. The capital request retains \$20,000 for the Watershed Education Program, \$29,000 for the Storm Water Management/Low Impact Development and \$1,000 for manual harvesting and benthic barrier support/monitoring.

Board of Library Trustees

	FY09 Actual	FY10 Appropriated	FY11 Request
Computer / Server replacements	33,000	28,000	28,000
Equipment replacement	0	8,500	0
Video surveillance system	3,300	0	0
Repair/Replace worn furniture	0	0	6,215
	33,000	36,500	34,215

In addition to repairing and replacing furniture, the Library request represents the replacement, on a five-year schedule, of 20 out of 105 computers, as well as one of five servers.

DEBT SERVICE

This budget provides funds to pay the FY11 debt service (principal and interest payments) due on all Town permanent and temporary loans, except those of the Enterprise Funds, which are paid from their respective budgets.

DEBT SERVICE
Inside the Levy

	FY10	FY11
	Tax Rate	Request
Debt Service on Existing Debt	3,639,310	3,491,273
Projected New Debt Service	0	100,000
Total Inside Levy Debt Service	3,639,310	3,591,273

Outside the Levy

	FY10	FY11
	Tax Rate	Request
Debt Service on Existing Debt	7,199,625	7,050,847
Projected New Debt Service	0	3,178,000
Total Outside Levy Debt Service	7,199,625	10,228,847

New outside the levy debt represents the continued borrowing to fund the High School project.

RECEIPTS RESERVED FOR APPROPRIATIONS

Funds for various Traffic and Parking expenditures are provided by parking meter receipts, which are deposited into the Town Traffic and Parking Fund. The undesignated balance in the fund was \$333,039 as of June 30, 2009. In FY11, \$538,661 will be withdrawn from the Fund to pay for Traffic and Parking operations (\$520,386), and Traffic and Parking debt service (\$18,275). Projected FY11 receipts are sufficient to cover these withdrawals.

Traffic and Parking

	FY09	FY10	FY11	FY10-11
	Actual	Appropriated	Request	Change
Operations	394,086	488,233	520,386	6.6%
Cash Capital	56,500	0	0	0.0%
	450,586	488,233	520,386	6.6%

This budget funds traffic and engineering services, meter maintenance, snow removal and sanding services for the Town's parking lots and parking lot repair and maintenance. Five part-time meter attendants and one meter repair person are included in the budget in addition to one-half of an administrator.

Capital items include municipal parking lot improvements, improvements to pedestrian signals, sealing of brick crosswalks, provision of wheelchair ramp access to curbs, and replacement of police radar units for enforcement of speed limits.

The Traffic and Parking Fund also pays debt service on borrowings for new parking meter machines. These costs (\$18,275) are included in the inside the levy limit debt service portion of the budget.

ARTICLE 9. To see what action the Town will take to fix the salary and compensation of the Town Clerk as provided by the General Laws Chapter 41, Section 108, as amended; or take any other action relative thereto.

(Board of Selectmen)

In this Article, the Board of Selectmen is requesting a salary increase for the Town Clerk. The Town Clerk is the only elected official in Wellesley to receive a salary. In 2000, the Human Resources Department evaluated the position using the Hay System and determined the position to be equivalent to a Group 59 in the Town's Classification Plan. Each year, the Board of Selectmen reviews the Town Clerk's salary and makes a recommendation to Annual Town Meeting for an appropriate merit increase for the next fiscal year. They take into consideration any adjustments made to the Series 50 positions under Article 5, as well as other factors. Normally, salary increases for employees in the Series 50 classifications are based on performance (Merit Pay Plan). For FY11, as noted in the discussion of Article 5, the Human Resources Board has recommended an across-the-board salary increase of just 1% for all employees in this classification. The Town Clerk's present salary is \$75,424. The Board of Selectmen recommends a 1% increase, to \$76,178, for FY11.

Advisory recommends favorable action, 14 to 0.

ARTICLE 10. To see what sum of money the Town will raise and appropriate, or otherwise provide, for the Stabilization Fund pursuant to the provisions of Section 5B of Chapter 40 of the General Laws, as amended; or take any other action relative thereto.
(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 11. To see what sum of money the Town will raise and appropriate, or otherwise provide, including transfer from available funds, to the Municipal Light Board for the Municipal Light Plant; or take any other action relative thereto.
(Municipal Light Board)

Under this Article, the Municipal Light Plant (MLP) requests the appropriation of the revenues from ratepayers and other sources and cash on hand as of June 30, 2010, for payment of the MLP operating and capital expenditures in FY11.

Overview

The Municipal Light Plant ("MLP") is organized under Massachusetts General Law c.164 and operates as an independent business, owned by the Town. The MLP provides electricity to approximately 8,900 residential customers and 1,100 commercial customers in Town. Its operations are funded from the sale of electricity to customers during the current year and retained profits from prior years. The MLP also generates a portion of its income by providing services to other towns, notably Devens. MLP's principal expense is the purchase of electricity, which MLP resells to customers. MLP also owns and is responsible for the maintenance and improvement of the electric distribution system in the Town.

Revenues

The MLP projects FY11 operating revenue to be \$32.3 million, an increase of \$1.5 million (4.9%) over the FY10 budget. The projected increase in revenue is attributable to a projected growth in demand and recent rate increases. The MLP's electric rates are expected to remain among the lowest in New England.

Operating Expenses

The MLP projects FY11 operating expenses of \$30.6 million, a decrease of \$1.7 million (5.2%) over the FY10 budget. Shown in the following table are the principal categories of MLP operating expenses for FY07 to FY11:

Operating Expense	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Approp	FY11 Projected
Administrative & General	\$637,581	\$546,757	\$602,171	\$576,549	\$582,384
Purchased Power	10,963,449	22,721,182	25,081,019	25,423,600	22,639,234
Transmission	1,310,635	1,714,642	2,178,013	2,400,000	3,337,610
Distribution	1,011,123	913,457	951,816	1,027,502	1,003,354
Customer Service	261,551	378,574	417,398	456,699	546,335
Depreciation	1,887,298	2,247,610	2,182,301	2,436,746	2,497,600
Total Operating Expense	\$16,071,637	\$28,522,222	\$31,412,718	\$32,321,096	\$30,606,518

In addition to the operating expenses outlined above, the MLP's net income will continue to be used to fund the annual \$1.0 million payment made to the Town (see Article 3).

Since FY07, the MLP's power supply costs have increased significantly as a result of policy changes implemented by ISO-New England. In FY07, the MLP's combined transmission and capacity charges totaled \$1.6 million compared to projected costs of \$6.7 million for FY11. Forward Capacity Market charges are expected to decrease by \$0.8 million in FY11 compared to FY10, however, this reduction will be more than offset by a \$0.9 million transmission cost increase. The MLP's Five-Year Financial Forecast is projecting level costs during this period for all expenses except transmission. From FY10 to FY14, transmission costs are expected to increase by \$2.9 million. This amounts to a 103% increase for this regulated based expense.

The MLP's strategy of a layered and staggered energy portfolio of purchased power contracts contributed an estimated \$2.0 million of the overall \$2.8 million projected decrease in purchased power costs in FY11. The reduction in crude oil and natural gas prices from the downturn in the economy are the primary factors that have allowed the MLP to replace expiring tranches will lower cost blocks of energy.

The MLP continues to successfully manage its "controllable expenses" within the distribution, customer service, and general and administrative categories. The FY11 budget requests an additional \$90,000 to promote energy conservation within Town. Of this amount, \$19,000 is allocated for a part-time sustainable energy employee to be shared with the Office of the Selectmen. (See Article 33 for more information on the Sustainable Energy Coordinator position.) If the energy conservation increase had not been included, the MLP's FY11 "controllable costs" would be \$19,000 less than in FY10.

Capital Expenditures

The FY11 MLP capital budget is \$4.9 million. Capital expenditures are summarized in the following table:

<u>Capital Budget</u>	<u>FY10</u>	<u>FY11</u>
System Improvements	\$1,057,252	\$1,174,514
Power Factor Correction	123,512	0
Replace G & W Switches	170,183	165,205
Replace Poles	0	125,765
Upgrade Transformers	237,609	228,809
Additional Overhead	118,250	118,250
Additional Underground	118,250	143,250
Building Facility	1,100,000	2,000,000
Carryover	569,023	0
Subtotal Distribution Upgrades	\$3,494,079	\$3,955,793
Customer-Related Work	353,000	353,000
Provide 400/600 AMP Service	250,200	250,200
Replace Vehicles	175,000	250,000
Maintain General Plant	24,000	49,000
Improve Technology and GIS	70,000	40,000
Replace Street Lights	35,449	59,320
Replace Meter/Mail Equipment	11,000	0
Subtotal Other Capital Projects	\$918,649	\$1,001,250
Total Capital Budget	\$4,412,728	\$4,957,313

The MLP's \$0.5 million capital budget increase is a result of, among other things, the estimated cost to complete the second phase of a new MLP building. The MLP presented its building plans to the 2006 Annual Town Meeting. The first phase consisted of the demolition of the 1934 garage and replacement with a new garage and warehouse. Construction of this facility was completed in August 2009. The administration addition will resolve a severe overcrowding in the existing MLP/DPW building. Currently, MLP managers are using the basement area as office space. See Article 17 for more information on the MLP's administrative building addition. The remainder of the MLP's capital budget is allocated for: infrastructure improvements (\$1,955,793); customer-related work (\$603,200); vehicle replacement (\$250,000); and miscellaneous expenditures (\$148,320) such as streetlights, general plant and technological improvements. All of these capital projects will be paid for from the MLP's operating profits and existing cash reserves.

Outlook

The MLP manages its financial position to maintain its "AA Stable" credit rating and preserve its ability to invest in attractive power acquisition options when they arise. In light of the continual need to purchase "strips" of power in the energy market, a favorable credit rating is highly desirable.

The completion of the building addition is currently the last major project in the MLP's FY10 – FY14 forecast. Once this addition is completed, the MLP will have net plant assets of \$53.0 million with no debt. The MLP anticipates stable purchased power cost through FY14 as 80% of the FY11 and FY12 energy costs are hedged and the staff is in the process of locking-in a similar amount for FY13 and FY14. Higher transmission costs will result in annual rate increases of approximately 1.5% for January 2011 with similar increases expected for 2012 and 2013. Based on these projections, Wellesley electric rates should remain among the lowest in New England.

Advisory recommends favorable action, 10 to 0, with 1 abstention.

ARTICLE 12. To see what sum of money the Town will raise and appropriate, or otherwise provide, including transfer from available funds, to the Board of Public Works for the Water Program; or take any other action relative thereto.

(Board of Public Works)

Under this Article, the Board of Public Works (BPW) requests the appropriation of the Water Enterprise Fund's FY11 Receipts and its cash on hand as of June 30, 2010 for payment of the Water Division operating and capital expenditures in FY11, provided that the total amount of expenditures in FY11 shall not exceed \$7,174,199.

Overview

The Water Division provides water supply, storage and distribution to residential, commercial and institutional customers. The Town's water supply system includes wells, pumping stations, treatment facilities and a distribution system with two underground reservoirs. Water is supplied primarily from Town wells supplemented by the Massachusetts Water Resources Authority (MWRA). The principal expenses of the Water Division are for the maintenance and operation of the Town wells and distribution system, as well as for the purchase of supplemental water from the MWRA. In general, water purchased from the MWRA is more expensive than water produced from Town wells.

The expenses of the Water Division are funded through the Town's Water Enterprise Fund, which is "non-tax impact." Revenues are received from rates charged to users.

The budget is designed to break-even on a cash flow basis in a "moderate" water usage year. Water usage is subject to unpredictable, weather-related variation, which can affect revenues and expenses. To offset this variability, the Water Division budget includes a substantial contingency. Overall, cash and equivalents in the Water Fund at the end of FY11 are projected to be \$1.03 million. Interest earned goes to the Town's General Fund.

FY11 Operating Budget

The following table shows the Water Fund's anticipated sources and uses of funds for FY11 (all numbers are in dollars):

Water Enterprise Fund	FY10	FY11	Change
Sources			
Water Fund Receipts			
Water Charges	5,499,968	5,466,211	(33,757)
Other Charges	-	-	-
Subtotal - Operating Revenues	4,820,525	5,466,211	(33,757)
Other Cash Sources			
Depreciation	800,000	855,100	55,100
Non-Operating Income	200,000	220,000	20,000
Changes in Accts Receivable, Accts Payable, etc.	-	-	-
Interest Received	4,000	5,000	1,000
Contribution in Aid of Construction	40,000	40,000	-
Loan Proceeds	275,910	-	(275,910)
Rate Stabilization	(78,006)	265,629	343,635
Contingency - From Available Cash	330,634	322,259	(8,375)
Subtotal - Other Cash Sources	1,572,538	1,707,988	135,450
Total Sources	7,072,506	7,174,199	101,693

Uses			
Operating Expenses	4,097,097	4,159,992	62,895
Non-Operating Expenses (Depreciation & Interest)	965,013	931,520	(33,493)
Other Non-Operating Expenses (House Service Connections)	200,000	220,000	20,000
 Capital Expenses & Debt Obligations			
Capital Outlay	724,000	770,000	46,000
Expenditures of Contrib. in Aid of Construction	40,000	40,000	-
Debt (Principal)	715,762	730,428	14,666
Subtotal - Capital & Debt	<u>1,479,762</u>	<u>1,540,428</u>	<u>60,666</u>
 Contingency	 330,634	 322,259	 (8,375)
Total Uses	<u>7,072,506</u>	<u>7,174,199</u>	<u>101,693</u>

The Water Fund's receipts in FY11 from ratepayers are projected to be \$5.5 million. This revenue is based on an estimated annual usage of 1.117 million CCF (or 835 million gallons) of water. The BPW has not yet set water rates for 2011; the projected revenue assumes a 5% increase effective July 1, 2010.

Operating expenses in FY11 are projected to be \$4,160,000, which is an increase of \$63,000 compared to the FY10 budget. Personal service costs are projected to be \$1,539,000, an increase of \$10,600, or 0.7%. The cost for MWRA water is expected to increase by \$122,000, based on higher water usage from that source. Other expenses are expected to decrease by approximately \$71,000, with increases in health insurance, pension costs, and maintenance of the water treatment plants offset by decreases in chemical costs and an adjustment in the allocation of general liability insurance. Other (non-operating) charges are projected to decrease by approximately \$68,600, or 6.9%, due to decreased interest expense associated with the water treatment plants and the actual interest payments for the new Water/Sewer building, which are lower than had been projected in the FY10 budget.

FY11 Projected Capital Budget

The Board of Public Works projects capital expenditures of \$770,000 in FY11, a \$46,000, or 6.4% increase relative to the FY10 budget. The FY11 capital program includes \$150,000 for water supply improvements; \$405,000 for distribution system improvements; \$40,000 for hydrants; \$85,000 for meter maintenance and the replacement of water meter batteries on a planned schedule prior to battery failure; \$80,000 for building and equipment maintenance, and \$10,000 for the GIS system.

Outlook

The BPW expects that expenses of the Water Division will continue to increase in future years, primarily because of expected increases in MWRA rates. The Water Division is continuing a number of steps, including the drilling of new wells, to improve local well yields to reduce the Town's reliance on MWRA water.

Advisory believes the operating and capital budgets proposed in this Article are appropriate.

Advisory recommends favorable action, 13 to 0.

ARTICLE 13. To see what sum of money the Town will raise and appropriate, or otherwise provide, including transfer from available funds, to the Board of Public Works for the Sewer Program; or take any other action relative thereto.

(Board of Public Works)

Under this Article, the Board of Public Works (BPW) requests the appropriation of the Sewer Enterprise Fund's FY11 receipts and cash on hand as of June 30, 2010 for payment of the Sewer Division operating and capital expenditures in FY11, provided that the total amount of expenditures in FY11 shall not exceed \$8,467,918.

Overview

The Sewer Division provides for the construction, operation, and maintenance of the Town's sanitary sewer system including trunks, force mains and laterals, and pumping and lift stations. Sewage is sent to the Massachusetts Water Resources Authority (MWRA) for treatment at the Deer Island station. MWRA charges represent 80% of the Sewer Division's expenses.

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

FY11 Budget

The following table shows the Sewer Division's anticipated sources and uses of funds for FY11. As shown, the Sewer Fund's receipts in FY11 are projected to be \$6,692,000. This includes an assumed rate increase of 5% as of July 1, 2010, which has not yet been approved by the BPW. All numbers in the table below are in dollars.

Sewer Enterprise Fund	FY10	FY11	Change
Sources			
Sewer Fund Receipts			
Sewer Charges	6,319,174	6,207,332	(111,842)
Wellesley College	455,000	455,000	0
Other Charges	30,000	30,000	0
Subtotal - Operating Revenues	6,804,174	6,692,332	(111,842)
Other Cash Sources			
Depreciation	297,000	337,700	40,700
Non-Operating Income	30,000	50,000	20,000
Interest Received	10,000	10,000	0
Contribution in Aid of Construction	5,000	5,000	0
Grant Proceeds	112,500	110,455	(2,045)
Loan Proceeds	137,500	135,000	(2,500)
Rate Stabilization	257,688	535,029	277,341
Contingency - From Available Cash	594,019	592,402	(1,617)
Subtotal - Other Sources of Cash	1,443,707	1,775,586	331,879
Total Sources	8,247,881	8,467,918	220,037

Uses

Operating Expenses - Non MWRA	1,178,095	1,238,834	60,739
Operating Expenses - MWRA Charges	5,002,399	5,171,000	168,601
Subtotal - Operating Expenses	6,180,494	6,409,834	229,340
Non-Operating Expenses (Depreciation & Interest)	446,883	429,200	(17,683)
Other Non-Operating Expenses (House Service Connections)	30,000	50,000	20,000
Capital Expenses & Debt Obligations			
Capital Outlay	630,000	655,000	25,000
Expenditures of Contrib. in Aid of Construction	5,000	5,000	0
Debt (Principal)	361,485	326,482	(35,003)
Subtotal - Capital & Debt	996,485	986,482	(10,003)
Contingency	594,019	592,402	(1,617)
Total Uses	8,247,881	8,467,918	220,037

Operating expenses in FY11 are projected to be \$6,409,835, an increase of \$229,340 or 3.7% from FY10. This increase is driven primarily by an increase in MWRA charges of approximately \$169,000, or 3.4%. Non-MWRA operating costs increased \$60,000 or 5.1%, due to increases in personal services, health insurance, and pension costs, as well as an allocation adjustment for general liability insurance.

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

Other (non-operating) charges are projected to be \$429,200, a decrease of 4.0%. The decrease reflects the actual interest payments for the new Water/Sewer building, which are lower than had been projected in the FY10 budget.

Capital Budget

Capital outlays for FY11 are projected to be \$655,000, an increase of 25,000 or 4% from FY10. The FY11 capital program includes \$515,000 for rehabilitation of sewer mains; \$130,000 for building and equipment maintenance, and \$10,000 for the GIS system.

Outlook

The BPW expects that MWRA charges will increase in future years, as the MWRA faces increasing principal payments under its indebtedness for the Deer Island Treatment Plant. These increased charges will result in periodic sewer rate increases.

Advisory believes the operating and capital budgets proposed in this Article are appropriate.

Advisory recommends favorable action, 13 to 0.

ARTICLE 14. To see if the Town will vote pursuant to Section 53E½ of Chapter 44 of the General Laws, as amended, to authorize/reauthorize the establishment of one or more revolving fund(s) for the purpose of funding the activities of certain departments of the Town; or take any other action relative thereto.

(Board of Selectmen)

This Article requests authorization/reauthorization pursuant to Section 53E1/2 of Chapter 44 of the General Laws, which requires that revolving funds—those that may be used without appropriation and are established for particular uses by Town departments—must be authorized or reauthorized annually by vote of the Town Meeting. These funds are sourced solely from the departmental receipts received in connection with the programs supported by the revolving funds. The name and amounts of funds requiring authorization/reauthorization are as follows:

Street Opening Maintenance, said funds to be expended under the direction of the Department of Public Works, annual expenditures not to exceed \$150,000;

DPW Field Use, said funds to be expended under the direction of the Department of Public Works, annual expenditures not to exceed \$200,000;

Council on Aging Bus Fund, said funds to be expended under the direction of the Council on Aging Department, annual expenditures not to exceed \$104,000;

Council on Aging Social and Cultural Programs, said funds to be expended under the direction of the Council on Aging Department, annual expenditures not to exceed \$45,000;

Building Department Document Fees, said funds to be expended under the direction of the Building Department, annual expenditures not to exceed \$50,000;

Teen Center Program Revenues, said funds to be expended under the direction of the Recreation Department, annual expenditures not to exceed \$35,000;

Recreation Summertime Revenues, said funds to be expended under the direction of the Recreation Department, annual expenditures not to exceed \$30,000;

Recreation Scholarship Revenues, said funds to be expended under the direction of the Recreation Department, annual expenditures not to exceed \$35,000;

Library Room Rental, said funds to be expended under the direction of the Library Trustees, annual expenditures not to exceed \$20,000;

Branch Library Maintenance, said funds to be expended under the direction of the Library Trustees, annual expenditures not to exceed \$25,000; and

Brookside Gardens, said funds to be expended under the direction of the Natural Resources Department, annual expenditures not to exceed \$5,000.

Expenditures are paid from cash receipts collected from outside sources specifically for the purposes designated and without any expense to the Town. The Council on Aging Bus Fund reflects a modest decrease from FY10, as the new bus contract came in at an amount lower than had been expected. The Library Room Rental fund has been increased from \$15,000 to \$20,000 to reflect the higher level of room-rental activity and corresponding higher level of receipts. New on the list this year is the Branch Library Maintenance revolving fund, which was set up following the favorable vote on Article 15 at the 2009 Annual Town Meeting.

Advisory continues to support the management of these programs through revolving funds, as approved in 2006 and subsequent Town Meetings.

Advisory recommends favorable action, 13 to 0.

APPROPRIATIONS – SPECIAL CAPITAL PROJECTS

ARTICLE 15. To see what sum of money the Town will raise and appropriate, or otherwise provide, for architectural, engineering and/or other services for plans and specifications for a new Senior Center, and for the construction and furnishing of the same; and for other services in connection therewith; to determine whether such sum shall be raised by taxation, through borrowing or otherwise; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 16. To see what sum of money the Town will raise and appropriate, or otherwise provide, for architectural, engineering and/or other services for plans and specifications for the reconstruction of the interior flooring of the Central Street Fire Station (Station Number 1), and for the construction, reconstruction, remodeling, rehabilitation and/or modernization of the same; and for other services in connection therewith; to determine whether such sums shall be raised by taxation, through borrowing or otherwise; or take any other action relative thereto.

(Board of Selectmen)

The Board of Selectmen requests a \$300,000 appropriation to be funded from the Town's cash reserves for repairs to the Central Street Fire Station.

In the Fall 2009, an assessment of the Central Street Fire Station floor revealed that the floor coating system had prematurely failed, causing water to penetrate the floor structure and corrode the concrete slab and accompanying steel reinforcement. Temporary steel plating was installed, but a permanent solution is needed to maintain the long-term structural integrity and functionality of the fire station.

The Permanent Building Committee (PBC) has interviewed and hired the engineering firm Gale Associates to further assess the condition of the floor and related infrastructure, perform tests, evaluate the potential construction costs of a permanent repair and prepare detailed construction documents for the purpose of bidding the work to a qualified contractor.

Gale's initial investigation revealed extensive floor damage. Gale Associates has been directed by the PBC to undertake further investigation, including the full replacement of an additional floor area and the replacement of mechanical and plumbing systems that will be impacted by the floor reconstruction. Although the results of Gale's evaluation have not been finalized as this Report goes to print, \$300,000 is the "best guess" of the funds that will be needed for this work. It is anticipated that the results of the engineer's estimate for the repairs will be made available at or just prior to Annual Town Meeting.

If funds are appropriated at Town Meeting, construction, which is expected to take eight weeks, will likely be performed during the summer of 2010. The Fire Station will remain operational throughout construction.

Advisory will make its recommendation at Annual Town Meeting.

ARTICLE 17. To see what sum of money the Town will raise and appropriate, or otherwise provide, for architectural, engineering and/or other services for plans and specifications for the construction of a Municipal Light Plant Administration Building, and for the construction, reconstruction, remodeling, rehabilitation and/or modernization and furnishing of the same; and for other services in connection therewith; to determine whether such sums shall be raised by taxation, through borrowing, transfer, or otherwise; or take any other action relative thereto.

(Municipal Light Board)

The Municipal Light Plan (MLP) is requesting Town Meeting approval to allow the MLP to complete the second phase of its consolidated building project. The existing facility is overcrowded, in sub-standard condition and lacks the needed work areas to efficiently conduct the MLP's day-to-day operations. In 2005, the MLP originally intended to construct a single building to consolidate all operations. The MLP bifurcated the construction into two phases because of the initial cost estimate for the entire project:

- Garage/Warehouse – the 2006 Annual Town Meeting approved the demolition of the MLP's then-existing garage/warehouse. The new garage/warehouse building was completed in August 2009 at a cost of \$6.9 million.
- Administrative Building Addition – the second phase will involve construction of an approximately 7,700 square foot, two-story addition to the garage/warehouse, which will consolidate the MLP's operations. The MLP plans to build a pre-engineered building addition utilizing modular construction components. The Administrative addition is estimated to cost \$2.0 million. The MLP believes that using modular construction components will save between \$0.3 and \$0.5 million and offers comparable quality to traditional construction methods.

The new addition will eliminate overcrowding, provide a more efficient work layout, offer improved accessibility for handicapped customers and employees, be energy efficient, and allow consolidation of the MLP's record storage.

The MLP administrative, engineering, and customer service staffs currently share office space with the Department of Public Works (DPW) at 2 Municipal Way (formerly 455 Worcester Street). The MLP has staff and records located in four different buildings: 1) the new garage and warehouse; 2) the existing administrative building; 3) the substation; and 4) the old substation. The new addition will house all employees and records in a single location, thereby eliminating lost time traveling between buildings. The basement of the administrative building, which was originally designed for storage and to house the custodial and building services equipment, is now used as office and conference room space and houses the customer service automated mailing equipment. The new addition will locate employees in a space that is designed as office workspace and allow the basement of the existing building to be returned to its original purpose for storage.

The current MLP/DPW shared facility needs substantial repairs and upgrading. The Permanent Building Committee (PBC) believes that it would be costly to address the many deficiencies and code issues of the existing MLP Administration Building. In addition, the MLP has concluded that a shared facility with the DPW is not feasible. This is due, in part, to site limitations and the goal to locate the offices in close proximity to the primary work areas.

There are currently no formal plans for the possible re-use of the existing building. The MLP has received a couple of informal inquiries but nothing definitive. The building will be occupied by the MLP administration thru early 2012 (calendar) and by the DPW until late 2012, assuming these projects move forward.

Every department within the MLP will realize efficiencies and cost savings from a consolidated facility. For example:

- Customer Service – the automated mailing equipment can be located in the customer service work area so that those employees can multi-task. This will improve productivity by allowing customer service employees to perform the billing and mailing functions for water, sewer, and electric utilities, and the Town's real estate and excise taxes, without having to leave the customer service area. All customer service employees will be located on one floor with nearby conference space that will be utilized for confidential bill and payment communications between customers and staff. Finally, the customer service space will be placed on the ground floor of the new building addition, greatly improving accessibility for customers with physical disabilities.
- Engineering/Line Operations – relocating the engineering function to the same building as line operations vastly improves communications and eliminates wasted time crisscrossing between buildings. Virtually every facet of line operations, starting with communicating the beginning-of-the-day work assignments to end-of-the-day collection of payroll and inventory records, will be streamlined. The MLP line operation employee having the most public contact will be transferred from the basement to an office at ground level adjacent to the customer service reception area. The building addition's connection with the substation will enhance coverage, improve response time, and reduce overtime.
- Administrative – the layout of the existing DPW/MLP building requires each of the MLP primary administrative functions to be staffed on different floors. The Accounting Supervisor is located in the basement, the Director and part of the payroll function are on the first floor, while the Business Manager and remaining payroll staff are on the second floor. Records are maintained on each floor as well as in the old substation. The new addition will facilitate interdepartmental communication and make more efficient use of records storage space.
- Energy Efficiency - the basement of the existing DPW/MLP building was not designed for human occupancy. This area was constructed in 1934 and intended to be storage space. The walls are poorly insulated, the foundation windows are not energy efficient and heating is provided by electric space heaters. The MLP's administrative addition will meet LEED guidelines. For comparison purposes, the new garage and warehouse, which is similar in size to the demolished 1934 facility, is 66% more energy efficient.

The MLP's building addition provides many benefits to both the Town and MLP without directly impacting Wellesley taxpayers. The MLP Board and staff have successfully expanded its operations by providing services outside of Wellesley to generate profits which will help offset the cost of this building to the rate payers. The MLP increased its cash reserves by performing streetlight maintenance in Newton, providing distribution, customer service, and administrative support for Mass Development/Devens, and installing/leasing dark fiber communication cable.

Through these external business profits, the MLP has accumulated the \$2.0 million in cash to build the addition without issuing debt or increasing electric rates.

Advisory concurs that the MLP building addition is needed and will provide benefits to the Town and MLP without any tax impact.

Advisory recommends favorable action, 13 to 0, with 1 abstention.

ARTICLE 18. To see what sum of money the Town will raise and appropriate, or otherwise provide, for architectural, engineering and/or other services for plans and specifications for the construction of a Department of Public Works Administration Building, and for the construction, reconstruction, remodeling, rehabilitation and/or modernization and furnishing of the same; and for other services in connection therewith; to determine whether such sums shall be raised by taxation, through borrowing or otherwise; or take any other action relative thereto.

(Board of Public Works)

The Board of Public Works (BPW) is requesting funds for the design of a new Department of Public Works (DPW) Operations Building. The objectives of the project are to provide adequate space for the DPW Management Services and Engineering Divisions, improve working conditions and operational efficiencies for the department, and provide a working environment that is ADA compliant, energy efficient, and will meet all state and local safety and building codes. The existing facility is overcrowded, in sub-standard condition and lacks the needed active engineering plan storage space.

The DPW Management Services and Engineering Divisions currently occupy about 4,400 of net sq. feet of office and work space in the Municipal Light Plant (MLP) Administration Building. The Engineering Division needs substantial additional space for customer service, staff work areas, meeting areas and space for active plan storage. The proposed Operations Building, including the finishing of the second floor of the Water and Sewer Building, will provide the DPW with approximately 6,700 net sq. feet of office and work areas, a multi-use meeting, training and break room, and storage spaces. Currently the DPW's total workforce aggregates 120 employees. This building will provide office space for 26 employees plus a training/meeting room capable of seating approximately 60 people. As part of this design phase, the DPW plans to maximize the use of multi-use work areas and explore the use of modular construction. The Engineering space will provide a larger area for the storage of Town plans and records including water, sewer and stormwater plans and profiles, survey and land plans. The building will also be ADA compliant, meet all state and local building codes and will be significantly more energy efficient than the existing building.

In 2001, the MLP began its planning to replace its administration building and garage facilities with new facilities. Because the DPW rented space in the MLP Administration Building and the MLP Garage for the DPW Director's Office, Management Services Division, Engineering Division, and Water and Sewer Division, the DPW began investigating options for replacement of its administration and garage facilities. As part of this review, the DPW concluded that a shared facility with the MLP was not feasible. This was due to the limitations of the site and the desired proximity of the offices to each of the primary work areas.

The DPW explored the option of renovating its space in the current MLP Administration Building, but determined that the funding needed to address its many serious deficiencies would be better applied to the construction of a new facility. The cost to address the many deficiencies

and code issues of the existing MLP Administration Building was estimated to be \$2.8 million in 2005 by the project architect, Earth Tech (now AECOM). AECOM recently confirmed that the estimate might be even higher today.

There are currently no formal plans for the possible re-use of the existing building. The MLP has received a couple of informal inquiries but nothing definitive. The building will be occupied by the MLP administration thru early 2012 (calendar) and by the DPW until late 2012, assuming these projects move forward.

Based on this information, the DPW and the Permanent Building Committee (PBC) concluded that the construction of a two-story DPW Operations Building adjacent to the new Water and Sewer facility would be the most cost-effective way to meet the needs of the Department of Public Works.

In 2004, the DPW proposed the construction of a new Water and Sewer office/garage facility and new DPW Operations facility. This combined project was permitted by the Planning Board and the Zoning Board of Appeals (ZBA) in 2006. However, because of funding constraints, only the Water and Sewer facility moved forward to construction. This facility was constructed by the PBC with occupancy occurring during the summer of 2009.

The DPW believes a new building is needed and will significantly enhance the day-to-day productivity of the Department. To arrive at a preliminary estimate of construction costs, the DPW prepared a building plan sketch that would make use of 11,960 sq. ft. of gross space, comprised of 7,400 sq. ft. of new construction and the interior finishing of 4,560 sq. ft. on the second floor of the recently completed Water and Sewer Building. A DPW office building of this general configuration was included in the PSI and Site Plan approvals from the Planning Board and ZBA in 2006 when this project was originally designed. In addition, the site work, including soil remediation and necessary infrastructure, is currently in place to accommodate the new construction. This work was completed as part of the 2008-2009 construction in anticipation of this final phase of the project. Only minor modifications to the infrastructure and parking are anticipated to support the currently proposed operations building.

Based on an estimate prepared by the project architect AECOM, the DPW is currently seeking funds to perform design services for the proposed Operations Building. These services, including the PBC's costs for management of the project, are estimated to be \$253,000. The cost to construct the proposed Operations Building is currently estimated to be \$3,600,000, including the aforementioned design fee. The DPW anticipates seeking an appropriation for construction costs at the 2011 Annual Town Meeting, funded by a debt override outside the levy.

Advisory recommends favorable action, 13 to 0.

ARTICLE 19. To see what sum of money the Town will raise and appropriate, or otherwise provide, to the Board of Public Works for water and/or sewer line rehabilitation; and for any equipment or services connected therewith; to determine whether such sums shall be raised by taxation, through borrowing and/or by transfer from available funds; or take any other action relative thereto.

(Board of Public Works)

This Article seeks authorization for the Sewer Fund to borrow up to \$272,800 from the Massachusetts Water Resources Authority (MWRA).

The MWRA Sewer Infiltration/Inflow Local Financial Assistance Program provides a combination of grants and interest-free loans for sewer rehabilitation work. The Town of Wellesley is eligible to receive \$223,200 in grants and \$272,800 in loans under the most recent phase of the MWRA's I/I financing program. The grant funding is available after the loan funding is expended. The loan is interest-free and to be repaid over five years. Actual borrowing would be in several stages, to coincide with the work schedule.

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

Town Meeting has previously approved a total of \$1,687,255 of MWRA Sewer Infiltration/Inflow borrowing. The proposed borrowing from this authorization plus the earlier borrowings qualify the Town for a total of \$1,315,645 in grant funding. Funds from the borrowing under this Article will be used after FY11, as the Sewer Fund in FY11 is using the proceeds of earlier borrowings.

Advisory believes that the payback on these MWRA loans is very high, as they are interest free, trigger additional grant money, and the improvements that they fund reduce the Town's sewage flow and hence MWRA charges.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 13 to 0.

ARTICLE 20. To see if the Town will vote to raise and appropriate, borrow or transfer from available funds, a sum of money to be expended under the direction of the Permanent Building Committee, School Committee or other Town board for architectural design, consultation, engineering and permitting services, construction and/or equipment related to renovations, additions and/or modular construction at the Wellesley Middle School to meet projected enrollment, and for which the Town may be eligible for a school construction grant from the Massachusetts School Building Authority ("MSBA"); or take any other action relative thereto. The MSBA's grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town.

(School Committee)

This motion requests Town Meeting to authorize the use of funds for the design and permitting of up to nine modular classrooms at the Wellesley Middle School (WMS). Town Meeting is not being asked for an appropriation of funds at this time. The source of funds will be a combination of a transfer of existing monies from the School Department to the Permanent Building Committee and funding through the *State Fiscal Stabilization Fund*, which was sourced from the *American Recovery and Reinvestment Act of 2009*. An estimate of design and permitting costs is being developed and will be presented at Town Meeting. A request for funding for the actual construction of the modular spaces will be made at a Special Town Meeting in the Fall 2010.

The current enrollment projections indicate that there will be a further increase in the number of students enrolled at the WMS with 1,183 in FY12, a peak of 1,224 in FY14, and a decline back to 1,105 by FY18. This compares to current enrollment levels of 1,130 in FY10 at a facility wide utilization rate of 71.4%. The utilization rate represents the approximate percentage a classroom is being utilized for instruction in a seven period day. Some spaces are being used more than 71.4% of the time whereas others may be used less. Increasing a facility's utilization rate can significantly increase a school's student capacity. The projected increase in FY12 is primarily in the 6th grade which increases from 388 in the current year, and 384 in FY11, to 429 in FY12.

A School Building Committee (SBC) was formed to review existing capacity and utilization at the WMS, as well as to evaluate the various options available to address the additional teaching spaces necessary to accommodate these projected enrollment increases - while minimizing the impact on the current education programs and environment. Currently, it is estimated that between 7 and 15 teaching spaces will be needed to meet the projected enrollment increase. The space increase will be met through a combination of the possible construction of up to 9 modular classrooms and an increase in the utilization of the current facility. Preliminarily, the use of modular classrooms located in the current parking lot on Donizetti Avenue appears to be the lowest cost construction solution.

As discussed in the *SBC Report* provided elsewhere in this Report, a number of construction and non-construction alternatives have been reviewed. School Administration strongly believes that any change in class size guidelines, modification to the current program format, staggering start times, and reducing selected electives would have an unacceptable effect on the delivery of the educational program at WMS.

The SBC has identified a number of alternatives which need to be analyzed, including whether increasing classroom utilization at the WMS could provide the incremental teaching spaces required. The School Administration has hired an independent consultant to help the SBC analyze these potential alternatives and hopes to receive their recommendations just prior to Town Meeting. The consulting firm plans to analyze, among other things, increasing teaching/support resources, changing the current practice of assigning individual teachers to specific and dedicated classrooms, and optimizing classroom scheduling. If facility utilization can be increased without compromising the delivery of the educational program, it may be possible to reduce the number of classrooms that need to be added through modular construction.

As this Report goes to print, Advisory plans to meet with the SBC prior to Town Meeting to discuss the *Report of School Building Committee for Wellesley Middle School* that is included in this Report.

Advisory will make its recommendation at Town Meeting.

ARTICLE 21. To act on the *Report of the Community Preservation Committee* on the fiscal year 2011 community preservation budget and, pursuant to the provisions of General Laws Chapter 44B, to appropriate or reserve for later appropriation monies from Community Preservation Fund annual revenues or available funds for the administrative expenses of the Community Preservation Committee, the payment of debt service, the undertaking of community preservation projects and all other necessary and proper expenses for the year; or take any other action relative thereto.

(Community Preservation Committee)

This Article seeks approval of the appropriations from the Community Preservation Fund recommended by the Community Preservation Committee (CPC), as described in the *Report of the Community Preservation Committee* contained in this Advisory Report. The *Report of the Community Preservation Committee* also describes the Community Preservation Act (CPA), the requirements for expending CPA funds, and funds raised for the Community Preservation Fund through the 1% property tax surcharge and annual State match. Refer to this report for a more complete understanding of the CPA and the proposals CPC recommends for approval at this 2010 Annual Town Meeting (ATM).

The CPC is recommending that a total of \$692,500 be appropriated for the following six projects:

Fuller Brook Park Project – Phase I: \$250,000
Grant to Wellesley Housing Development Corporation: \$375,000
Historic Resources Inventory: \$30,000
Wellesley Historical Society Building Study: \$24,500
Cluster Zoning Bylaw Study: \$10,000
Restoration of the Historic Abbot Road/Belvedere Estates Sign: \$3,000

In addition to project costs, CPC is requesting \$60,000 in administrative funds for total appropriations from the Community Preservation Fund of \$752,500.

Favorable action under this Article would have no direct tax or budget impact but would reduce the balance in the Community Preservation Fund that is available for new projects, which is projected to total approximately \$5.8 million as of June 30, 2010, prior to any appropriations recommended in this Article,

Motion 1

The CPC recommends that \$250,000 of funds be appropriated from the Community Preservation Fund for Phase I of a project to preserve, restore and rehabilitate Fuller Brook Park. Originally created in 1899, Fuller Brook Park is a linear, two-and-a-half mile green space paralleling Washington Street along Caroline Brook and Fuller Brook. It is an important historic, open space, environmental, and recreational resource, a vital piece of the Town's trail system, and an essential part of the Town's storm water and drainage system. The Massachusetts Historical Commission has determined that the Park is eligible for listing on the National Register of Historic Places, and thus the preservation, restoration and rehabilitation of the Park is eligible for funding with CPA funds.

The Natural Resources Commission (NRC), volunteers, and NRC staff worked hard over a number of years to bring forward a comprehensive program to preserve, restore and rehabilitate Fuller Brook Park, including hiring Halvorson Design Partnership to develop a Preservation Master Plan. Based on that Plan, the NRC and the Trails Committee initially applied to the CPC for an estimated \$2.9 million in funding for a comprehensive, multi-year project for the Park. After input from a public hearing and discussions among the CPC and NRC, a Fuller Brook Park Coordinating Committee was formed with the mission of assisting the Town and the NRC with developing a revised approach for the preservation, restoration, and rehabilitation of the Park. The Committee is a task force including designees from relevant Town boards, including the NRC (2 members and the Director), Board of Selectmen, Board of Public Works, Historical Commission, Trails Committee, School Committee, and CPC, and abutter(s). Members provide input on behalf of their board/committee and contribute technical expertise and guidance in the development and implementation of the Project. In Phase I, the Committee will assist the NRC

and an experienced part-time project manager hired through an RFP process in planning and implementation efforts. Throughout Phase I, numerous public meetings and hearings will be held to seek input from abutters, Park users, and other citizens.

Key elements of Phase I will include:

- a boundary, topographical and utility survey
- an arborist treatment plan
- conceptual design alternatives
- cost estimates
- selection of a preferred alternative

The Phase I budget totals \$250,000:

Conceptual Design / Initial Schematics	\$95,000
Arborist Treatment Plan	\$30,000
Maintenance Guidelines	\$10,000
Boundary, topographical & utility survey	\$75,000
Project manager	\$20,000
Contingency	<u>\$20,000</u>
	\$250,000

The NRC and the Coordinating Committee plan to come back to the CPC in January 2011 and to the 2011 ATM to request funding for Phase II of the project. In Phase II, final design documents will be created for the selected alternatives and necessary permits obtained. Due to the complexities of such a large project involving wetlands and streams, it is anticipated that Phase II will require two years and that the request for approval and funding of Phase III, the actual park improvement work, will be made to the 2013 ATM.

Advisory believes Fuller Brook Park is a tremendous asset to the Town worth preserving and views the development of a Coordinating Committee as an important step to ensure all voices are heard as plans are developed. Advisory does, however, have concerns that the project cost and scope may increase over the current estimates as a result of Phase I planning and design activities and is interested in identifying any increased costs associated with annual maintenance costs.

Advisory recommends favorable action, 12 to 0, with one abstention.

Motion 2

The CPC recommends that \$375,000 of funds be appropriated from the Community Preservation Fund as an equity grant to the Wellesley Housing Development Corporation (WHDC). When added to similar appropriations made at the 2006 and 2009 Annual Town Meetings in the amounts of \$125,000 and \$375,000, respectively, this appropriation would provide the WHDC with a reserve of \$850,000 to purchase and, if necessary, improve affordable housing units when such units become available.

The WHDC is a nonprofit housing corporation that was created by a special act of the Massachusetts legislature and is appointed by, and subject to the supervision of, the Board of Selectmen. The mission of the WHDC is to investigate and implement alternatives for the provision of affordable housing in the Town. The WHDC has applied to the CPC for a grant of \$375,000 to be used in purchasing, building, renovating, and/or accepting a gift of one or two affordable housing units or preserving existing affordable units.

In particular, the WHDC wishes to have the financial capability to purchase existing affordability-restricted units if and when they become available. When an affordability-restricted unit is offered for sale, the owner is required to notify the WHDC and the WHDC has 90 days to identify a qualified purchaser or to purchase the unit itself and hold the unit until a qualified purchaser can be found. If the unit is not purchased during this time, the affordability restrictions lapse. Given the shortage of affordable units in the Town, the WHDC wishes to ensure that restrictions do not lapse and that the WHDC has the capability to purchase affordability restricted units if necessary.

Although a majority of Advisory supports the motion, dissenters question whether this is the most cost-effective way to provide affordable housing.

Advisory recommends favorable action, 10 to 2.

Motion 3

The CPC recommends that an aggregate of \$67,500 be appropriated for the following four projects, each of which is described below:

1. A grant in the amount of \$30,000 to the Wellesley Historical Commission for a cultural resource inventory;
2. A grant in the amount of \$24,500 to the Wellesley Historical Society for a study of the possible rehabilitation and expansion of the Dadmun-McNamara House;
3. A grant in the amount of \$10,000 to the Planning Board to study a possible amendment to the Zoning By-laws regarding cluster zoning/open space residential development; and
4. An appropriation in the amount of \$3,000 to pay a portion of the cost of restoring the Abbott Road/Belvedere Estates sign.

While Advisory recommends favorable action on each of these smaller projects, there is a general concern that it might be a better use of CPC funds to save up for larger projects rather than expending funds on smaller projects, unless the smaller projects fit within an overall strategic plan, and that all projects must be carefully evaluated to ensure that they are appropriately prioritized.

1. Cultural Resource Inventory

Sponsor: Wellesley Historical Commission (WHC)

- Purpose: To update a portion of the records for the Town of Wellesley in the statewide historic resources inventory maintained by the Massachusetts Historical Commission
- CPA Category: Historic Resources
- Recommended Amount: \$30,000

This is Phase II of a long-range project to create a complete cultural resources inventory for the Town, which would become part of the Inventory of Historic and Archeological Assets of the Commonwealth of Massachusetts maintained by the Massachusetts Historical Commission. In Phase I, the WHC, using CPC funds, engaged an architectural historian/preservation consultant to assess the existing inventory of properties in the Town and to assist the WHC in preparing a plan for updating the inventory. In Phase II of this project, the WHC would engage the

consultant to update the inventory with a focus on the Town's village centers, namely: Wellesley Lower Falls Village Area, Wellesley Square Village Area, Wellesley Hills Village Area, Wellesley Fells Village Area, Linden Street – Rockland Street Area; and Bird Hill Avenue – Washington Area. The purpose of the updated inventory is to provide a readily accessible resource to assist the Town and private parties in shaping future preservation and development projects and to contribute to public awareness and education regarding Town historic sites and properties.

Some members of Advisory expressed concern whether this project would provide a clear benefit to the Town.

Advisory recommends favorable action, 9 to 3.

2. Study Expansion of Dadmun-McNamara House

Sponsor: Wellesley Historical Society (WHS)

- Purpose: To conduct a preliminary study to determine the feasibility of expanding and rehabilitating the WHS headquarters at the Dadmun-McNamara House
- CPA Category: Historic Resources
- Recommended Amount: \$24,500

The WHS is a private nonprofit corporation with a mission of serving as an historical resource center for the Town, including by collecting, displaying and preserving artifacts relating to the Town's history. The WHS maintains its offices, collections and archives at 229 Washington Street in the Dadmun-McNamara House, which was built in 1824 and is owned by the WHS and located on land leased pursuant to a long-term ground lease from the Wellesley Friendly Aid Society. Due to space constraints, the WHS has been unable to properly sort, catalogue, inventory and display its collection. The WHS wishes to study whether the need for additional space can be met through the expansion and renovation of its existing headquarters. The WHS requests \$24,500 for this purpose, most of which would be spent on architectural and engineering design and analysis and topographical and utility surveys.

Advisory recommends favorable action, 12 to 0.

3. Cluster Zoning By-law Study

Sponsor: Wellesley Planning Board

- Purpose: To conduct a study to amend the Zoning By-law to include cluster development zoning and/or open space residential design requirements
- CPA Category: Open Space and Affordable Housing
- Recommended Amount: \$10,000

The Planning Board requests \$10,000 to engage a consultant to study and draft a new section of the Zoning By-law imposing cluster development/open space residential design principles on residential developments subject to the provision. Such principles include open space preservation, smaller lot sizes, smaller home sizes and inclusion of affordable housing. Many Wellesley-comparable communities, including Andover, Brookline, Belmont, Lexington and Winchester, have such requirements. Any amendment to the Zoning By-law would require approval of Town Meeting by a two-thirds vote.

Advisory recommends favorable action, 12 to 0.

4. Preservation of Abbott Road/Belvedere Estates Sign

Sponsor: Salvatore (“Tory”) Defazio III

- Purpose: To preserve and install the Abbott Road/Belvedere Estates Sign
- CPA Category: Historic Resources
- Recommended Amount: \$3,000

The CPC recommends the appropriation of \$3,000 to pay a portion of the cost of restoring and installing a historic street sign erected in the 1920’s on the corner of Abbott Road and Washington Street. The sign has historic significance because the wrought iron sign bracket was forged in the studio of Frederick Krasser Co., which was a leading Arts and Crafts studio in Boston. The sign originally announced the entrance to Abbott Road and identified the direction to Belvedere Estates (now the Country Club area), which was the first major large housing development in Wellesley. The sign was toppled due to age and rot in July 2009. The WHC has determined that the sign is an historic resource and supports the appropriation of CPC funds for restoration of the sign.

The estimated cost of restoring and installing the sign is \$6,000. The CPC recommends appropriating only half of the required funds and requiring that the rest of the cost be paid through private contributions.

Advisory recommends favorable action, 12 to 0.

Motion 4.

1. Administrative Expenses. The CPA permits the appropriation of up to 5% of estimated annual revenues in the Community Preservation Fund for administrative purposes. In each of the past fiscal years that the CPC has been in existence, Town Meeting has appropriated \$50,000 for this purpose. For FY11, the CPC has requested \$60,000. The CPC uses a portion of these funds for consultants and other support to better define, shape, and analyze potential projects. Any funds that are not expended in any fiscal year are returned to the Community Preservation Fund.

2. Appropriations to Designated Reserves. The CPA requires the Town, in each fiscal year, to appropriate or reserve for future appropriations a minimum of 10% of the estimated annual revenues in the Community Preservation Fund for each of three designated purposes: Historic Resources, Open Space (excluding Recreation) and Community Housing. Based on the estimated FY10 annual revenues, the CPC has requested that \$128,000 of the funds in the Community Preservation Fund be reserved for each of these three purposes.

Advisory recommends favorable action, 11 to 0, with 1 abstention.

ARTICLE 22. To see what action, if any, the Town may take to increase the amount of the surcharge under the Massachusetts Community Preservation Act subject to voter approval and additional limitations set forth in Chapter 44B, Section 16(a) of the General Laws, or take any other action relative thereto.

(Community Preservation Committee)

Advisory expects no motion under this Article.

ARTICLE 23. To see what sum of money the Town will raise and appropriate, or otherwise provide for implementation of the Fuller Brook Park Preservation Master Plan, including the preservation, rehabilitation and restoration of the park's natural and man-made infrastructure including its landscape, vegetation, trees, streamcourse, drainage system, path system and to ensure that the park meets all ADA requirements; and/or for other services including, but not limited to, design, property boundary survey, permitting and project management, in connection therewith; to determine whether such sum shall be raised by taxation, through borrowing, or otherwise; to determine whether all or part of such sum shall be appropriated from the Community Preservation Fund, and/or by transfer from available funds; or take any other action relative thereto.
(Natural Resources Commission)

Advisory expects no motion under this Article.

AUTHORIZATIONS

ARTICLE 24. To see if the Town will vote to grant, accept and/or abandon one or more easements, including but not limited to utility and drainage easements, at one or more locations in the Town; or take any other action relative thereto.
(Board of Public Works)

This Article seeks approval of easements, typically for access for utility services, granted to or abandoned by, the Town. As this Report goes to print, two easements will be presented to Annual Town Meeting; however, other easements may be presented as well. The easements listed relate to the relocation of an underground storm drain near Earle Road and Martin Road. The storm drainage easements impact the following properties:

- 6 Earle Road
- 5 Martin Road

None of the easements described herein involve any expense to the Town. Advisory's recommendation concerns the two easements previously described. If additional easements are presented at Town Meeting, Advisory will make its recommendation on any additional easements at Town Meeting.

Advisory recommends favorable action, 13 to 0.

ARTICLE 25. To see whether the Town will vote to authorize the license, lease or other use of a portion of the Recycling and Disposal Facility for cell towers and related agreements; to designate and transfer a portion of the Recycling and Disposal Facility land for the purpose of a license, lease or other use; or take any other action relative thereto.
(Board of Public Works & Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 26. To see if the Town will vote to authorize the Board of Selectmen to enter into one or more leases of certain parcels of town-owned land within the Cochituate Aqueduct; and/or to renew existing leases; on such terms and conditions, including dollar amounts, as said Board deems to be in the Town's interest; or take any other action relative thereto.

(Board of Selectmen)

Advisory will make its recommendation at Town Meeting.

ARTICLE 27. To see if the Town will vote to approve changes, as recommended by the Board of Selectmen, in the implementation of the Development Agreement for Linden Square dated June 3, 2005 between the Town of Wellesley and Lindwell SC, Inc., Lindwell OP, Inc., and Lindwell Realty Trust, authorized by Town Meeting on June 13, 2005 relative to the continued use and operation of the VW parcel (as defined in the Development Agreement) as a car dealership and repair facility through December 31, 2013; or take any other action relative thereto.

(Board of Selectmen)

Under this Article, the Board of Selectmen seek ratification of an amendment to the Development Agreement, dated June 3, 2005, between the Town and the developers of Linden Square. The Agreement, in its original form, prohibited the developers from extending the lease of the existing Wellesley Volkswagen (VW) dealership beyond December 31, 2010 and from permitting any other automobile dealerships from operating in the development. The Agreement also (i) required the developers to conduct certain "Development Site trip counts" with regard to the Volkswagen site, and (ii) required the Town to expend a minimum of \$750,000 on the so called Traffic Loop by the time of the first trip count, in October 2008.

An amendment to the original agreement was ratified at the 2009 Annual Town Meeting, and the lease on the VW Parcel extended to December 31, 2011. The Town obtained additional time to spend the funds needed to make the Town's Traffic Loop operational, received additional payments totaling \$50,000 from the property owner, and obtained a commitment from the property owner to undertake repairs to, and winter maintenance of, the sidewalk.

The current owners again are requesting the right to extend the lease for the Volkswagen dealership. Since negotiations are still in progress as this Report goes to press, Advisory cannot comment at this time on the details of the proposed new amendment.

Advisory will make its recommendation at Town Meeting.

ARTICLE 28. To see if the Town will authorize the use of funds received from Federal or State sources for engineering services, for plans and specifications, for construction, reconstruction, remodeling, rehabilitation and/or modernization of Town facilities and infrastructure, including School, Municipal Light Plant, Water and Sewer facilities and infrastructure; to raise and appropriate, or otherwise provide, money for the same; and to determine whether additional sums for said projects shall be raised by taxation, through borrowing and/or transfer from available funds; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 29. To see if the Town will vote to remove the police department from the provisions of the Civil Service Laws, and the rules and regulations relating to the same, by revoking the Town's acceptance of Section 37 of Chapter 19 of the Revised Laws voted under Article 30 of the Warrant for the 1908 Annual Meeting; to authorize the Board of Selectmen to place the same on the ballot and/or to petition the General Court for special legislation on the same as shall be necessary or expedient; or take any other action relative thereto.

(Board of Selectmen)

This Article requests approval to remove uniformed Police Department personnel from the provisions of the Civil Service laws. Town Meeting first accepted the statute to put the Police Department under Civil Service in 1908. In 1991, Town Meeting authorized legislation to remove the police and fire chiefs from Civil Service and in April 1996 Town Meeting approved the removal of all uniformed Police and Fire Department personnel; however, in October 1996, Town Meeting's approval to remove all Police Department personnel was rescinded as a result of a Town-wide referendum.

The Town's Police Chief and Board of Selectmen believe that the hiring and promotion requirements under the Civil Service program restrict the Town from hiring the best applicants for the job. Currently, the Police Department receives a limited (i.e., two times the number of vacancies plus one) list of candidates from the State's Human Resource Division, from which they must select a candidate and, if they hire out of the list order, justify their decision. The list is created based first on a set of "preferences" (e.g., laid off officers from other communities under Civil Service, disabled veterans, veterans, child of deceased severely injured officer, etc.) and then on the results on the Civil Service exam. In addition, the State's Human Resources Division develops and administers exams for promotions, which may not be reflective of Wellesley's particular needs. Finally, although the Civil Service Commission has the jurisdiction to rule on discipline, appointment and promotion related appeals, in practice, discipline actions are handled through the union grievance process.

The Selectmen believe, and Advisory concurs, that removing Police Department personnel from the provisions of the Civil Service law would provide the Town with more control over personnel choices by allowing the Town to set its own policies, requirements and procedures for hiring and promoting officers. In the past, the Police Department has found it difficult to fill open positions because of a lack of qualified candidates identified via the Civil Service process, resulting in job vacancies and higher overtime costs. The Department would have access to a broader candidate pool and entrance and promotional exams could be developed and administered by Wellesley or by a consortium of local communities (as is currently done in Concord, Dover, Lincoln and Weston). Appointments, promotions and terminations will continue to be recommended by the Police Chief and approved by the Board of Selectmen, as they are today. Current officers would continue to be covered under the provisions of the Civil Service law, until such time as they are promoted via a non-Civil Service process.

It should be noted that a key component of the recently negotiated police contract, described more fully in Article 5, Motion 1, is agreement by the two unions that represent police officers and superior officers to Wellesley's exit from the Civil Service program.

Advisory recommends favorable action, 14-0.

AMEND ZONING BYLAW

ARTICLE 30. To see if the Town will vote to amend the Zoning Bylaw provisions for Signs and Identification Devices by amending SECTION XXIIA – SIGNS AND IDENTIFICATION DEVICES, by striking said section as it currently appears and substituting an entirely new section; the current draft of the proposed amendments being on file in the office of the Planning Board (said proposal being subject to further change before or at Town Meeting); or take any other action relative thereto.

(Planning Board)

This Article proposes to strike the current Section XXIIA SIGNS AND IDENTIFICATION DEVICES of the Town of Wellesley Zoning Bylaw, in its entirety, and replace it with a new Section 22A, SIGNS. The Sign Bylaw governs the type, location, size, and number of signs that are permitted, as well as the process for application and review of proposed signs. This redraft of the bylaw does not significantly change current sign regulations or processes. It is, however, the intent of the Planning Board's proposed article to clarify and codify existing regulations and procedures, to simplify and improve the efficiency of the application and enforcement process for applicants and the involved Town departments, and to strengthen the legal basis and content neutrality of the Town's sign regulations.

Sign permit applicants and Town staff have expressed concern that the current bylaw is confusing and does not clearly spell out the substance of the Town's sign regulations or the procedures for application and review. The Building Department has been encouraged by Town officials to enforce the Sign Bylaw more rigorously, but certain inconsistencies and ambiguities in the current law make it difficult for the Inspector of Buildings to clearly identify violations, and for sign owners to understand the modifications necessary to conform. As a consequence, applicants and sign owners are often frustrated, and a significant amount of Building and Planning Department staff time is required to interpret and explain sign regulations and processes.

The Planning Board and its staff have actively sought comment from interested parties and have incorporated many of those suggestions in their revisions. The proposed substitute bylaw reorganizes, clarifies, and updates the existing bylaw to make it more user friendly, which is expected to improve efficiency for sign owners, permit applicants, and Town Hall staff. The revisions include:

- Purpose: This section has been amended to more simply and clearly articulate the Town's purposes for enacting the Sign Bylaw, and to explicitly include fair and consistent enforcement of sign standards and efficiency in the application and review process.
- Definitions: This section has been expanded and updated to define many current types of signs and sign materials.
- Enforcement: A section has been added to confirm that the Inspector of Buildings is authorized to enforce the Bylaw.
- Process: The sign permit application procedures are spelled out clearly and in detail.
- Design Review: The criteria for design review of sign applications, currently in the Design Review section of the Zoning Bylaw (Section XXI, Part C (4)), have been fleshed out and incorporated directly into the Sign Bylaw. A substantive change in the review procedure expands the period of time the Design Review Board has to render a recommendation regarding the design of a sign from 21 to 30 days. Planning staff

reports that 90% of recommendations on by-right sign applications are rendered after one meeting, well within the current 21-day period; however, 30 days is a more realistic time limit for signs requiring revision and additional review.

- Special Permits: The circumstances in which a Special Permit may be sought have been clarified and expanded. Currently, Special Permits may be requested only for signs not meeting certain specified limitations of the bylaw. The revised bylaw allows applicants to seek a Special Permit for relief from any of its requirements except for specifically prohibited signs listed in section I (2).
- Exempt and Prohibited Signs: These are specifically enumerated in the new bylaw for clarity.
- Regulations based on Sign Type: The provisions of the current bylaw are amended to make regulations governing certain types of signs more content neutral and to make them conform to commonly accepted interpretations and enforcement practices.

Temporary Signs – A loophole in the current regulations would be closed. The proposed bylaw requires temporary signs to be registered with the Building Department, allowing any business or lot three 30-day periods of temporary signage in any calendar year. This would prevent a temporary sign from being removed and replaced to repeatedly re-start the 30-day period, a loophole that exists in the current Bylaw.

Window Signs (one sq. ft or less) – The current bylaw requires a permit after review for these small and nearly universal signs. Current enforcement practices and common sense support the revised bylaw's allowance of these signs without the issuance of a sign permit.

Awning Signs – The revised bylaw, while maintaining the limit on the area on an awning that a sign may cover, would allow signage on the slope of an awning as well as on the valance.

Signs for Institutional Uses in Residential Districts – The current bylaw provides no allowances for institutional use signs in residential districts and expressly prohibits the issuance of Special Permits for such signs, although Special Permits have historically been granted. The new bylaw would specifically regulate these signs.

Interior Wall Signs (visible from the exterior) – These signs are currently regulated as wall signs, but the interpretation has been inconsistent. The revised bylaw would exempt them from regulation.

Standard Informational Signs – This new category of short-term signs in the bylaw replaces an enumeration of certain types of signs by content in the current definition of temporary signs. This is an effort to make the regulation more content neutral. One standard informational sign is allowed without a permit on each lot. Dimensions are limited to 6 square feet and 3 feet high (or 6 ft high if post and arm style) consistent with the allowance for similar signs under the existing bylaw. An exception would be in the period 30 days before and five days after an election, when the number of standard informational signs would not be limited. The use of commercial signs on residential properties would, however, be substantially limited.

Table of Signage Allowance Based on Zoning District or Use – a clear table is provided that specifies, for each type of sign and in each zoning district or use, whether a permit is required and the number of signs and maximum dimensions allowed.

Advisory commends the Planning Board for proactively taking steps to update and clarify the Sign Bylaw to make the process more efficient for sign applicants, sign owners and the Town's planning and enforcement staff, while substantially preserving current Town sign regulations.

The full text of the proposed Sign Bylaw may be found on the Planning Department's page on the Town's website or at the following url:

http://www.ci.wellesley.ma.us/Pages/WellesleyMA_Planning/Sign_Bylaw_Rewrite_ATM_2010

Passage requires a 2/3 vote.

Advisory recommends favorable action, 12 to 0.

ARTICLE 31. To see if the Town will vote to amend the Zoning Bylaw provisions for Large House Review by amending SECTION XVID – LARGE HOUSE REVIEW, by: altering the definition of Total Living Area plus Garage Space to clarify calculations and add certain attic areas; allowing modifications to pending applications and approved plans; modifying exemptions for attics and basements; modifying the standards and criteria for review; and clarifying the appeals process; the current draft of the proposed amendments being on file in the office of the Planning Board (said proposal being subject to further change before or at Town Meeting); or take any other action relative thereto.

Planning Board

The 2007 Special Town Meeting approved a new Large House Review (LHR) Bylaw in the hopes of controlling the "mansionization" of Wellesley's residential neighborhoods. The Bylaw put in place a comprehensive and extensive review process, covering all aspects of a proposed house or addition whenever the total square footage of the completed structure exceeds a certain specified size threshold. Once an LHR has been conducted and the project approved, any subsequent revisions or amendments to the approved plan must be presented, reviewed, and approved (or denied) by the Planning Board at a new public hearing.

The purpose of this Article is to propose two modifications to the existing Large House Review Bylaw. The first change is to include attic square footage in the total living area plus garage space (TLAG) calculation underlying the bylaw's size "threshold," regardless of whether or not the intent is to "finish" the attic space under the issued building permit. Exemptions to this will be provided under two circumstances: one, attics that are likely to remain unfinished in perpetuity due to the slope of the roof or limitations on access to the space (as determined by the Building Inspector) and, two, attics built prior to January 1, 2008 that are to be completed or finished, as long as there will be no external changes to the structure.

During the past two years, many of the new houses built in Wellesley that have fallen just short of the size threshold under LHR have had unfinished attic spaces accessible by a legal staircase. The square footage of an unfinished attic has not been included in the TLAG calculation, yet often the space could easily be finished. If the square footage is physically in the structure, it should be included in the TLAG calculation. For houses permitted prior to 1/1/2008, where there would be no exterior modifications to the structure and hence no impact on the neighborhood, the exemption would be approved.

The second modification to the original Bylaw relates to revisions or amendments to a previously approved LHR. Over the past two years, many LHR houses have had changes to their approved plans subsequent to the initial LHR project approval. The changes fall into two groups. Sometimes the change is a simple substitution of materials, such as changing an originally specified wood cedar shingle roof to an asphalt architectural shingle roof, or substitution of one specified plant for another “like-kind” specie in the landscape plan (e.g., a hemlock for cedar). These are minor modifications to the approved LHR. Other changes have been more significant in design, such as the addition/deletion of a dormer or an increase/decrease to the house’s footprint. These are major modifications to the approved LHR. Until now, all of these revisions or amendments to an approved LHR have been presented, reviewed, and approved (or denied) by the Planning Board after a public hearing, consuming time and monetary resources. Under the proposed Bylaw amendment, discretion will be given to the Planning Director to assess whether proposed changes to an approved LHR are major or minor. Major changes would be directed to the Planning Board for consideration and ruling at a public hearing, while minor changes would be decided by the Planning Director.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 14 to 0.

ARTICLE 32. To see if the Town will vote to amend the Zoning Bylaw by amending SECTION XX – HEIGHTS OF BUILDINGS OR STRUCTURES, to calculate building height from original or preconstruction grade instead of average finished grade; the current draft of the proposed amendments being on file in the office of the Planning Board (said proposal being subject to further change before or at Town Meeting); or take any other action relative thereto.

(Planning Board)

The purpose of this Article is to amend the existing building height bylaw to calculate the total height of a proposed structure or addition relative to the original average grade of the property, prior to site preparation and any construction. The current bylaw states that the maximum height of a structure cannot exceed 36 feet, measured from the average finished grade surrounding the exterior walls (45 feet for structures/additions permitted prior to November 5, 1996).

The challenge in neighborhoods today is that property owners are increasing the grade of the land surrounding the house higher than that of the original grade, creating what is referred to as a “dirt skirt.” This additional grading often is done to increase the basement headroom height, as opposed to digging a deeper foundation. From this new, finished grade a 36-foot-high structure is erected, at times towering over neighboring properties.

Under the proposed bylaw modification, the maximum height of a new structure or addition will be measured from the original average grade where the proposed structure is to be built to the highest roofline point. Original average grade is the average of the grade elevation measurements at ten-foot intervals around the expected perimeter of the new foundation, prior to any development. If an existing structure is to be demolished, the original grade is the grade determined prior to the demolition of the structure. If there is no existing structure on the property, the natural grade of the property prior to any site preparation or other modification is considered the original grade (except in new subdivisions, where the original grade is the approved and recorded grade). Should a structure be “cut-in” to an upward sloping hill, the

elevation used to begin measuring the building height will be the lower of either the original grade or the new finished grade.

The Building Inspector will require a topographic survey of the lot prior to any site preparation or construction, which will establish the original grade. (The structure height cannot exceed 36 feet or 45 feet, depending upon when the original structure was permitted, from this original grade.) After the new foundation is back filled, the surveyor will return to the site and record the new grade elevation at points every 10 feet surrounding the new foundation. This will be compared to the original surveyed topography to determine the permissible height of the new structure or addition.

Advisory supports the bylaw amendment, which addresses what has become a real problem for many abutters to new construction within the Town's residential neighborhoods.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 13 to 0.

AMEND TOWN BYLAW

ARTICLE 33. To see if the Town will vote to adopt a town-wide *Sustainable Energy Plan* and to create a sustainable energy committee by amending the Town Bylaws to add a new ARTICLE 12 – SUSTAINABLE ENERGY COMMITTEE, which will, among other things, create a Sustainable Energy Coordinator position, the current draft of the proposed bylaw being on file in the office of the Town Clerk (said proposal being subject to further change before or at Town Meeting); to raise and appropriate or otherwise provide a sum of money therefor; or to take any other action relative thereto.

(Green Ribbon Study Committee and Board of Selectmen)

The Green Ribbon Study Committee, established by the 2008 Annual Town Meeting (ATM), has completed its development of a *Sustainable Energy Plan* for the Town. This Article seeks acceptance of that Plan, and of a governance structure for its implementation, to facilitate continued progress toward Wellesley's greenhouse gas (GHG) reduction goal. This Town-wide goal, which encompasses the residential, commercial, transportation, municipal, and waste sectors, was adopted by the 2009 ATM. The motions in this Article also support the goal of the Town Municipal Energy Efficiency Committee (MEEC) to reduce municipal emissions by 20% within the same timeframe.

Motion 1

This motion asks Town Meeting to approve the *Sustainable Energy Plan* to reduce the Town's annual greenhouse gas emissions to 10% below 2007 levels by 2013. Please see the Town of Wellesley *Sustainable Energy Plan*, located in the Other Reports section at the end of this Report.

The Plan presents various measures to improve energy efficiency, which, if all implemented successfully, could potentially achieve the targeted GHG reduction. Among the Plan components identified as leading to the greatest emissions reductions are the following: the adoption of the Commonwealth's "stretch" building code; improvements in vehicle fuel efficiency; energy audits and improvements of municipal buildings; and increased use of renewable energy within the Municipal Light Plant's (MLP) electricity sourcing program. Estimation of the likely GHG savings of the various Plan elements remains a work-in-progress. Nonetheless, many of the measures can

be piloted (as has recently begun with “smart metering” and has occurred with street lighting in certain locations in the town), or can be evaluated through other communities’ experiences, to better estimate costs and benefits prior to roll-out.

It is important to note that the governance structure proposed in Motion 2 does not provide the Sustainable Energy Committee with the authority or funding to bring about many of the proposed measures on its own. Rather, the Committee would champion them to, and with, other parts of Town government. Some Plan elements, such as the stretch building code, would likely require a vote by Town Meeting. Other recommendations might be subject to modification or might have to compete for funding with other Town priorities. The success of some depends on motivating individuals to change their behavior and their habits. Therefore, approval of this Motion realistically represents concurrence with the sorts of initiatives contained in the Plan, to be honed and added to with time and experience, rather than approval of a concrete set of steps with a highly-predictable outcome.

Advisory notes that accepting the Plan does not connote blanket approval of all of its proposed initiatives; likewise, Advisory’s recommendation does not indicate an endorsement of each of the Plan’s specific measures. Some members of Advisory are concerned that favorable action on Motion 1 could transform the GHG reduction target from a goal into a mandate that could overshadow other Town priorities; however, the majority of Advisory is comfortable that the target would remain a voluntary goal.

Advisory recommends favorable action, 10 to 3.

Motion 2

This motion asks Town Meeting to amend the Town Bylaws by adding a new Article 12 Sustainable Energy Committee to read substantially as below and to approve the creation of a sustainable energy coordinator position.

1. **Membership.** The Town shall have a Sustainable Energy Committee consisting of 7 members. The Board of Selectmen, the Municipal Light Plant Board, and the School Committee each shall appoint one member. These members may be a board member, officer, official or paid employee and may be a non-resident of the Town. The Board of Selectmen shall appoint the remaining four members from residents active in the Town’s volunteer sustainable energy initiatives or others who bring relevant expertise, such as knowledge about sustainable energy practices, marketing, or community engagement.
2. **Term.** The term of office shall be three years commencing on July 1. Members may be reappointed at the end of their term.
3. **General Duties.** The Committee shall propose sustainable energy goals, to reduce Town greenhouse gas emissions from the municipal, residential, commercial, industrial and institutional sectors, to Town Meeting. The Committee shall prepare a multiyear action plan to achieve the Town sustainable energy goals and shall revise it as needed. The Committee shall work with municipal departments, businesses, institutions, and civic and volunteer organizations to initiate and carry out actions to achieve these goals and shall coordinate municipal activity with initiatives of these other organizations. The Committee shall prepare an annual Town-wide emissions inventory and develop an annual action plan that includes significant planned initiatives by both municipal and community organizations.
4. **Staff.** The Committee shall appoint such staff as it deems necessary.

5. **Annual Report.** The Committee shall report to Annual Town Meeting on the actions of the prior year, emissions trends and performance vs. the Town goals, any revisions to the multiyear Sustainable Energy Action Plan, and action plans for the coming year.
6. **General Provisions.** The Committee shall also be governed by Articles 2 through 7 of these bylaws and other provisions of these bylaws applicable generally to all boards, except as it is specifically directed by law or a provision of these bylaws to act otherwise.
7. **Budget.** The Committee shall prepare an annual budget which will be subject to approval by the Selectmen. The Selectmen are responsible for presenting the budget to the Advisory Committee and for presenting the motion for the budget appropriation to Town Meeting.

The establishment of a Sustainable Energy Committee creates an on-going body within Town government to focus solely on planning, achieving and reporting on greenhouse gas reductions. Many peer communities have similar committee structures in place. The sustainable energy coordinator position contemplated under item 4, above, would provide the day-to-day leadership needed to implement the *Sustainable Energy Plan* and would serve as the focal point for coordination among the departments and other groups involved in sustainable energy efforts. The experience of the Green Ribbon Study Committee was that while municipal departments have a real commitment to sustainability, the issue does not necessarily receive sustained attention due to understandable competition from other departmental priorities. The Committee is convinced that maintaining momentum during implementation of the Plan requires a Town employee whose highest priority is sustainability and who can focus on cross-departmental initiatives and municipal-volunteer coordination. Several peer communities have positions that include duties similar to those of Wellesley's proposed coordinator.

The coordinator position would be part-time, with no benefits. The FY11 Board of Selectmen's budget in Article 8 includes \$19,000 to fund 50% of the \$38,000 salary; the other 50% would be funded by the MLP, with no tax impact, and the position would report to both departments. In addition, the Selectmen's budget includes \$6,000 in expenses for the Committee, level with the FY10 expense budget of the Green Ribbon Study Committee. The \$25,000 tax impact of the position and Committee is less than 1% of the approximately \$3 million Wellesley currently spends on municipal energy and compares to a town-wide energy expense, across all sectors, of approximately \$113 million.

Advisory recommends favorable action, 12 to 1.

GENERAL

ARTICLE 34. To see what action the Town will take on the authorized and unissued loans including those identified in the list of same on file in the offices of the Board of Selectmen and Town Clerk; to authorize the transfer of unused proceeds from previously issued loans to one or more eligible appropriations previously authorized; or take any other action relative thereto.

(Board of Selectmen)

The five Motions under this Article seek the authorization of Town Meeting to either: 1) transfer the unexpended proceeds of past bond issues from several now-completed School capital projects to other, still-ongoing projects. Such transfers are permitted under Massachusetts General Laws under certain conditions: that they are approved by ATM, and that the newly-identified uses of the funds have a "useful life" at least as long as the previously-anticipated use

of the funds; or 2) rescind unused borrowing authority, where the funds are no longer needed because the projects are now complete, or for other reasons.

Advisory is pleased that there are unexpended funds from several previously-authorized borrowings for now-completed School capital projects and that all issues relating to the outstanding balances on these authorizations have been resolved, and is comfortable that the transfers conform to the terms of the relevant sections under Massachusetts General Laws (MGL). Advisory is pleased also that several projects no longer require the issuance of debt under previously authorized borrowings and that these authorizations can now be rescinded.

Motion 1

The first Motion seeks authorization to transfer a total of \$478,465 of unused funds from the elementary school modular classroom projects that were approved at the 2004 Special Town Meeting and the 2006 Annual Town Meeting to the elementary school building infrastructure improvement project approved at the 2007 Annual Town Meeting. The transfer would reduce the aggregate borrowings authorized for this latter project by an equal amount.

Advisory recommends favorable action, 13 to 0.

Motion 2

The second Motion seeks authorization to transfer a total of \$483,611 of unused funds from the recently completed Wellesley Middle School (WMS) renovation project approved at the 2004 Special Town Meeting to the WHS construction project approved at the 2008 Special Town Meeting. The transfer would reduce the aggregate borrowings authorized for this latter project by an equal amount.

Advisory recommends favorable action, 13 to 0.

Motion 3

The third Motion seeks authorization to rescind an unused borrowing authorization in the amount of \$275,000, approved at the 2007 Annual Town Meeting, as a contingency for the settlement of legal action associated with the WMS renovation project. These funds were never borrowed and there is no longer an anticipated need for them.

Advisory recommends favorable action, 13 to 0.

Motion 4

The fourth Motion seeks authorization to rescind unused borrowing authorizations in the amount of \$90,000, approved at the 2008 Annual Town meeting, for traffic signals on Linden Street. These funds were never borrowed and there is no longer an anticipated need for them.

Advisory recommends favorable action, 13 to 0.

Motion 5

The fifth Motion seeks authorization to rescind unused borrowing authorizations in the amount of \$13,000 and \$30,000, approved at the 2007 Annual Town meeting, for parking meters and other items. These funds were never borrowed and there is no longer an anticipated need for them.

Advisory recommends favorable action, 13 to 0.

ARTICLE 35. To see if the Town will vote, as authorized by Section 9 of Chapter 258 of the General Laws, to indemnify Town Board members, officers, officials and employees from personal financial loss and expenses, including legal fees and costs, if any, in an amount not to exceed one million dollars, arising out of any claim, action, award, compromise, settlement or judgment by reason of an intentional tort, or by reason of any act or omission which constitutes a violation of the civil rights of any person under any federal or state law, if such employee or official is acting within the scope of his official duties or employment; and to raise and appropriate or otherwise provide money victualler; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 36. To see what sum of money the Town will raise and appropriate, or otherwise provide, for expenses incurred by Town departments prior to July 1, 2009; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 37. To see what sum of money the Town will authorize the Board of Selectmen to pay in settlement of claims, actions and proceedings against the Town; to raise and appropriate or otherwise provide monies therefor; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 38. To see what action the Town will take to authorize the disposal of tangible Town property having a value in excess of \$10,000; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 39. To see if the Town will authorize the Board of Selectmen to appoint one or more of their number as fire engineer; or take any other action relative thereto.

(Board of Selectmen)

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

Advisory recommends favorable action, 14 to 0.

Report of School Building Committee for Wellesley Middle School 2010 Annual Town Meeting Update

In the Fall of 2009, a School Building Committee (“SBC”) was formed to evaluate capacity at the Wellesley Middle School (“WMS”) in light of current enrollment projections. In brief, the SBC has reviewed and is continuing to review internal space conversion, utilization of existing spaces and addition of new spaces to WMS. At this time, the SBC is awaiting additional information (discussed below) to determine the final conclusion on space needs. However, the preliminary assessment is that some, but not all spaces can be obtained internally and that construction of additional space (*modular construction*) likely will be necessary by FY12 to address the increased capacity needs on a timely basis with the least disruption and compromise to the students and faculty; the question is the number of modular spaces. We anticipate that we will have all requisite information for Annual Town Meeting and will provide an update at that time.

The motion under Article 20 requests that Town Meeting authorize the use of funds for the design and permitting of the modular construction. Town Meeting is not being asked for an appropriation at this time. The source of funds will be a combination of transfer of existing monies from the School Department to the Permanent Building Committee and funding through the *State Fiscal Stabilization Fund* which was sourced from the *American Recovery and Reinvestment Act of 2009*. A request for funding of the actual construction of the modular spaces will be made at a Special Town Meeting in the Fall of 2010.

The specific objectives of the WMS School Building Committee are as follows:

1. To review the current WMS facility in terms of capacity, spaces and utilization
2. To define the projected space needs going forward based on enrollment projections
3. To evaluate options to address additional space needs
4. To recommend a course of action which maintains the educational program as determined by the School Committee while minimizing the cost to the Town.

The following is a summary report of our findings to date and recommendation.

The SBC has reviewed the current space, current utilization, scheduling, capacity requirements, the need for additional teaching spaces and the various options to accommodate the increase in the student population. Additional work is ongoing and an update will be provided at Annual Town Meeting.

CAPACITY, SPACES AND UTILIZATION

Assessment of Capacity Requirements

The review of the capacity has three major components: Projected enrollment, special needs and accommodations, and class size/program structure.

a. Projected Enrollment

WMS was renovated in 2005-2007 to make critical infrastructure improvements and to increase capacity to 1100 students. At the time, the WMS Renovation Project was designed and approved (2003), enrollment was 907 and expected to peak at 1,050 students in FY11. As part of the renovation, interior spaces were converted to classroom spaces to support enrollment of up to 1,100 students.

Since 2003, actual enrollment has increased at a rate greater than projected. This has been due to an increasing rate of *in-migration* (influx of students moving into the district). Enrollment projections prepared in each of the succeeding years were adjusted to reflect current data, resulting in:

1. increasing the projected peak enrollment number; and
2. extending the date of the projected peak first from FY10 to FY12 and now to FY14.

The most current projections prepared using data as of October 1, 2009, predict a peak enrollment of 1,224 students at WMS in FY14.

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
	<i>Actual</i>	<i>Proj.</i>									
6th	388	384	429	402	414	418	385	367	372	328	329
7th	360	380	377	420	394	406	410	377	360	365	321
8th	382	356	377	373	416	390	402	406	373	356	361
Total	1,130	1,120	1,183	1,195	1,224	1,214	1,197	1,150	1,105	1,049	1,011

To accommodate the enrollment in excess of 1,100 students in FY10 (+30), four interior spaces were converted into teaching spaces and other spaces were more fully utilized (*e.g.*, auditorium used for orchestra classes).

b. Special Needs and Accommodations

The composition of students with special needs requiring accommodations mandated by the State and Federal Government also plays a role in the assessment of capacity needs. Since 2003, WMS has incorporated three additional Special Education programs in-house and a program dedicated for students learning to speak English (ELL). Combined, these programs have required the use of an additional six classrooms and spaces for related therapies. These programs did not exist at WMS prior to 2003 and were unanticipated at that time.

c. Class Size and Program Design

The class size guideline for WMS is 22 students per class as set by the School Committee based on comparable data and educational standards. Today, class size at WMS *on average* is very close to the guideline. However, due to scheduling challenges and students dropping classes and/or moving after the original schedule is established, class size ranges from 17-24 in core courses (English, Math, Social Studies and Science) and 20% of core courses are above the 22 student guideline by one or two students across all three grades.

Specifically, the current 6th grade consists of 18 sections with an average of 21.6 students and a range of 21-23 students; 7th grade has 16 sections with an average class size of 22.5 and a range of 20-23; and 8th comprises 18 sections, an average class size of 21.2 and a range of 16-24 students. There are 12 spaces dedicated to Special Education/ELL programs including intensive Special Education program spaces, learning centers and one ELL space.

WMS is structured to support student transition from a small, neighborhood elementary school where students are taught primarily by a single classroom teacher to a large middle school and then to an even larger high school:

Sixth grade students and teachers are organized into "*houses*" which are groupings of four homerooms. Students in 6th grade learn and travel with the same group of 22 students (the homeroom) for core academic subjects. Courses are taught by four different teachers (one for each major subject area) who work in a team and teach

each of the homerooms within the house. The classrooms within a house (other than science labs) are physically close to each other. Sixth grade students have classes with others outside the homeroom only for electives.

Seventh grade students are organized into "*clusters*." There are approximately 88 students in a cluster who all have the same four teachers for the major academic subjects. They no longer travel in a set group of 22 but may share classes with any of the 88 students in the cluster. The classrooms generally are physically close to each other with the exception of the science labs. Students have classes with anyone in the grade for electives and their foreign language.

Eighth grade uses an open enrollment structure like high school. Students are scheduled into core courses and electives with any other 8th grade students (380 students in FY10).

These models of school structure have demonstrated success at providing a smooth transition and effective delivery of middle school curriculum. They also allow for relationship building among teachers and staff, and spatial distinctions (different locations in the building) among the grade levels. However, the structure requires distinct classroom configurations in order to accommodate the house and cluster models.

Current Spaces

WMS currently has the following spaces:

Space Type	Number of Spaces
Standard Classrooms	49
Science Labs	12
Sped/ELL	12
Lecture Halls	2
Fitness (gyms, fitness center and dance)	4
Auditorium	1
Library	1
IT/Workshop	2
Photo Lab	1
Other Specialized Spaces (art, consumer science, music)	9
Total	93

Space Utilization Analysis

As currently programmed, the spaces at WMS have reached maximum capacity. We are continuing to explore increasing *utilization* of existing capacity.

An analysis of the space utilization rate at WMS revealed the following: For core courses, utilization is 71.4% overall. That is, for the core academic subjects, classrooms are in use 71.4% of the school day. The utilization rates for Special Education spaces and electives are more variable depending upon the specific space.

The findings are consistent with expectations: Each teacher at WMS has a specific and dedicated room assignment which is used to conduct all daily activities. Pursuant to the Contract, each teacher at WMS teaches five out of seven periods each day. During the two non-teaching periods, students

are attending electives such as art, music and language. During these periods, the teachers spend one period for preparation for classes (as defined by the Contract) and the other for communal planning and meetings with parents and students.

School Administration has reviewed educational programming and has considered a number of options including increasing class size guidelines, modifying the house, cluster, open enrollment scaffolding, and staggering the school start time by grade or specific class subject. It is their strong position that such changes would materially alter the integrity of the educational system and the delivery of programs. School Committee supports maintaining the current program. SBC understands that these decisions are strictly within the purview of the School Administration and the School Committee.

The WPS Administration has engaged Mr. Frank Locker of *Frank Locker Educational Planning* to review a number of alternatives for maximizing capacity including better utilization of current spaces, adding teaching resources, reviewing the practice of scheduling teachers into dedicated classrooms, and scheduling optimization without compromising the delivery of the educational program. It is important to note that options for increased space utilization must:

- effectively enable the delivery of the educational program;
- maintain the ability to adhere to the current program design (House and Cluster system); and
- minimize disruption and displacement of staff and students.

PROJECTED SPACE NEEDS

Based upon the enrollment projections (with current utilization) and in keeping with current class size guidelines and Program Design, the following spaces are needed through FY14:

Year	Enrollment	Regular	Science	Electives	SpEd	Total Spaces
FY10A	1,130					
FY11	1,120	+2 Gr 7 -2 Gr 8				+0/+0
FY12	1,183	+2 Gr 6 +1 Gr 8	+1	+1	+2	+5/+2
FY13	1,195	+2 Gr 7		+1	+1	3/+1
FY14	1,224	+2 Gr 8	+1		+1	+3/+1
Total		+7	+2	+2	+4	+11/+4

As shown, there is a need for an additional seven teaching spaces for FY12 (September 1, 2011), an additional four by FY13 (September 1, 2012), and potentially an additional four by FY14 (September 1, 2013).

OPTIONS ASSESSMENT

The SBC has conducted an assessment of the options to meet the space needs of WMS. The assessment has included a review of non-construction and construction options.

Non-construction Options

Several non-construction options were reviewed for feasibility, cost and program impact. The findings revealed that the non-construction options were not feasible for the following reasons:

- Convert elementary school into a 6th grade only school
 - This option has been successfully pursued in the Needham Public Schools with the opening of the Hi-Rock School. However, our analysis shows that the decline in WPS elementary enrollment which would enable this option will not occur until FY15/FY16 which does not mitigate the capacity issue at WMS.
 - Expenses required to create science labs in an elementary facility carry significant cost.
- Convert some or all elementary schools into K-6 schools
 - There is insufficient capacity at the elementary schools to accommodate the additional grade.
 - This would result in significant change to educational program design (House system).
- Conduct some WMS classes at the adjacent Sprague School and redistrict Sprague students to other elementary schools
 - This poses multiple issues including scheduling, class transition time conflicts, supervision, teacher space needs and a significant impact on Sprague School community.
- Move 6th grade or 8th grade to an alternative site
 - There are no appropriate sites available.
- Move 8th grade to high school
 - There is not space currently available.
 - Capacity at the new High School will not accommodate the projected 8th grade enrollment.
- Move the WPS Central Administration to an elementary school
 - Space needs equivalent to eight classrooms.
 - Decline in elementary enrollment does not provide eight classrooms until after FY14.

It should be noted that the School Committee is currently performing a comprehensive review of the elementary schools (including an inventory of classrooms and status of structures and systems) in relation to the current enrollment projections and multiple enrollment scenarios. We appreciate the urgent need to move forward on the middle school space needs and after review of the non-construction options, the SBC has concluded that none provides a timely, appropriate and adequate solution to the current capacity issue.

Construction Options

HMFH Architects, Inc. (“HMFH”) has been retained to conduct a preliminary feasibility study to identify construction options to address the addition of spaces. Each of these options has been reviewed for overall cost impact, program impact and ability to provide the additional space when needed.

a. Internal renovations

WMS has already undergone internal renovations and space conversion to increase capacity in the current facility. There are not any further options which are prudent from a cost perspective.

b. Relocation of WPS Central Administration from the first floor to off-site, rented space

The relocation of the WPS Central Administration during the 2005-2007 renovation provided for the much needed transition space. However, the cost of re-renovating the space into

classrooms, in addition to the annual cost of rental space (8,000 square feet for a period of six years) does not make this a prudent option.

c. Construction of additional permanent space contiguous with the existing facility

The construction of an addition to the current facility was assessed. The potential sites are the front courtyard and the back parking lot adjacent to the gymnasium. The addition options ranged from 12,000 – 18,000 square feet and would likely exceed \$5 million in project costs. There would be significant impact on the WMS community during a construction period.

d. Construction of modular space adjacent to the existing facility

The construction of modular spaces in the parking lot adjacent to Donizetti Street was assessed. *Modular construction* is a form of facility construction in which a building is built in three-dimensional sections (or modules) in a factory environment off-site and then assembled into the final structure. Most major systems such as mechanical, electrical, plumbing and finishes are completed off-site. Site work proceeds while the structure is constructed off-site. Actual on-site construction time is approximately 8 to 12 weeks. *Modular construction* was used to provide increased capacity at Schofield and Fiske Schools.

It was determined that the site assessed would be sufficient for the construction of up to nine classroom spaces (up to 9850 square feet).

RECOMMENDATION

We anticipate that increased room utilization has the potential to maximize the capacity of the current WMS facility; however, it is likely that some modulares will be required to address increased enrollment. We will update Town Meeting on the modular spaces needed at WMS to deliver the educational program to the projected enrollment beginning in FY12 through FY18, when enrollment declines to existing levels.

After reviewing the options noted above, the SBC has determined that the additional space via modular construction is the most cost-effective alternative and will also address the increased capacity needs on a timely basis, with the least disruption and compromise to the students and faculty. Our current assessment is for a total of nine spaces (9850 square feet) to be constructed in the WMS parking lot adjacent to Donizetti Street and the gymnasium. If the analysis reveals that we can proceed with fewer spaces, we will adjust this recommendation accordingly.

Submitted by School Building Committee, Wellesley Middle School

- Terri Tsagaris, Chair (Board of Selectmen)
- Hans Larsen (Executive Director of Town)
- Chris Ketchen (Deputy Director of Town)
- Bella Wong (Superintendent, Wellesley Public Schools)
- Josh Frank (Principal, Wellesley Middle School)
- KC Kato (School Committee)
- John Moran (Director, Facilities Maintenance)
- Rob Shupe (Permanent Building Committee)
- Jack Haley (Advisory Committee)
- Geoff Witheford (citizen with construction background)

Report of the Community Preservation Committee

I. The Community Preservation Process in Wellesley

In 2002, Wellesley accepted the Community Preservation Act (“CPA”) and formed a Community Preservation Committee. Pursuant to the CPA, Wellesley established a surcharge of 1% on the local property tax (taxes on the first \$100,000 of a property’s value are exempt from the surcharge as are taxes on certain low income housing), and began to set aside the proceeds of the surcharge in order to pursue Community Preservation activities, encompassing four purposes -- open space, historic resources, recreational uses and community housing. 100% of this tax surcharge revenue is retained by the Wellesley CPA fund. Funds raised through the local surcharge are “matched” annually by monies from a Massachusetts Community Preservation Trust Fund, which is made up of revenues collected statewide from Land Court and Land Registry fees – there is no segregation of fees collected in particular cities or towns and indeed, the same fees are collected on local real estate transactions whether or not a locality has adopted the CPA. FY10 CPA revenue is currently estimated at

Tax surcharge revenue	\$860,000
Matching funds from State	\$277,307 (a 35% match of the FY09 surcharge)
Interest	<u>\$140,000</u>
Total	\$1,277,307

The State’s payment to each CPA community is determined by a statutory formula, but in practice the State match for the first five years was 100%. Because of sharply declining fee revenues as well as the expansion of the number of localities adopting the CPA, the match declined substantially in the payments received in FY09 and FY10. The Department of Revenue estimated last fall that the state match percentage for FY11 would be 28%. However, over the past several months, the economy has stabilized and collections from Land Court and Land Registry fees have increased so there is some hope that the match will remain in the low thirty percent range. Also, new legislation (SB90) is being considered by the legislature which would set a floor matching percentage of 75% as well as have other advantages. Both the CPC and the Board of Selectmen support SB90, which was sponsored by Senator Cynthia Creem and co-sponsored by Representatives Scott Brown and Alice Peisch.

In each year, a required minimum of 10% of all revenues collected by a CPA community from its surcharge and from the State match must be expended (or “banked” in dedicated reserves for future use) for each of the statute’s three primary purposes of open space (excluding recreation), community housing and historic resources. The remaining 70% of all Community Preservation funds raised annually by a community which are not so earmarked may be used currently or retained for future appropriation, at the municipality’s discretion, for any of those three primary statutory purposes or for the fourth purpose of recreation. Based on projected revenues, it is expected that the balance available for new projects as of June 30, 2010 will be approximately \$5.8 million. Before reserve appropriations at the 2010 ATM there will be approximately \$600,000 reserved specifically for historic resources and another \$600,000 reserved for open space. Substantial appropriations at the 2009 ATM to the Wellesley Housing Authority and Wellesley Housing Development Corporation depleted the community housing reserve

II. Proposed Appropriations at the 2010 ATM

2. Fuller Brook Park Project: Phase I

Sponsor: Fuller Brook Park Coordinating Committee

Description of the Project: Initial planning phase for the rehabilitation of Fuller Brook Park

Recommended Amount: \$250,000

Originally created in 1899, Fuller Brook Park is linear, two-and-a-half mile green space paralleling Washington Street along Caroline Brook and Fuller Brook. It is an important historic, open space, environmental and recreational resource, a vital piece of the Town's Trail system and an essential part of the storm water and drainage system. The Massachusetts Historical Commission has determined that the Park is eligible for listing on the National Register of Historic Places and thus the rehabilitation of the Park is eligible for funding with CPA funds.

The Natural Resources Commission and the NRC staff have worked tirelessly over many years to bring forward a comprehensive program to rehabilitate Fuller Brook Park, including hiring Halvorson Design Partnership to perform a Preservation Master Plan study. Based on that plan, the NRC and the Trails Committee applied to the Community Preservation Committee for \$2.9 million in funding for a complete multi-year project for the Park. After input from a public hearing and discussions among the CPC and NRC, the Fuller Brook Park Coordinating Committee was formed with a charge of assisting the Town and the NRC with the preservation, restoration and rehabilitation of Fuller Brook Park. The Committee is a task force including designees from relevant Town boards including the Natural Resources Commission (2 members and the Director), Board of Selectmen, Public Works, Historical Commission, Trails Committee, School Committee, and Community Preservation Committee and abutter(s). Members provide input on behalf of their board/committee, and contribute technical expertise and guidance in the development and implementation of the Project. An experienced part time project manager, who will be hired through a RFP process, will assist the Committee in implementation. Throughout Phase I, numerous public meetings and hearings will be held to seek input from abutters, neighbors, and other citizens.

Key elements of Phase I will include

- a boundary, topographical and utility survey
- an arborist treatment plan
- conceptual design alternatives
- cost estimates
- selection of a preferred alternative

The Phase 1 budget totals \$250,000

Conceptual Design / Initial Schematics	\$95,000
Arborist Treatment Plan	\$30,000
Maintenance Guidelines	\$10,000
Boundary, topographical & utility survey	\$75,000
Project manager	\$20,000
Contingency	<u>\$20,000</u>
	\$250,000

The Coordinating Committee plans to come back to the CPC in January 2011 and to the 2011 ATM to request funding for Phase II of the project. Final design documents will be created for selected alternative and necessary permits obtained. Due to the complexities of such a large project involving wetlands and streams, it is anticipated that Phase II will require two years and that the request for approval of Phase 3, the actual rehabilitation work, will be made to the 2013 ATM.

3. Grant to the Wellesley Housing Development Corporation

Sponsor: Wellesley Housing Development Corporation

Description of the Project: Additional capital to invest in the creation or preservation of affordable housing stock.

Recommended Amount: \$375,000

The CPC believes that providing affordable housing is important to strengthening and preserving the culture of the Town. The Wellesley Housing Development Corporation was created by the Board of Selectmen and Town Meeting for that purpose. Recent studies have validated the growing unmet need for affordable housing for both families and seniors. The weak economy has reduced the number of new affordable units expected from inclusionary zoning regulations. These economic forces, however, are creating opportunities for the Town by reducing the gap between market and affordable for-sale housing prices. There is also a need for resources to move within 90 days of an existing affordability-restricted unit coming on the market to preserve its affordable status. With this appropriation of an additional \$375,000 the WHDC will have \$850,000 available, enough to purchase approximately 2 to 4 units. The CPC believes this is an appropriate balance. The Board of Selectmen has unanimously supported this appropriation

4. Historic Resources Inventory

Sponsor: Wellesley Historical Commission

Description of the Project: Part 2 of a long range project to create a historic resources inventory for the Town

Recommended Amount: \$30,000

The CPC previously funded a first phase project to assess overall status of existing documentation and assist in the development of the long range plan. The current phase will focus on specific areas (expected to village / commercial centers)

- Square
- Hills
- Lower Falls
- Fells

The inventory will provide readily accessible data to assist both Town and private parties in shaping potential future preservation and development projects as well as educational and public awareness efforts

5. Wellesley Historical Society Building Study

Sponsor: Wellesley Historical Society

Description of the Project: Feasibility study for the possible rehabilitation and expansion of the Wellesley Historical Society Dadmun-McNamara House

Recommended Amount: \$24,500

This project provides funds for preliminary study to determine the feasibility of rehabilitating and expanding the headquarters of the Wellesley Historical Society in the Dadmun-McNamara House by adding approximately 5,000 square feet. The WHS owns the 1824 Dadmun-McNamara House (formerly a toll taker's residence located on the Worcester Turnpike – now known as Route 9) which is located on land leased until 2074 from the Wellesley Friendly Aid Association. The CPC in previous years declined to fund applications from the WHS due in part to the lack of display space, staffing, and questions about curatorial policies around accession and de-accession of material. The WHS has put in place curatorial policies and is moving to address staffing. This study is responsive to the needs for display and work space

6. Cluster Zoning Bylaw study

Sponsor: Planning Board

Description of the Project: Study for drafting potential Open Space Residential Design or Cluster Zoning by law provisions

Recommended Amount: \$10,000

Many Massachusetts communities have Open Space Residential Design or Cluster Zoning provisions, including Wellesley comparable communities Andover, Belmont, Brookline, Lexington and Winchester. The study will: analyze both Cluster and OSRD design options, assess what elements of each approach or a hybrid of both approaches would be successful in Wellesley, and investigate appropriate incentives to encourage subdivision design which promotes open space as well as affordable housing. The Planning Board believes that Cluster Development or OSRD lends itself directly to Wellesley's efforts for sustainable design and affordable housing.

7. Restoration of the historic Belvedere / Abbott Road sign

Sponsor: Salvatore De Fazio

Description of Project: Restore and install historic street sign

Recommended Amount: \$3,000

On July 10, 2009 the historic Abbott Road / Belvedere sign toppled due to age and rot. The sign was quickly recovered by alert Wellesley police and highway department employees. This sign was erected in the 1920's at the beginning of Abbott Road at Washington Street. The wrought iron sign bracket was forged in one of the leading Boston Art & Crafts studios. The sign announced the entrance to Abbott Road and identified the direction to the Belvedere Estates. The Estates were the first major large house development in Wellesley begun in the 1890's. The Wellesley Historical Commission has determined that the sign is a historic resource and supports this project. The estimated total project cost is approximately \$6,000. The CPC requested Mr. De Fazio gather additional support in the form of petitions and contributions. \$3,200 in private contributions has been pledged and over 150 Town residents have signed petitions supporting this project.

8. Administrative Funds

Recommended Amount: \$60,000

The Town may appropriate up to 5 % of estimated annual revenues for administrative purposes. In each of the past fiscal years, \$50,000 has been appropriated. Increasingly, the CPC is utilizing these funds for consultants and other support to better define, shape, and analyze potential projects. Based on the estimated annual revenues, we request an appropriation of \$60,000 for FY11.

9. Appropriations to Designated Reserves

Recommended Amount: \$128,000 for Historic Resources
\$128,000 for Open Space
\$128,000 for Community Housing

The Community Preservation Act requires each fiscal year the Town to appropriate or reserve for future appropriations a minimum of 10% of the estimated annual revenues for three designated purposes. Based on the estimated FY09 annual revenues, we request the appropriation of \$128,000 for each of Historic Resources, Open Space and Community Housing

V. Looking Forward

A number of neighboring communities, including Needham, Weston, Sudbury and Lexington have funded substantially larger projects with CPA funds than has Wellesley. Except for Needham, most of these projects have involved the acquisition of new land for active and passive recreation. Those towns have supported these programs with combinations of higher surcharge rates and significant borrowing against CPA revenues. While the Phase 1 costs for the Fuller Brook Park rehabilitation will be relatively small, over time the full project may be the largest funded to date by the Town. Early planning work is underway concerning possible Town uses for the St. James property. A large commitment of CPA resources would be required were such a project were to go forward with a focus on recreation or affordable housing uses. If SB90 passes in its current form, this would substantially increase the matching funds incentive as well as open up the potential use of CPA funds to rehabilitate the Town's existing active and passive recreation properties. Over the next year, the CPC will work proactively with other Town Boards and citizens to develop a vision for the future scope, program, and fund approach for Community Preservation in Wellesley.

Respectfully Submitted,

Jack Morgan, Chair
Theodore Parker, Vice Chair
Kara Cicchetti

James Conlin
Rose Mary Donahue
Stephen Murphy

Joan Gaughan
Robert Goldkamp
Allan Port

REPORT OF THE PLANNING BOARD

In accordance with the provisions of the Zoning Bylaw, SECTION XXVIA, and the General Laws of the Commonwealth of Massachusetts, Chapter 40A, the Planning Board convened a duly advertised public hearing on Monday, February 22, 2010, on the proposed amendments to the Zoning Bylaw as contained in the Warrant for the April 5, 2010 Annual Town Meeting.

Article 30

Final Recommendation- Adoption

This article would amend the Zoning Bylaw by replacing the existing SECTION XXIIA. SIGNS AND IDENTIFICATION DEVICES. with a new SECTION XXIIA. SIGNS. The rewrite of the Sign Bylaw is intended to clarify the previous bylaw's confusing and inconsistent provisions, codify existing practices and procedures, strengthen the legal standing of sign regulations through content neutrality, and improve the efficiency of the permitting procedures and enforcement of the bylaws without altering the number of signs allowed or the dimensional requirements.

Wellesley is often described as the model for attractive commercial districts, which is directly linked to the aesthetic qualities of the storefronts and signage. Historically, the Town has been able to strike a balance between maintaining the aesthetics and character of the Town through conservative sign allowances and dimensional requirements while providing ample visibility for business owners. The proposed sign provisions continue to support these objectives, while also creating a more user-friendly document to improve customer service and efficiency for applicants seeking new or improved signage.

Under the new bylaw each new proposed "permanent" sign must be reviewed by the Design Review Board and receive a sign permit from the Building Department. The Town, on average, receives approximately 70 sign permit applications a year. The process should be straightforward with the rewrite of the confusing and inconsistent provisions. Additionally, the Town has recently undertaken a stricter enforcement policy on signage, and has found that many signs have been installed without the appropriate review or permitting due to the perceived difficulty of maneuvering through the review process. The new bylaw will simplify the process for both the applicants and the Town, and continue to promote proper sign enforcement. The Planning Board has worked with the Zoning Board of Appeals (ZBA), the Chamber of Commerce and local commercial land owners to rewrite the provisions regarding the sign review process.

A major improvement in the new bylaw is the expansion of definitions. The revised definitions will eliminate discrepancies in the various interpretations of property owners, business owners, the Design Review Board, the Zoning Board of Appeals and the Building Department. The specificity of the definitions provides users with the ability to clearly identify what is allowed under the permit process, what is allowed for temporary use, for lighting, and what the Town clearly prohibits.

The new provisions identify, in a step by step manner, when a permit is needed, the required submittal materials, and the timing for review. Due to the cost of signage, many

small-business owners bring their signs through the permitting process without the assistance of a sign contractor. Larger corporations, such as national banks, often use sign contractors located out of state and unfamiliar with much of Massachusetts zoning practices, let alone Wellesley's zoning. The Planning Board believes this new comprehensive approach to the Sign Bylaw will help to efficiently direct any person through the process.

The new bylaw codifies historical practices that have evolved over time. Some minor examples are the provision to allow a one square foot window sign, without a permit, to identify hours of operation or credit cards accepted. On a larger scale, signs for churches or schools in residential districts in the past have been limited to one square foot, without the option of a special permit. The new provisions set dimensional regulations allowing signage for institutional uses.

Although it is intent of the sign bylaw to capture and address every scenario, there are always exceptions to the rule. Due to location, lot size, or building façade of some businesses, proposed signage may not meet every criteria of the new bylaw and may require a special permit from the ZBA. The ZBA, under the current bylaw, has been limited in its review of signs and ability to grant special permits. The new bylaw creates flexibility for the ZBA to review and grant special permit requests for any deviation from the bylaw, except where a sign is specifically prohibited by the bylaw.

The Planning Board, after efforts to rewrite these comprehensive sign provisions, believes the continued enforcement of the bylaw will be essential to the effectiveness of the new Sign Bylaw. To prevent clutter associated with the unlimited use of temporary signs, the new regulations would limit the number of times a year temporary signs would be allowed, and would require business owners to register, rather than permit, their temporary signs with the Building Department. The new regulation also clearly identifies the Inspector of Buildings as the enforcement agent for the Town and directs the Inspector to revoke permits or fine properties as necessary to comply with the Sign Bylaw.

Article 31

Final Recommendation – Adoption

Large House Review (LHR) was established in November 2007 and created a process for large homes with a square footage over a specific threshold to be reviewed by the Planning Board. At the Special Town Meeting in 2007, the Planning Board stated it would revisit the provisions and make adjustments as issues with the review process were discovered. The amendments proposed are intended to address the continued debate on size, calculation of size, the review process, and the approval process for large houses.

The Planning Board is continually questioned as to why certain projects have been permitted when clearly the structure was over the LHR threshold. The answer has been that unfinished attics and portions of basements do not count towards the Total Living Area plus Garage (TLAG) threshold. To mitigate the number of homes greatly in excess of established thresholds, the Board is proposing to include attics, finished or unfinished, into the calculations for Large House Review. The portions of attics which would be

included in the threshold calculation are those areas of the attic where the height from floor to interior roofline is greater than 7 feet and on sloped rooflines, where the floor to interior roofline height is greater than 5 feet.

To offset the impact on those homes already constructed, two exemptions have been created. The first exemption is for attics where, due to the slope of the roof, the ridgeline would need to be altered to create livable space. An example of this would be a typical ranch or split style house. The second exemption is a grandfathering provision which would allow all existing unfinished attics to be finished, even if over LHR thresholds, if there are no exterior alterations to the existing structure.

To create more precision in the calculation of TLAG, the Planning Board is removing the Tax Assessor's methodology from the LHR provisions. In an effort to establish a town wide baseline for house size in 2007, the Planning Board initially used Total Living Area (TLA) calculations generated by the Board of Assessor's to establish thresholds for each zoning district. The thresholds were based on twice the median home size for the varying districts. The Assessor's methodology was then codified into the zoning, and has been difficult for both applicants and the Building Department to administer. The current proposal would calculate the TLAG from the horizontal area of the above grade floors, a more appropriate and definable metric.

This article would also amend several areas of LHR to create a better application process. Many of the remaining revisions to the language are minor in nature and create improvements in the review process. The amendments which impact process include the establishment of a new section to address revisions and amendments to pending or approved plans. As the Board has completed and approved LHR projects, minor changes to landscaping or building material selection and availability have required applicants to return to the Board to amend their approvals. The new provision would allow the Planning Director to review the proposed alterations and determine whether the review would require Planning Board attention. Minor alterations deemed de minimis could be approved by the Planning Director.

An additional procedural amendment establishes stormwater as a separate criterion for review rather than include it under the Preservation of Landscape criterion. The drainage review has become a significant portion of LHR. Alterations in home size and grading on a lot can disturb existing stormwater drainage patterns. The Planning Board, on all applications, has sought a recommendation from the Town's Engineering Department on the proposed drainage for the site which become conditions of the approval. The establishment of drainage as a separate criterion would codify the current practice.

To create more consistency with other sections of the Zoning Bylaw and to prevent having to return to Town Meeting to alter the size, form, contents, style, and number of copies of plans and specifications the submittal material section of LHR has been removed. The elements outlined in the section will be promulgated in the Rules and Regulations governing Large House Review, but are now referenced in the Procedure and Rules and Regulations sections of the bylaw.

The final amendment would clarify ambiguity as to whether the Planning Board has a right to deny a LHR application. The Board believes that a denial of a project is a last resort and intends to seldom use the power to deny applications. The power would be reserved for extreme instances where the Board feels the proposed project is so out of character with a neighborhood that modifications and conditions could not improve the detrimental impact the project would have on a neighborhood. The zoning language under the Appeals section states that an applicant or person receiving notice can appeal the conditions or plan modifications. The amendment would allow for both the approval and denial of projects, along with the conditions or plan modifications, to be appealed to the Zoning Board of Appeals.

Article 32

Final Recommendation- Adoption

This article would amend the Zoning Bylaw by updating the methodology for calculating building height from average finished grade to average original grade or average finished grade, whichever is lower. The proposed amendment would require the height of new structures and additions to be measured from the preconstruction or natural grade of the lot prior to any site work. If an existing structure is to be demolished, the height would be measured from the grade determined prior to demolition of the structure.

The Planning Board has received many requests from residents to investigate ways to limit the mounding of earth around the foundations of homes to meet the 36 foot residential height restriction. Examples of the “dirt skirt” created can be seen throughout Town. Besides creating visual disruption along street lines and between neighbors, the mounding has also led to drainage issues on abutting properties and the construction of large retaining walls. The Planning Board believes this new approach in determining height would constrain the heights of residential buildings to those heights appropriate for the neighborhood based on current topography and would further limit construction on extreme lots.

Town of Wellesley Sustainable Energy Plan

April 2010

Prepared by the Town of Wellesley Green Ribbon Study Committee:

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Sustainable Energy Plan Summary

10 Percent by 2013

Recognizing the importance of developing and adopting locally sustainable practices to reduce energy use and the impacts of greenhouse gas (GHG) emissions, the 2008 Town Meeting commissioned the Green Ribbon Study Committee to develop a Sustainable Energy Plan for the Town that identifies policies and actions that will increase energy conservation and efficiency, reduce reliance on fossil fuels, and reduce GHG emissions, at both the public and private levels.

Based on the preliminary work of the Committee, the 2009 Town Meeting set a goal to reduce emissions to 10 percent below 2007 levels by 2013. In order to reach this target, at least 44,500 tons of eCO₂¹ have to be eliminated from our annual emissions over the next four years. This goal may appear to be relatively modest, but in the context of increasing energy usage and emissions, it will require the concerted efforts of the Town's residents, businesses, institutions, and municipal government to attain.

The Town of Wellesley Green Ribbon Study Committee has prepared a Sustainable Energy Plan (Plan) and this summary. The Plan outlines measures the Town has already undertaken, and measures the Town is encouraged to take, in order to achieve the 10 percent GHG reduction target by 2013. Measures in the Plan outline actions related to increasing energy efficiency and conservation in buildings and infrastructure, reducing vehicle miles travelled and increasing vehicle fuel efficiency, improving management of solid waste, and purchasing electricity from renewable resources.

To lay the ground work for success of the Sustainable Energy Plan, the Committee recommends the Town take two essential initial steps towards its implementation:

- Create a Sustainable Energy Committee that will be responsible for achieving the Town's sustainable energy goals; implementing and revising this Plan; coordinating actions among municipal departments and community organizations; reporting annually to Town Meeting on achievements, trends, and planned activities; and proposing future sustainable energy goals and plans;² and
- Create a Sustainable Energy Coordinator position,³ to lead the day-to-day implementation efforts, including developing and administering energy efficiency initiatives for the Municipal Light Plant (MLP) and municipal departments; consulting and coordinating with community and regional organizations and groups; serving as a liaison between the Town and the public; monitoring new

¹ Greenhouse gas includes emissions from carbon dioxide, methane, and nitrous oxide. We report greenhouse gas in terms of carbon dioxide equivalent emissions (eCO₂).

² The Sustainable Energy Committee would consist of seven members, with three members appointed by the Board of Selectmen, the School Committee and the Municipal Light Plant Board respectively, and four residents of the Town, appointed by the Board of Selectmen, who are active in the Town's volunteer sustainable energy initiatives or who bring relevant expertise, such as knowledge about sustainable energy practices, marketing, or community engagement. Members would serve three-year terms. Brookline, Concord, Lexington, Newton, Sudbury, Wayland, and Winchester are peer communities with similar committee structures that include members from both Town government and civic organizations.

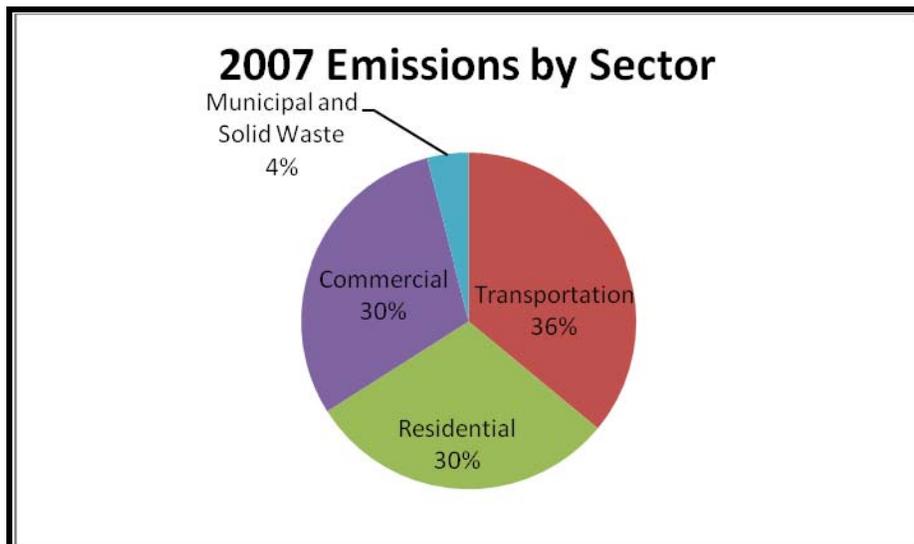
³ Funding for this coordinator position (half-time, no benefits) is included in the FY2011 budget request, with funding split equally between the Sustainable Energy Committee budget (included within the Selectmen's budget) and the MLP's non-tax impact budget.

developments, initiatives, and technologies relating to sustainability and energy efficiency; keeping current with potential opportunities for funding and writing grant proposals; updating and preparing the annual emissions inventory; and preparing annual reports on the behalf of the Sustainable Energy Committee.

The next step will involve the evaluation and prioritization of the measures proposed in the Plan. The Town's Sustainability Energy Committee, working together with Town boards and departments, will be charged with the task of determining which measures are most appropriate for the Town to implement and gaining approval from Town Meeting or other governing body as necessary. Table 1 highlights several measures proposed in the Plan that will achieve promising eCO₂ savings. Such actions to reduce greenhouse gas emissions will not only contribute to the overall regional and global mitigation of climate change and dependence on foreign oil and gas, but also will provide the Town with many local benefits – increased financial savings through energy efficiency (both decreased utility costs and deferral of costly improvements to the Town's electrical infrastructure) and improved air quality and quality of life (more comfortable buildings, safer walking and biking routes)

The Sustainable Energy Plan begins with a look at where we stand. The Green Ribbon Study Committee completed an inventory of the Town's GHG emissions. This inventory indicated that in 2007, 445,000 tons of eCO₂ were released from sources in Wellesley. The main findings of this inventory are:

- The greatest energy consumption and GHG emissions result from transportation, representing 36 percent of total emissions;
- Residential and commercial/institutional buildings (each with about 30 percent of total GHG emissions) are the next most significant energy users;
- Municipal emissions, at 2 percent, are relatively small, and emissions associated with residential solid waste management are less than 1 percent. However, together these two items contribute significantly to the cost of Town operations; and



- Total emissions in Wellesley decreased 1.5 percent from 2007 to 2008. The residential and commercial/institutional sectors decreased between 2.0 percent and 2.5 percent each; however, transportation decreased by only 0.5 percent. Factors contributing to the decline include conversion of home heating source from fuel oil to natural gas, improvement in average emissions per vehicle, improvements in energy efficiency and insulation, and milder temperatures in the winter and summer of 2008.

The Sustainable Energy Plan is organized into four broad areas: 1) efficient buildings and infrastructure, 2) efficient transportation, 3) effective waste management, and 4) clean and renewable energy. The Plan discusses in detail each of these four categories. The Plan concludes with a discussion on community outreach, and recommends strategies to build awareness and encourage meaningful reductions in energy use across the commercial, institutional, residential, and municipal sectors. Based on the analysis of existing and readily foreseeable opportunities for emission reductions, we propose initiatives that are projected to reduce eCO₂ 33,650 tons by 2013 through 1) increased energy efficiency and conservation in buildings (11,000 tons), 2) reduced vehicle miles travelled and increased vehicle fuel efficiency (16,000 tons), 3) increased recycling (1,000 tons), 4) increased electricity from renewable resources (4,600 tons), and 5) small actions made by every household (1,150 tons). These initiatives, together with the continuation of trends in energy reductions by the commercial sector (6,900 tons) and conversion from fuel oil heat to natural gas, a cleaner fuel (4,000 tons), are projected to achieve the 10 percent target reduction of 44,500 tons of eCO₂ by 2013.

Efficient Buildings and Infrastructure

A significant opportunity for savings lies in Wellesley buildings and infrastructure, which account for more than 60 percent of Wellesley's total energy use and production of GHG emissions. Energy efficiency is often the most cost-effective means of achieving emissions reductions. In addition, taking advantage of modern efficient technologies and practices not only results in economic savings but also creates healthier and more productive living, work, and study environments.

Existing Measures

The Town already has accomplished much in recent years to reduce emissions, particularly in the municipal sector. In the Summer of 2009, the Town established the Municipal Energy Efficiency Committee, which is made up of representatives from various Town departments, to develop and evaluate municipal policies to reduce energy use. The Town through this committee established a target reduction in municipal energy use of 20 percent by 2013 -- even more aggressive than the target reduction of 10 percent established for the entire Town.

The MLP has been at the forefront in promoting and implementing programs to improve energy efficiency. In 2006, the MLP established a fund to support municipal initiatives such as lighting retrofit projects in municipal buildings, which to date has resulted in a reduction of almost 390,000 kWh, or about 150 tons of eCO₂. In 2008, MLP decreased its line losses resulting in an annual savings of 5 million kWh or about 1,900 tons eCO₂. Other programs include replacing streetlights with more efficient sodium or LED lights, using a hybrid car for meter reading, and conducting a time-of-use pilot program.

Key Recommendations

- Adopt the Massachusetts stretch building code to ensure that new and remodeled residential and commercial buildings will be at least 20 percent more efficient than current state building standards.
- Explore and develop a program that encourages and motivates homeowners to conduct energy audits to improve the energy efficiency of their homes (e.g., identify opportunities to replace inefficient equipment, add insulation, and seal air leaks) on a periodic and regular basis (e.g., upon sale or purchase of a home).
- Conduct expanded time-of-use/smart meter pilot program to evaluate whether smart metering technology coupled with a time-of-use utility rate scheme could become a viable, permanent approach to engage, motivate, and empower consumers to achieve deeper, more persistent, and verifiable energy savings.
- Engage a company to audit municipal buildings and implement meaningful energy efficiency improvements.
- Continue program to replace ornamental street lights with more energy-efficient LED technology.
- Develop and promote uniform municipal policies regarding computer purchase and use, thermostat setting, and lighting use.

Efficient Transportation

Transportation is a major contributor (36 percent) to the total amount of GHG emissions released in Wellesley each year, creating an estimated 160,000 tons of eCO₂ annually. The goal to reduce transportation emissions 10 percent below 2007 levels by 2013 can be met by simultaneously reducing the number of miles driven by all motorized vehicles, and reducing the emissions for each mile traveled.

One can reduce miles driven by leaving a car at home for some trips and, instead, walking, bicycling, carpooling or taking public transport, provided the

infrastructure and systems are in place to do so in a safe, efficient manner. Reducing vehicle miles traveled (VMT) benefits everyone. Money, time and effort spent on improving public transport and walking and biking options benefits those who remain in their cars, through decreased congestion on the roads, as well as those who choose to walk, bike or use public transit.

Improving vehicle efficiency is something that everyone who owns or operates a vehicle in Wellesley can do. When it is time to purchase a replacement vehicle, choose the most fuel efficient vehicle appropriate to planned use. When given a choice, one should replace the highest consuming vehicle with a more efficient one. For both existing and new vehicles, an immediate improvement in efficiency can be achieved by regularly maintaining the vehicle, properly inflating tires, using fuel-saving driving techniques, and choosing the most fuel-efficient vehicle in the family for most trips.

Existing Measures

Wellesley benefits from convenient public transportation options to and from Boston, with three commuter rail stations in Town (which also serve points west to Worcester), “T” trolley stops at the Woodland and Riverside stations in neighboring Newton, and bus service at Riverside. However, public transportation within the Town, and to and from neighboring towns, is limited. The MetroWest Regional Transit Authority (MWRTA) bus service from Newton to Framingham has just two stops in Wellesley, on Cedar Street and on Route 9 at Overbrook Drive. Additional services are provided for seniors and those with disabilities through “The Ride” shuttle bus service operated by the MBTA and the Wellesley Council on Aging minibus. Local colleges also operate shuttle buses for their students and staff.

Driving children to and from school is a significant contributor to traffic in Wellesley. More-frequent high school bus service was provided at reduced cost for 2009-2010, but rescinded for the following year. Grass roots initiatives to reduce car trips (such as the walking school bus at several elementary schools) also deserve support.

Wellesley already has many of the physical attributes necessary to develop and integrate a walkable/bikable infrastructure. Most Wellesley main streets are wide and have sidewalks; most side streets are relatively quiet and many of them have sidewalks. The trail system, a Wellesley gem, interconnects many areas of the town. However several problem areas remain with respect to the connectivity and condition of existing walkways that lead to and from the Town’s commercial areas, schools, and public transit stations.

The MassHighway Development and Design Guide is a nationally recognized, award- winning approach to street design that includes many elements to improve the safety of pedestrian and cyclists. The Wellesley Planning

Department has incorporated the guide in its development standards and uses it “when and where appropriate” in street design and reconstruction.

Key Recommendations

Increase use of public transport and ridesharing

- Develop a sustainable transportation vision for the Town which considers the health, safety, and sustainability impact of transportation choices, develops the synergies within the existing infrastructure and identifies and fills in the missing elements. This vision could encompass initiatives such as the following.
 - Add more bus stops within Wellesley to the MWRTA bus route from Newton to Framingham.
 - Improve school bus ridership by re-examining bus rate structure and schedule, and high school parking policy.
 - Continue and expand planning initiatives that promote use of public transportation (e.g., smart growth zoning).
 - Investigate an in-town bus to serve employees, students, and residents traveling within Wellesley and to and from the Town and its neighboring communities.
 - Promote ridesharing (carpooling) and encourage local employers and colleges to offer alternatives to driving (e.g., “emergency ride home,” covered bicycle racks, preferential parking for carpools).

Increase walking and biking

- Complete the work of the Walkways Task Force and create a bicycle task force to document bicycling needs and recommend improvements to promote bicycle ridership.
- Recognize and encourage efforts by school communities to increase and improve conditions for walking and biking.
- Formally adopt a “Complete Streets” policy to integrate good practices in street design and build upon the MassHighway design guide.

Improve motor vehicle efficiency

- Encourage residents and businesses to purchase more efficient vehicles and to use vehicles more efficiently.
- Advocate for gasoline or excise tax changes to encourage the purchase and use of more efficient vehicles.

- Establish a policy that considers fuel efficiency in decisions on the replacement and use of municipal vehicles.
- Expand the anti-idling educational campaign.

In addition, Wellesley should participate more actively in regional transportation planning organizations (e.g., Metropolitan Area Planning Council, Boston Area Metropolitan Planning Organization, MassHighway, MBTA) to represent its interests and cooperate and coordinate with other municipal and state governments on regional transport issues affecting the Town.

Effective Waste Management

The Wellesley Recycling and Disposal Facility (RDF) received more than 24,000 tons of waste materials in FY2008. Of this amount, about a third was managed as recyclables, another third was composted as yard waste, and the remaining third was hauled for disposal at a managed landfill.

Wellesley's solid waste sent for disposal at the landfill, which recovers about 75 percent of the methane gas generated in decomposition, produced about 2,000 tons of eCO₂ from the unrecovered emissions. Recycling and composting operations at the RDF avert about 20,000 tons of eCO₂ emissions that would have been produced if this material had been disposed of as solid waste at the landfill.

Existing Measures

Sound waste management is based on the 3R's; reduce first, reuse second, and finally recycle. The *Step Up!* program at the RDF challenges residents to increase the amounts they recycle, and has become a model for the cost-effective diversion of waste. Town residents recycle about 38 percent of household waste, which provides \$400,000 in annual revenue to the Town. It is estimated that 95 percent of residents recycle; however, far fewer routinely recycle all the materials that can be recycled at the RDF.

Recommendations

- Continue incremental improvements in waste diversion through the *Step Up!* program. In particular, paper products and food waste, which are the primary sources of methane emissions, should be given priority by encouraging home composting and recycling of all paper products.
- Resume annual reporting by all private haulers (currently 13) of monthly tonnage of both recyclables and refuse, and the number of residential and commercial accounts they serve, as stated in the annual rubbish haulers permit from the Department of Health, to gain a better understanding of the waste stream managed by private haulers.

- Increase the rate of commercial recycling by requiring recycling through the RDF as a condition in permits issued to new commercial developments or buildings.
- Evaluate the benefit of adopting a pay-as-you-throw (PAYT) policy; the logistics of implementing and monitoring a PAYT system should be considered as well as the potential for improvement in waste diversion.
- Explore opportunities for diverting commercial and institutional food waste to composting and energy production, as supported by the Massachusetts Department of Environmental Protection.

Clean and Renewable Energy

Renewable energy is an integral part of GHG emissions reduction, along with energy efficiency and conservation measures. By increasing our use of naturally replenished sources of energy (e.g., solar, wind, biomass, hydropower, and tidal) in place of fossil fuels, the Town will reduce its emissions and also contribute toward the State's goal for renewable energy⁴.

Wellesley residents and businesses have a great opportunity to shift the Town's electricity from reliance on fossil fuels to renewable sources, through their participation in the voluntary renewable energy purchase program (VREP) offered by the MLP. Because Wellesley's electric rates are substantially less than those of the investor-owned utilities, its customers can pay the premium for renewable energy and still pay a lower total rate for electricity than the "standard" rate paid by residents in neighboring towns that do not have a municipal light plant. Achieving the Town's 10 percent GHG emissions reduction target and the Green Communities Act 20 percent renewable target will require significantly higher levels of participation by residents and businesses in the VREP.

Existing Measures

A 2008 survey of residential and business customers conducted by the MLP showed a high degree of Town support for energy conservation and renewable energy initiatives by the Light Plant. In response, the MLP introduced the VREP program in 2009, which allows customers to purchase a percentage (10%, 25%, 50% or 100%) of their electricity from renewable sources. By February 2010, this program had 600 household subscribers, or about 6 percent of all accounts. This participation level places the program among the top 10 nationwide for voluntary participation. The MLP has a goal to increase the participation rate to 10 percent in 2010.

⁴ Under the Green Communities Act (2008), Massachusetts has a goal to supply 20% of its electric load through new, renewable and alternative energy sources by 2020.

Because VREP participants generally purchase only some of their electricity from renewable resources and large commercial customers have not yet participated, VREP commitments affect only about 1 percent of the Town's total electricity consumption. To meet the current demand for renewable energy, the MLP is now purchasing electricity from the Miller Falls Hydro plant and the Granby Landfill⁵. MLP also is in the process of purchasing power from the planned wind project in Savoy, Massachusetts to further increase the town's renewable portfolio.

A few small-scale initiatives to generate renewable energy have been implemented within the Town. The Town has just been awarded a federal stimulus grant in the amount of \$150,000, which will be applied towards the installation of a 50kW solar photovoltaic (PV) panel system at the MLP garage, which will generate sufficient electricity to meet the building's demand. A handful of residences in Town are generating electricity from solar PV, supported by net-metering from the MLP⁶, or are using solar thermal to heat the house. For educational purposes, Babson College has a demonstration-scale wind turbine and Wellesley High School has a demonstration-scale solar PV system. The Town also has an opportunity to include solar panels in the construction of its new high school.

Key Recommendations

- Continue to promote and expand the MLP Voluntary Renewable Energy Program.
- Develop a municipal solar PV program to increase the amount of installed PV on municipal buildings.
- Evaluate the potential impact of encouraging commercial and residential solar PV installations through rebates and/or paying a net-meter rate on energy sold to the grid that is comparable to the cost of commercial renewable energy purchases.

Education and Outreach Campaign

The successful implementation of Wellesley's Sustainable Energy Plan is dependent upon support from the community. Launching a campaign to raise awareness and encourage residents, businesses, and municipal departments to reduce their GHG emissions through a combination of the energy efficiency, renewable energy, and transportation initiatives outlined in the Plan is paramount to create and sustain momentum in communicating and meeting specific goals for energy reduction. Education and outreach efforts are essential components of influencing sustainable behavior.

⁵ The Granby Landfill uses methane gas captured from the decomposition of waste to generate electricity.

⁶ Net metering allows the residence to both sell electricity to the grid and buy electricity from the grid.

Key Recommendations

- Build general awareness and sustained program support by identifying a “face” or spokesperson for the campaign, using traditional media tools (Wellesley Cable Channel, Wellesley Townsman, signage at the RDF), using digital and social networking outreach tools including a dedicated web site, and forming an advisory committee or council to promote awareness.
- Garner the support of Town committees and volunteer groups at schools, businesses, institutions, religious organizations, and municipal facilities. Meet with each Town committee and volunteer group focused on energy conservation to highlight Sustainable Energy Plan and make the goal of quantifiable energy reduction a cornerstone of their agenda.
- Monitor the awareness and effectiveness of the campaign through analytical tools to effectively focus and target efforts to yield the best results.

Conclusion

The Committee believes the Town’s commitment to sustainable energy is a long-term one which will continue past 2013 and ultimately achieve GHG emissions reductions far greater than the 2013 goal. We view the Sustainable Energy Plan as a living document, which will be adapted to incorporate the lessons learned from the implementation experience as well as the evolving options available as technologies improve and costs decline. We believe this Plan can benefit the Town in multiple ways, providing well-lit comfortable homes and other desired energy services at a lower cost, doing our share to reduce the emissions which contribute to climate change, and fostering the sustainable energy sources that our children will need so they can continue to enjoy comfortable and healthy lifestyles.

With this Plan⁷, the Green Ribbon Study Committee completes its assignment from Town Meeting. We thank you for the opportunity to contribute to Town action on this important issue and request Town Meeting approval of our recommendations under Article 33.

Green Ribbon Study Committee

Scott Bender Kevin Counihan Robert Rooks

Chris Chan Molly Fairchild

Robert Cooper Katy Gibson

⁷A link to the full Sustainable Energy Plan is available on the front page of the Town website at <http://www.wellesleyma.gov>

Table 1 Key GHG emission reduction measures outlined in the Sustainable Energy Plan

Proposed Measure	Key Assumptions	Estimated Annual Reduction in eCO₂ Emissions in 2013
<i>Efficient Buildings and Infrastructure</i>		
Adopt stretch building code	250 larger replacement homes 1,700 residential additions 370,000 sq ft new commercial space 400 new housing units	7,000 tons
Conduct home energy audits (at time of purchase)	2% - 4% of homes are sold 15% reduction/home	400 - 800 tons
Conduct home energy audits (at other times)	5% of homes 10% reduction/home	700 tons
Expand smart meters program	5% of homes participate 20% reduction/home	400 tons
Street light replacement program	Install more efficient lights	200 tons
Audit and improve municipal buildings	15% reduction in energy use	1,500 tons
Develop and promote municipal policies	5% reduction in energy use	500 tons
<i>Efficient Transportation</i>		
Increase average auto fuel efficiency	Replace 13% of autos each year with vehicles 15% more fuel efficient	8,000 tons
Eliminate 5% of single person trips	Use carpool, walk, bike, public transit, telecommute options	8,000 tons
<i>Effective Waste Management</i>		
Increase recycling	10% increase in recycling	1,000 tons
<i>Community Outreach</i>		
All residents take small action	Every house replaces 1 light with CFL	250 tons
	Every house lowers winter thermostat 1 degree for 8 hours/day	900 tons
<i>Renewable/Cleaner Energy</i>		
Increase renewable energy to 4% of MLP portfolio	Continued growth of Voluntary Renewable Energy Purchase program	3,700 tons
Increase local renewable sources 1%	New solar installations	900 tons
<i>Continuing Trends</i>		
Business Reductions	Businesses reduce 5%	6,900 tons
Convert from fuel oil to natural gas	Continue trend of 300 houses/year	4,000 tons
TOTAL		44,550 tons
Target Reduction		44,500 tons



Town-Wide Financial Plan for 2010 Annual Town Meeting Submitted by the Board of Selectmen

March 12, 2010

Dear Town Residents:

We are pleased to submit this report on the Town-Wide Financial Plan (TWFP). This report provides summary financial information for the current fiscal year (FY10), the proposed budget for FY11, and projected financial information for FY12.

Financial Overview

The Board of Selectmen will present a balanced budget for FY11 at the upcoming Annual Town Meeting (see Attachment A). Last spring we projected a deficit for FY11, before the outlook worsened as a result of the downturn in the overall economy. This decline required us to reduce the Town's projections for State aid during the fall of 2009. In addition, the reduced value of the Town's pension assets has necessitated a further increase in the level of pension funding. Despite this worsened outlook, we have balanced the proposed FY11 budget through a combination of conservative budget increases, lower health insurance cost increases, recent improvement in the State's finances (reduced local aid cuts), and a modest reserve drawdown of \$853,000.

Attachment B graphically depicts the trend in Wellesley's tax levy since 2000 (FY00), as well as the trend in the major components of the Town's budget. It bears noting that this is the fourth consecutive year that we have balanced the budget without the need for an operating budget override, whereas overrides were required in six of the preceding seven years. We are also targeting a balanced budget for FY12.

A recent study by the Massachusetts Department of Revenue indicated that Wellesley approved the highest total dollar amount of overrides during the period from FY99 to FY08, of any city or town in the Commonwealth. This reflects our residents' commitment to sustaining the breadth and quality of Town services. Given this history, we do not consider avoidance of overrides to be our financial planning objective. Rather, our primary objective is to identify the need for any override sufficiently in advance to allow appropriate time for diligence and consideration of operational alternatives.

Key Issues

The key issues impacting the Town's financial planning include:

- Uncertainty regarding future levels of State aid
- Growth in departmental budgets
- Continued increases in employee benefit costs
- Facilities maintenance needs
- High School construction and related borrowing costs

- Funding of future capital projects
 - Senior Center
 - Middle School Space needs
 - DPW office building
- Other capital infrastructure needs

A short discussion of each of these items follows.

Uncertainty regarding future levels of State aid

State aid (\$8.6 million) comprises approximately 7% of the Town's total sources of funds. The largest components are Chapter 70 Aid for Education and Lottery Aid. The proposed FY11 State budget recently submitted by Governor Patrick level-funds Aid for Education and Lottery Aid, but the State Legislature has not yet acted on the budget, and could ultimately recommend local aid reductions. The latest guidance we have received suggests local aid will be reduced by no more than 5% from the prior year level (inclusive of stimulus funds). Accordingly, we have assumed a 5% reduction in FY11, and no further change in FY12.

State aid comprises a smaller percentage of the Town of Wellesley's budget than for most other communities in the Commonwealth. Thus, we are relatively more dependent on property taxes and less impacted by the State's financial difficulties. A number of communities that are more dependent on State aid have implemented layoffs and wage freezes in order to balance their FY10 and proposed FY11 budgets.

(Note: The Town's State aid assumptions do not take into consideration any possible change which could occur if the referendum question to reduce the State sales tax from 6.25% to 3% passes in November 2010.)

Growth in departmental budgets

Before allocating shared costs (e.g., health insurance, pension, etc.), the School budget represents approximately 54% of the Town's total operating budget, while the other Town departments represent 28%. In recent years we have received a number of requests for an analysis of the entire cost of the Town's various operations. Thus, presented in Attachment C is a fully-allocated view of the FY11 budget. On this basis, the Schools represent 68% of the total Town budget.

The rate of growth in the School budget is a key factor each year in determining whether a Proposition 2½ override is required. Whereas the annual growth in the School budget over the past 10 years has averaged approximately 7%, the proposed FY11 budget reflects a 3.3% increase. The lower growth in the School budget for FY11 contributed significantly to avoiding the need for an override this spring.

Our current projections for FY12 reflect a 2.5% increase for the School Department and 1.5% for other Town departments. The higher increase for the School Department is intended to provide for exceptional increases in enrollment and/or special tuition and transportation costs. While these rates of growth are less than historical averages, the Selectmen believe this continued level of restraint is warranted given the continued weakness in the economy and the Town's current and future capital commitments. Our financial plan should guide the establishment of the Town's objectives for the next round of collective bargaining, which will

begin later this year. Therefore, the Selectmen are continuing discussions with the School Committee and other Town Boards to gain buy-in to these projections.

Continued increases in employee benefit costs

Employee benefit costs represent 18.4% of the Town’s total budget (up from 7.5% in FY00) and are the fastest growing component of the budget (see Attachment B). The transition of Town employees to the new Rate-Saver health insurance plans during FY09 and a relatively low average increase in health insurance premium rates for FY11 (6.5%) have positively impacted the Town’s long-term projections. Despite these favorable developments, health insurance costs continue to be a major concern. Currently, we are projecting a further 7% increase in FY12. This pace of growth is unlikely to abate in subsequent years, due in part to the increasing number of retirees participating in the Town’s health insurance plans.

Following a 33% decline in 2008, the market value of the Town’s pension assets increased by 18% in 2009. Despite this recovery, the actuarial funding schedule for the pension plan requires the Town to continue increasing the annual pension contribution by approximately \$1 million each year for the next several years. This increase in funding will not return the plan to a fully-funded status until 2040.

At the level of \$2 million for FY11 (including enterprise funds), the Town’s annual pension contribution is still lower than the payments made during the late 1980’s and early 1990’s. The Town’s total annual pension and OPEB (Other Post-Employment Benefits) contribution also remains lower than in many comparable communities, as seen in the following table:

FY2010 Retirement Appropriations
\$ millions

Town	Pension	OPEB	Total	% of Revenue
Needham	\$4.3	\$3.4	\$7.7	7.1%
Arlington	7.5	0.3	7.8	6.9%
Belmont	5.3	0.0	5.3	6.5%
Brookline	12.6	0.1	12.7	6.3%
Natick	5.4	0.0	5.4	5.3%
Newton	13.5	0.0	13.5	3.9%
Hingham	3.0	0.0	3.0	3.8%
Wellesley	1.0	3.0	4.0	3.4%
Lexington	3.7	0.4	4.1	2.8%

Employee contributions to the pension plan during FY09 totaled \$3 million. Any Town employee hired after 1996 is required to contribute 9% of pay plus 2% of pay over \$30,000 to the plan (teachers contribute a similar amount to a separate plan operated by the State).

An updated actuarial valuation of the Town’s pension liability is currently being performed and the results of this valuation will be presented at Town Meeting.

Facilities maintenance needs

Following the recent consolidation of the Facilities organization between the School and other Town departments (exclusive of DPW and MLP), further planning work is being done to develop a long-term plan for the maintenance of all Town buildings. The FY11 budget includes \$500,000 of facilities maintenance capital expense. Benchmarking of other municipalities and private sector entities suggests this amount is insufficient and should be in excess of \$2 million annually. Recognizing the need to significantly increase the recurring level of funding for facilities maintenance, the Selectmen are proposing to redirect a portion of the funds made available by future reductions in the level of inside-the-levy debt service, as illustrated in Attachment D. This spending plan would achieve a \$2 million level of facilities maintenance capital by 2018. This will allow time to strengthen the Town's facilities maintenance organization, further assess the key infrastructure elements of each building, complete key studies such as the elementary schools master plan, and better prioritize the Town-wide facilities maintenance needs.

High School construction and related borrowing costs

The Permanent Building Committee has completed the plans for the new High School and has constructed satellite parking facilities, excavated the site and installed foundations. Steel erection has begun. The Committee is presently reviewing bids for the remainder of the work through completion. The construction is on schedule and projected costs are below budget. Spending to-date on the project totals \$17.2 million and reimbursements from the Massachusetts School Building Authority (MSBA) total \$4.2 million (the total cost incurred to-date includes certain costs not eligible for MSBA reimbursement).

The funds for the project are being borrowed in phases, according to the projected cash flow for the project. The second round of borrowing, approximately \$35 million, will take place in the spring of 2010. Thus, the projected debt service cost of the project will increase gradually over the next few years. At its peak, the annual debt service is projected to approximate \$7 million, contingent on the borrowing terms and conditions obtained by the Town. The budgeted FY11 and projected FY12 debt service cost related to the High School project are \$4.1 million and \$6.1 million, respectively.

Funding of future capital projects

The decision to redirect a portion of inside-the-levy debt service spending in future years to facilities maintenance is likely to put added pressure on the Town to fund large capital projects via debt exclusions. Accordingly, we have assumed the following projects will be funded via debt exclusions, subject to favorable action at a future Town Meeting:

- Senior Center (\$5.2 million) - The March 2009 Town Meeting authorized funds to demolish the former American Legion building at 496 Washington Street and to design a Senior Center to be located on the site. The current timetable calls for completion of the building plans and permitting in time for presentation at a fall 2010 Special Town Meeting. In the meantime, the Selectmen have signed a purchase and sale agreement for the purchase of 494 Washington Street. Acquisition of this property is intended to enhance the value of the Town's adjacent property, and potentially provide additional parking capacity for the Senior Center. The funds for this acquisition will be requested at a Special Town Meeting to be held on April 12, 2010.

- Middle School space needs (\$2.5 million) – At the upcoming Town Meeting (Article 20), the Middle School Building Committee will request authorization to use existing funds to develop plans and specifications for additional modular classrooms to be installed on the Middle School grounds to accommodate future enrollment needs. It is anticipated that funds for the procurement and installation of the modulars will be requested at a fall 2010 Special Town Meeting.
- DPW office building (\$3.3 million) – Under Article 18, the Board of Public Works will request funds to design an office addition to the new Water & Sewer garage. This new space would house DPW office personnel, and it is anticipated that funds for the construction of this facility will be requested at a fall 2010 Special Town Meeting.

The potential impact of these future projects on the tax rate and median tax bills is illustrated in Attachment E to this report.

Other capital infrastructure needs

Similar to our reassessment of the Town’s level of facilities maintenance spending, we are also reassessing the adequacy of capital spending on roads, sidewalks and other municipal infrastructure. Our preliminary conclusion is that the Town’s recurring level of investment in this area has not kept pace with increases in the cost of materials and labor. Whereas the DPW capital budget increased 41% from FY95 to FY11, the cost of asphalt more than doubled during the same period. As a result, the Town’s recurring capital funding is not adequate to support the intended cycle of road resurfacing and rehabilitation. In addition, new and emerging regulations pertaining to stormwater drainage are expected to necessitate additional capital investments.

To address these shortfalls, we are considering a phased increase in DPW capital spending and potential increases in Water & Sewer rates. Further analysis of these needs is currently being performed and an update will be provided at Town Meeting.

The FY11 Budget

Early last fall, we reviewed preliminary revenue projections with the Advisory Committee and discussed the impact of general economic conditions and the tax rate impact of the ongoing High School project. This led to the Advisory Committee’s issuance of FY11 budget guidelines that capped departmental budget increases at 1%. An additional \$750,000 was made available to the School Department to cover exceptional increases in Special Tuition & Transportation (ST&T) costs. Thus, the School Department’s initial budget guideline was effectively 2.25%. This guideline was subsequently reduced on account of additional stimulus funds that became available to the School Department.

Capital requests were submitted in October and departmental operating budgets were submitted in December. Following various adjustments to the original budget requests, the proposed FY11 budget has been balanced with a modest drawdown of reserves (discussed later in this document) and without the need for an override. The FY11 budget request is summarized in the following table (a more complete FY11 Sources & Uses is presented on Attachment A):

	FY10 Budget	FY11 Request	% of total	\$ Inc/(Dec)	% Inc/(Dec)
Sources of Funds					
Taxes	\$ 85,826,267	\$ 89,271,924	72.8%	\$ 3,445,657	4.0%
State Aid	9,071,816	8,592,618	7.0%	(479,198)	-5.3%
Local Revenue	10,136,785	9,947,390	8.1%	(189,395)	-1.9%
Other Sources	3,998,932	2,862,661	2.3%	(1,136,271)	-28.4%
Exclusions and Exemptions	8,999,419	12,028,847	9.8%	3,029,428	33.7%
Total Sources	\$ 118,033,219	\$ 122,703,440	100.0%	\$ 4,670,221	4.0%
Uses of Funds					
School	\$ 53,283,503	\$ 55,031,413	44.8%	\$ 1,747,910	3.3%
Other Town Departments	27,831,529	28,246,085	23.0%	414,556	1.5%
Employee Benefits	16,059,178	17,011,499	13.9%	952,321	5.9%
Cash Capital	2,987,410	2,793,025	2.3%	(194,385)	-6.5%
Debt (inside Levy)	3,639,310	3,591,273	2.9%	(48,037)	-1.3%
Other Uses	5,232,664	4,001,298	3.3%	(1,231,366)	-23.5%
Exclusions and Exemptions	8,999,625	12,028,847	9.8%	3,029,222	33.7%
Total Uses	\$ 118,033,219	\$ 122,703,440	100.0%	\$ 4,670,221	4.0%
Surplus/(Deficit-Override)	\$ 0	\$ (0)			

The 4% increase in Taxes reflects the allowed growth in the levy limit and \$1.3 million of new levy growth. The 5% reduction in State Aid is consistent with the latest guidance we are receiving from State officials. The 1.9% decrease in Local Revenue is attributable to weak excise tax and building permit receipts, and partially offset by the new meals tax. The significant decline in Other Sources is attributable to reduced use of Community Preservation Act (CPA) funds and Free Cash. The 33.7% increase in Exclusions and Exemptions primarily reflects the increased level of debt service associated with the High School project.

The 3.3% increase in the School budget is slightly larger than the Advisory guideline. The 1.5% budget increase for Other Town Departments is over the 1% guideline because of increases in facilities maintenance. The 5.9% increase in Employee Benefits is primarily due to the \$1 million increase in pension funding (including enterprise funds). Cash Capital is down slightly and debt service inside the levy is down as a result of the continuing pay-down of related debt, which is amortized on a level principal basis. Other Uses include CPA fund requests and other self-funding items, as well as provisions for state assessments and property tax abatements.

A one year union contract settlement through June 30, 2011 for the Firefighters will be moved under Article 5. The settlement provides for a general increase of 1.75%. Contract extensions for the Police Patrolmen and Superior Officers through FY13 will also be moved under Article 5. These extensions require the Town to assume responsibility for the unfunded State portion of education incentives (i.e., the Quinn bill benefits) in exchange for reduced wage increases in FY12 (0%) and FY13 (1%). In addition, the Police unions have agreed to support the removal of the department from the provisions of Civil Service (see Article 29). This change will provide the Town with significantly more flexibility in terms of the future hiring and promotion of Police officers. Further details regarding the rationale for this settlement will be presented at Town Meeting. The Town's other union contracts are settled through June 30, 2011.

The Town is also proposing to fund the following items from Free Cash, subject to approval by Town Meeting:

- \$300,000 - Supplemental appropriation to the Department of Public Works for FY10 snow and ice removal costs (Article 7).
- \$300,000 - Central Street Fire Station floor repair costs (Article 16)
- \$253,000 - Design of the new DPW Administration Building (Article 18)

The total utilization of Free Cash included in the proposed FY11 budget (\$853,000) assumes favorable Town Meeting action on each of these items.

As seen in the Five-Year Capital Budget Program, the Fuller Brook Park Preservation Plan is currently projected to cost \$3,000,000. An appropriation of \$250,000 from Community Preservation Act (CPA) funds, to pay for related planning work, will be moved under Article 21.

Debt Capital

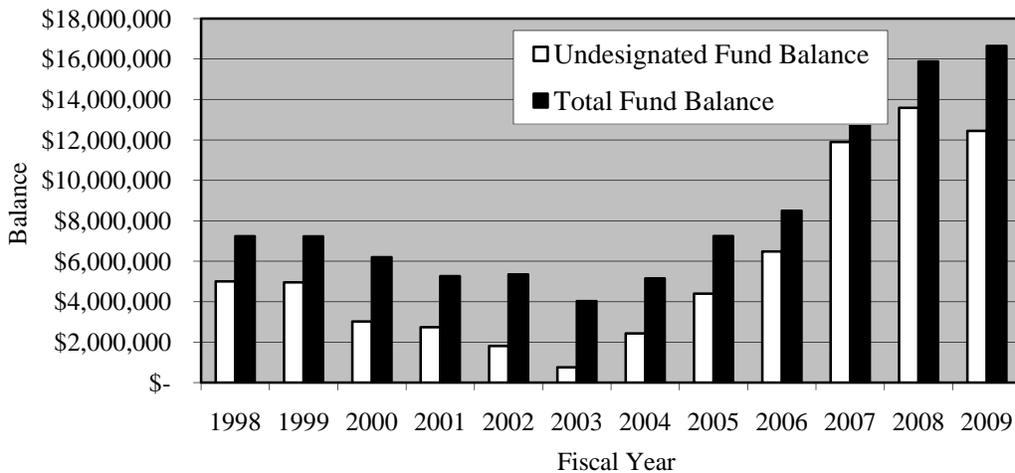
The Town's Five-Year Capital Budget Program is presented elsewhere in this book. The FY11 budget request does not include any provision for any new debt capital projects, apart from the proposed acquisition of 494 Washington Street and the issuance of a small previously authorized portion of debt. As noted in the preceding section, proposals for several debt capital projects may be considered at a fall 2010 Special Town Meeting. The potential impact of these projects on the tax rate is illustrated in Attachment E.

Reserves

In recent years, Town Meeting has been cognizant of the need to increase the level of the Town's financial reserves, in order to maintain the Town's favorable AAA bond rating. This has required us to carefully monitor the level of revenues and expenses versus budget, and the resulting impact on reserve levels. It has also required us to be judicious in our utilization of reserves.

As of June 30, 2009 the Town's Undesignated Fund Balance was \$ 12.4 million. This reflected a significant improvement in the Town's financial reserves since a low point in 2003, but a slight decline from fiscal 2008. The following graph shows the recent improvement in reserve levels, as expressed in terms of undesignated fund balance and total fund balance:

Town of Wellesley General Fund Balance



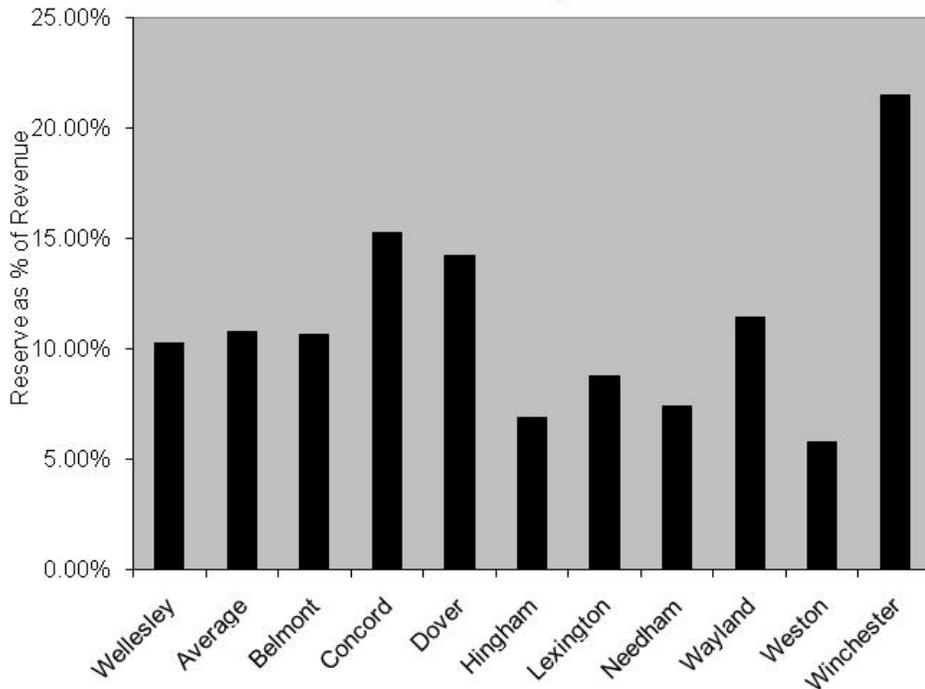
Undesignated fund balance and total fund balance are technical terms used in municipal accounting. Total fund balance is analogous to the terms “stockholders’ equity” as used in private sector financial statements. Undesignated fund balance is the portion of the total fund balance that has not been designated for any purpose. Thus, undesignated fund balance is a key component of a town’s financial reserves. Credit rating agencies focus on these balances when evaluating the creditworthiness of a town.

Of more practical concern are the balances in the Town’s Stabilization Fund (a separate reserve fund) and the balance of Free Cash, which is a restrictive subset of the undesignated fund balance. Under Massachusetts Department of Revenue (DOR) rules, these are the reserve balances specifically available for appropriation by Town Meeting to pay extraordinary or unforeseen expenditures, or cover revenue shortfalls. Appropriations from the Stabilization Fund require a two-thirds vote by Town Meeting, whereas appropriations from Free Cash require a majority vote. The Stabilization Fund balance as of June 30, 2009 was \$ 2.8 million. The level of Free Cash, as certified by the DOR, was \$ 9.1 million as of June 30, 2009.

The following chart compares Wellesley’s total Stabilization Fund and Free Cash reserves at June 30, 2009 to other AAA rated communities, expressed as a percent of 2010 annual revenues:

Free Cash and Stabilization Fund Comparison Among AAA-Rated Communities

source: DOR Municipal Databank



DOR recommends that communities maintain reserves (free cash and stabilization fund) of at least 3-5% of annual expenditures and the Government Finance Officers' Association recommends 5-15%. As seen in the above chart, Wellesley's reserves are slightly above 10%.

The proactive funding of the Town's pension and Other Postemployment Benefits (OPEB) liabilities further evidence the Town's commitment to prudent fiscal management. Consistent with the prior year, the budget includes \$3 million of funding toward the Town's OPEB liability (\$1.2 million inside the levy, plus \$1.8 million OPEB funding exclusion as authorized by the May 2007 Special Election).

Looking Ahead to FY12

Last summer, the Selectmen's office studied the planning processes followed in neighboring communities. We found that many communities follow a more regimented approach in terms of determining the annual level of departmental budget increases. For example, a number of communities have an arrangement in place whereby the excess of "new revenues" (i.e., year-to-year growth in sources of funds) over priority spending needs, e.g., debt service, pension and health insurance costs, is allocated between the School and other town departments according to pre-agreed percentages. Coupled with less utilization of overrides, this provides a firmer basis for financial planning. The Selectmen are considering the merits of implementing such an approach in Wellesley.

For initial planning purposes, we have prepared a FY12 forecast based on the following assumptions:

- Growth in property tax revenues of 2.5% as allowed under Proposition 2½, plus new levy growth of \$1.3 million (vs. \$1.4 million FY10 actual)
- State Aid - level
- Local Revenue - level
- School budget growth – 2.5%; other Town departments - 1.5%
- Growth in health insurance costs – 7%
- Pension funding – increased to \$3 million (vs. \$2 million in FY11)
- Cash capital - level
- Debt service inside the levy - level
- No material use of Free Cash to balance the budget

Based on these assumptions, the projected FY12 Sources and Uses outlook is summarized in the following table:

	<u>FY11</u>	<u>FY12</u>	<u>\$</u>	<u>%</u>
	<u>Request</u>	<u>Projection</u>	<u>Variance</u>	<u>Variance</u>
Sources of Funds				
Taxes	\$ 89,271,924	\$ 92,803,722	\$ 3,531,798	4.0%
State Aid	8,592,618	8,592,618	-	0.0%
Local Revenue	9,947,390	9,947,390	-	0.0%
Other Sources	2,862,661	1,715,580	(1,147,081)	-40.1%
Exclusions and Exemptions	12,028,847	13,536,974	1,508,127	12.5%
Total Sources	\$ 122,703,440	\$ 126,596,284	\$ 3,892,844	3.2%
Uses of Funds				
School	\$ 55,031,413	\$ 56,407,198	\$ 1,375,785	2.5%
Other Town Departments	28,246,085	28,669,776	423,691	1.5%
Employee Benefits	17,011,499	18,831,873	1,820,374	10.7%
Cash Capital	2,793,025	2,793,025	-	0.0%
Debt (inside Levy)	3,591,273	3,266,025	(325,248)	-9.1%
Other Uses	4,001,298	3,091,412	(909,886)	-22.7%
Exclusions and Exemptions	12,028,847	13,536,974	1,508,127	12.5%
Total Uses	\$ 122,703,440	\$ 126,596,284	\$ 3,892,844	3.2%
Surplus/(Deficit-Override)				
	\$ (0)	\$ 0		

As in prior years, the projected increase in employee benefit costs will absorb a large portion of the increase in the Proposition 2½ levy. It should also be noted that eleven of the Town's thirteen union contracts are due for renegotiation at the end of FY11, and the resulting wage settlements will have a significant impact on the FY12 projection.

Given the uncertain economic outlook and the Town's existing financial commitments, the Selectmen are not currently supportive of a Proposition 2½ override for FY12. Therefore, any significant, unfavorable deviation from the assumptions summarized above will necessitate some combination of cost efficiencies, service reductions, wage freezes, furloughs or layoffs, or other difficult tradeoffs. The Selectmen are continuing to discuss the FY12 projection with the other Town Boards, and will provide a further update at Town Meeting.

We would like to express our sincere appreciation to all of the Town boards and their respective staffs for their cooperation in working with us to create a plan that will ensure the continued financial health of our community.

Sincerely yours.

A handwritten signature in cursive script that reads "Barbara D. Searle".

Barbara D. Searle, Chair
Katherine L. Babson, Jr., Vice Chair
Owen H. Dugan, Secretary
Ellen F. Gibbs
Terri Tsagaris

Attachments:

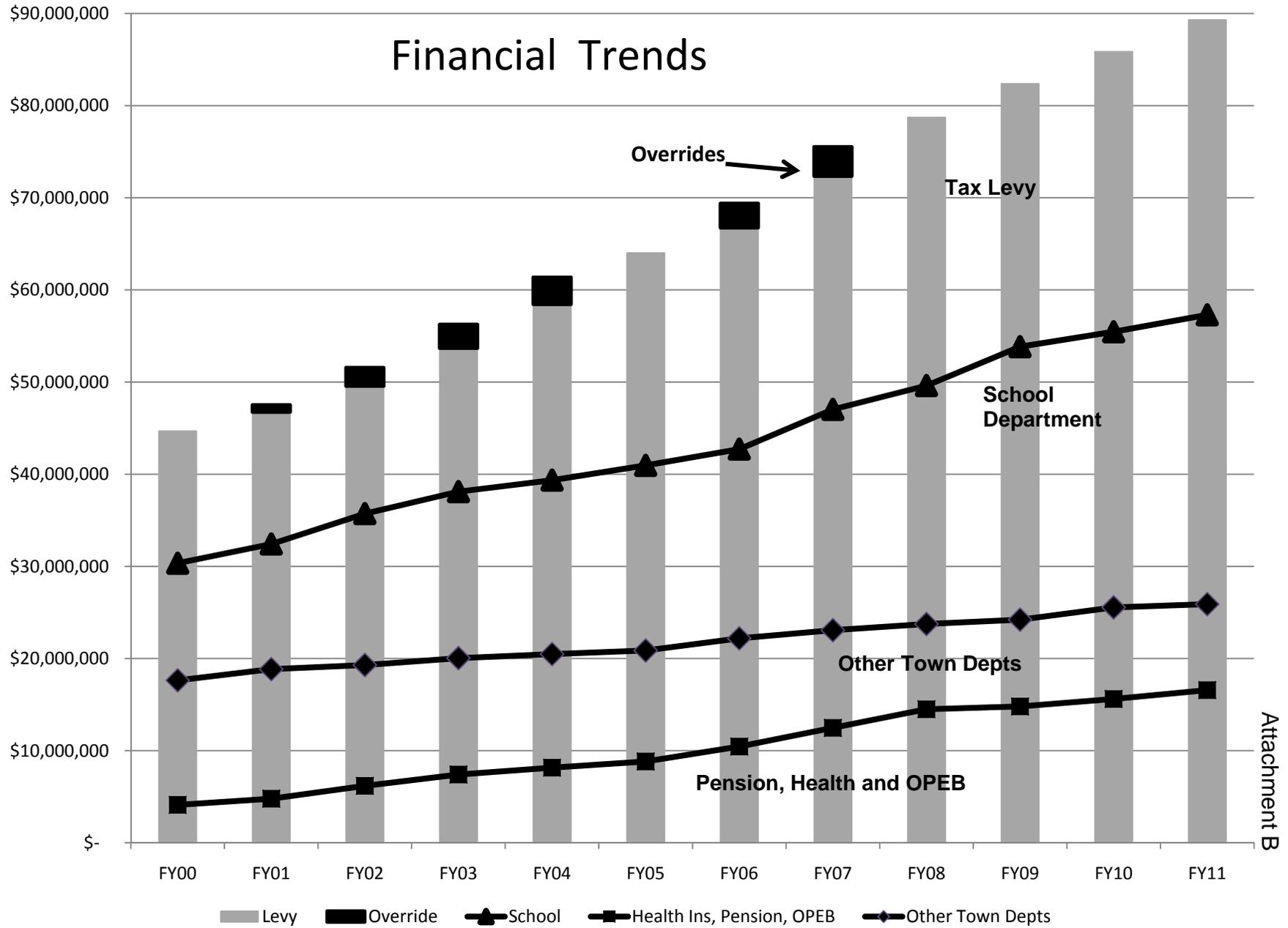
- A - FY11 Working Sources & Uses
- B - Financial Trends
- C - Fully Allocated FY11 Uses
- D - Facility Maintenance Funding
- E - Tax Rate and Median Tax Bill Projections

TOWN OF WELLESLEY- SOURCES AND USES OF FUNDS

Attachment A

	<u>FY2010 Tax Rate</u>	<u>FY2011 Request</u>	<u>% Change</u>
*** SOURCES OF FUNDS ***			
Tax & Other Current Revenues			
Within Levy Limits			
Real Estate & Per. Prop. Tax	85,826,267	89,271,924	4.01%
From the Commonwealth	9,071,816	8,592,618	-5.28%
Local Revenue	10,136,785	9,947,390	-1.87%
Sub-Total (Tax & Cur. Rev.)	105,034,868	107,811,932	2.64%
Outside Levy Limits			
Real Estate & Pers.Prop.Tax	6,504,369	9,607,009	47.70%
OPEB	1,800,000	1,800,000	0.00%
Available Funds			
Chapter 70 formula distributed as grant	-1,220,173	-	-100.00%
Parking Meter Receipts	546,733	538,661	-1.48%
Amortize premium	73,212	-	-100.00%
Appropriated/Reserved CPA Surcharge	1,623,400	1,136,500	-29.99%
Free Cash- balance budget	1,029,353	-	-100.00%
Direct free cash items - S&I, dpw bldg, fire station	1,829,619	853,000	-53.38%
School Construction Aid & Set-Asides	621,838	621,838	0.00%
Unencumbered/Transfers from other funds	190,000	334,500	76.05%
Sub-Total (Available Funds)	4,693,982	3,484,499	-25.77%
TOTAL SOURCES OF FUNDS	118,033,219	122,703,440	3.96%
	<u>FY2010 Request</u>	<u>FY2011 Request</u>	<u>% Change</u>
*** USE OF FUNDS ***			
Personal Services (Non-School)			
Expenses (Non-School)	20,429,320	20,883,728	2.22%
Subtotal (Non-School)	7,402,209	7,362,357	-0.54%
Subtotal (Non-School)	27,831,529	28,246,085	1.49%
Personal Services (School)			
Expenses (School)	44,898,314	46,731,833	4.08%
Subtotal (School)	8,385,189	8,299,580	-1.02%
Subtotal (School)	53,283,503	55,031,413	3.28%
Sub-Total (Pers. Svcs.& Exp)	81,115,032	83,277,498	2.67%
Capital & Debt:			
Within Levy Limits			
Capital/Extraord./Special Items	2,987,410	2,793,025	-6.51%
Debt Service - Issued	3,639,310	3,491,273	-4.07%
Debt Service - To be Issued	-	100,000	100.00%
Sub-Total (Within Levy Limits)	6,626,720	6,384,298	-3.66%
Outside Levy Limits			
Debt Service - Issued	7,199,625	7,050,847	-2.07%
Debt Service - To be Issued	-	3,178,000	100.00%
SUB-TOTAL (CAPITAL & DEBT)	13,826,345	16,613,145	20.16%
Employee Benefits:			
Ins./Group Ins., etc.	13,993,178	14,079,499	0.62%
Pension Contribution	866,000	1,732,000	100.00%
OPEB Liability Fund	3,000,000	3,000,000	0.00%
Sub-Total (Shared Costs)	17,859,178	18,811,499	5.33%
SUB-TOTAL (OPERATIONS)	112,800,555	118,702,142	5.23%
Special Items:			
Traffic & Parking Management	488,233	520,386	6.59%
Appropriated/Reserved CPA Surcharge	1,623,400	1,136,500	-29.99%
State & County Assessments	1,061,412	1,061,412	0.00%
Property Tax Abatements	430,000	430,000	0.00%
Other (Snow & Ice, Senior Center, Contracts)	1,629,619	853,000	-47.01%
Sub-Total (Special Items)	5,232,664	4,001,298	-23.53%
TOTAL USE OF FUNDS	118,033,219	122,703,440	3.96%
TOTAL SOURCE OF FUNDS	118,033,219	122,703,440	3.96%
SURPLUS (DEFICIT)	0	(0)	

Financial Trends

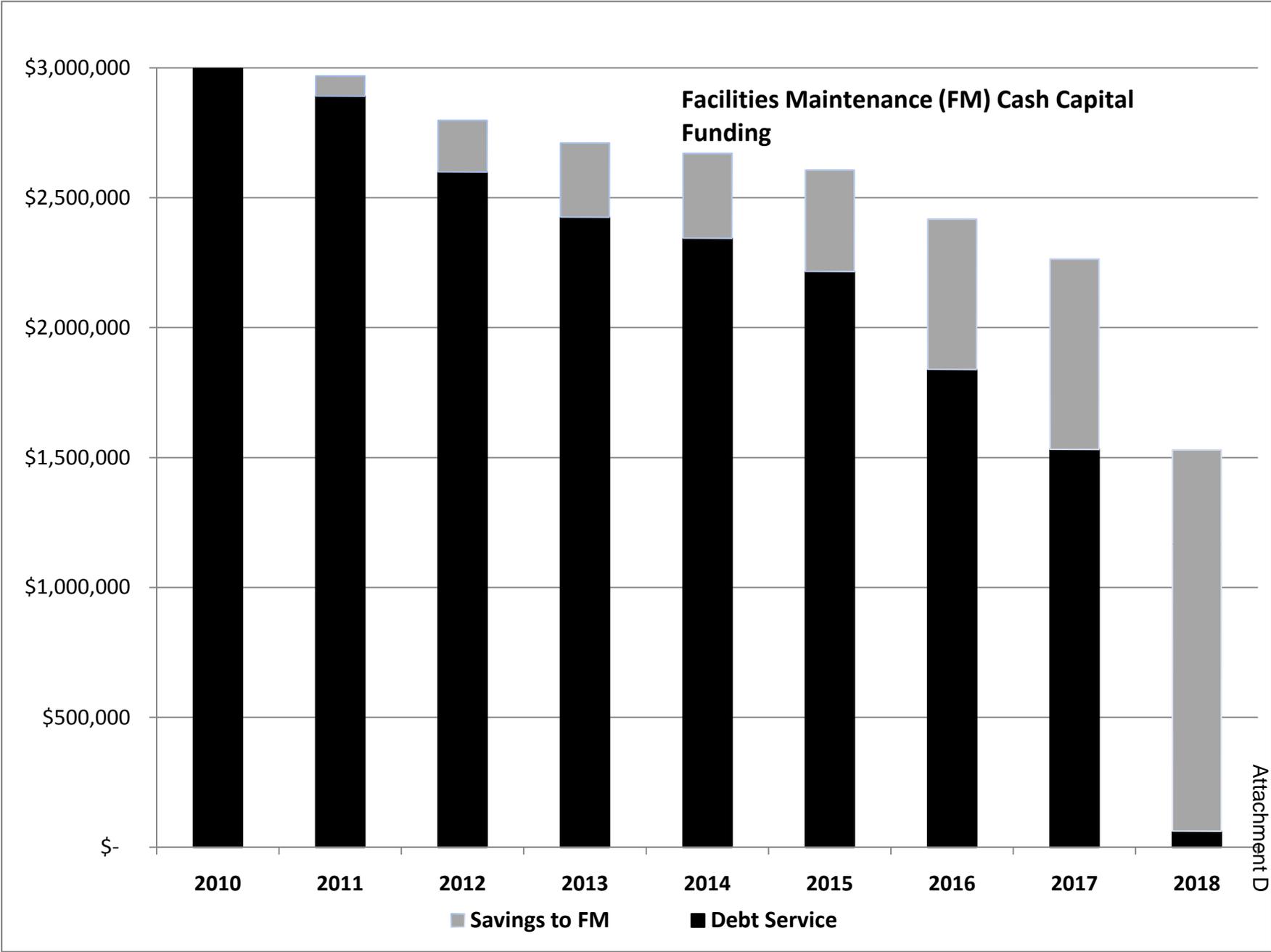


Attachment B

Fully Allocated FY11 Uses of Funds

	<u>School</u>	<u>DPW</u>	<u>Police & Fire</u>	<u>Other Selectmen</u>	<u>Library</u>	<u>Other Town Departments</u>	<u>Total Tax Impact</u>
Personal Services & Expense	55,031,413	6,178,588	9,892,651	1,985,340	2,300,932	3,724,725	79,113,649
Cash Capital	569,714	1,300,000	233,499	20,000	34,215	101,000	2,258,428
Facilities	2,504,086	253,000	596,304	138,395	278,769	568,321	4,338,875
Debt Service (Inside the Levy)	1,163,713	563,531	143,880	18,275	752,363	949,511	3,591,273
Employee Benefits	10,710,375	1,296,030	3,042,495	506,878	578,319	877,402	17,011,499
Legal and Risk Management	239,244	86,776	71,320	30,022	32,121	124,877	584,360
Supplemental Snow & Ice		300,000					300,000
Street Lighting				328,211			328,211
Exclusions							
- OPEB	1,191,979	125,059	293,582	48,911	55,804	84,664	1,800,000
- Sprague	1,223,732						1,223,732
- Bates	596,338						596,338
- Elementary Infrastructure	1,486,188						1,486,188
- Middle School	2,236,151						2,236,151
- High School	4,064,600						4,064,600
Subtotal	10,798,988	125,059	293,582	48,911	55,804	84,664	11,407,009
Total Uses	<u>\$ 81,017,533</u>	<u>\$ 10,102,984</u>	<u>\$ 14,273,732</u>	<u>\$ 3,076,032</u>	<u>\$ 4,032,523</u>	<u>\$ 6,430,500</u>	<u>\$ 118,933,304</u>

Attachment C



Tax Rate and Median Tax Bill Projections

	Tax Rate		Tax Projections	
	FY10	FY11	FY12	FY13
Prior Year Levy	\$ 82,351,885	\$ 85,826,267	\$ 89,271,924	\$ 92,803,722
2.5% Increase	2,058,797	2,145,657	2,231,798	2,320,093
New Growth	1,415,585	1,300,000	1,300,000	1,300,000
Current Year Levy	85,826,267	89,271,924	92,803,722	96,423,815
Existing Exclusions				
OPEB	1,800,000	1,800,000	1,800,000	1,800,000
Sprague	1,288,887	1,223,732	497,007	456,967
Bates	610,088	596,338	581,900	566,500
Elementary	1,131,761	1,486,188	1,450,888	1,422,863
Middle School	2,273,988	2,236,151	2,196,901	2,155,851
Morses Pond & Drainage	-	-	273,840	266,016
High School	1,273,063	4,064,600	6,114,600	7,070,800
	8,377,787	11,407,009	12,915,136	13,728,397
Proposed Exclusions*	-	-	1,113,500	1,086,075
Levy plus exclusions	\$ 94,204,054	\$ 100,678,933	\$ 106,832,358	\$ 111,238,287
<i>(year to year increase)</i>		6.9%	6.1%	4.1%
Assessed value	\$ 8,981,931,000	\$ 9,105,880,127	\$ 9,223,458,292	\$ 9,335,695,057
Tax rate	\$ 10.49	\$ 11.06	\$ 11.58	\$ 11.92
<i>(year to year increase)</i>		5.4%	4.8%	2.9%
Median value	\$ 810,000	\$ 810,000	\$ 810,000	\$ 810,000
Median tax bill	\$ 8,489	\$ 8,956	\$ 9,382	\$ 9,651

* Proposed Debt Exclusions								
	Amort. Pd. (Yrs.)	Interest Rate	FY11		FY12		FY13	
			Cost	Debt Service	Median Tax Bill Impact	Debt Service	Median Tax Bill Impact	
Senior Center	20	4.0%	\$ 5,200,000	\$ 468,000	\$ 41	\$ 457,600	\$ 40	
Middle School Modularity	8	4.0%	2,500,000	412,500	36	400,000	35	
DPW Office Building	20	4.5%	3,300,000	313,500	28	306,075	27	
			\$ 11,000,000	\$ 1,194,000	\$ 105	\$ 1,163,675	\$ 101	

Attachment E

Report of the Board of Selectmen on the Capital Budgeting Schedule

March 12, 2010

Town of Wellesley Capital Overview

As part of the annual budget process, boards and departments submit detailed capital requests for the upcoming fiscal year, and the following four fiscal years. The Board of Selectmen, through the Executive Director, gains an understanding of individual board needs and facilitates discussions about funding the current budget, as well as the longer term Town-Wide Financial Plan (TWFP). Capital requests are subject to multi-year discussion and analysis, and may not, ultimately be funded. Projects are categorized by funding source: cash capital, other sources of funding, debt financed inside the levy, and debt capital exclusions. Following are the capital project requests for FY2011 by funding source:

FY2011 Recommended Capital Projects by Funding Source		
Department	Project	Amount
Cash Capital		
Fire	Master Box, vehicle & radio equipment	152,800
NIS	Server	20,000
Police	Radio equipment & touch screen booking station	80,699
Facilities-town	Roofs, shed, vehicle	255,850
Facilities	Facilities Reserve Fund	35,000
Library	Computers, server	34,215
Morses Pond	Watershed Education, Stormwater Management	50,500
NRC	Tree Planting & park repairs	50,500
DPW	Vehicles, Street Improvements	1,300,000
School	Technology, copiers, furnishings	569,714
Facilities - School	Roof repairs, lighting retrofits, vehicles	243,747
Total Cash Capital		\$ 2,793,025
Other Funding Sources:		
NRC	NRC - Fuller Brook Planning (CPC funds)	250,000
Facilities-town	Fire Station Floor Repair (free cash)	300,000
DPW	DPW New Building Study (free cash)	253,000
DPW	DPW Salt Shed (Chapter 90 funds)	300,000
Total Other Sources		\$ 1,103,000
Debt Capital Exclusion:		
School	Middle School Additional Space Needs	2,500,000 *
DPW	New DPW Administrative Building	3,300,000 *
COA	New Senior Center	5,200,000 *
Total Capital Exclusion		\$ 11,000,000
Grand Total		\$ 14,896,025

* To be requested at Fall 2010 Special Town Meeting

Exhibit A (attached) is a Summary and Detail Schedule of prior year Capital authorizations and a five year schedule of Capital requests for FY2011 – FY2015.

Cash Capital

Cash capital is defined as investments/assets not normally included in a department's operating budget. Cash capital may include items such as equipment replacement (vehicles and computers), street improvements, facilities maintenance and building repairs. Cash capital is not synonymous with fixed assets, because the Town does not capitalize items under \$25,000 (such as computers).

DPW FY2011

The Board of Public Works has recommended a FY2011 cash capital budget of \$1,300,000. Highlights of the DPW FY2011 capital requests are as follows:

- Replacement or refurbishment of nine vehicles including a Street sweeper, Park Maintenance trucks, Winter Vehicles and other equipment - \$ 692,000
- Resurfacing 4-6 miles of streets for street improvements- \$385,000. Note, that the DPW is using a variety of pavement preservation techniques to maintain the Town's roadways in a more cost effective manner.
- Athletic Field Playground Improvements - \$101,000

DPW FY2012 – FY2015

In recent years the Department of Public Works capital requests have been reduced during the process of balancing the budget. As material costs escalate, the DPW has been able to maintain less road miles with a level or reduced budget. The Board of Public Works highly recommends returning the Street Resurfacing program to full funding in the FY12 capital budget to avoid costly repairs. The average annual (recurring) cost to maintain the Town's streets on a 16 to 20 year cycle is \$725,000. The other major cash capital expense for DPW is the periodic replacement of 135 vehicles and 220 pieces of equipment, which have a total value of \$11.6m. With an average vehicle life of 15 years, the average annual (recurring) cost to replace this equipment is \$784,000.

School FY2011 – FY2015

The School Committee requests a \$569,714 capital budget for FY2011. The School capital request includes an average of \$620,000 per year for Technology. This technology includes the purchase of computers through a regular replacement cycle that has been reduced from six years to five years. Also included is an average spending request of \$143,000 per year for furnishings and/or furniture.

Facilities FY2011

The Town's facilities are a major component of its financial assets and must continue to be maintained. The Town demonstrated its commitment to reinvesting in the community's capital infrastructure by approving a combined Town/School Facilities Maintenance department as of FY2009. The Facilities Maintenance department oversees maintenance and grounds for 10 schools, 3 public safety buildings, Main Library, Recreation building and Town Hall. The FY2011 capital request of \$499,597 includes \$200K in roof and/or repairs; construction/electrical/plumbing of over \$100k and the balance for continued maintenance to buildings.

Facilities FY2012-FY2015

An estimate of \$2.4 million will be required between FY2012 and FY2015 for both Town (\$.5 Million) and School (\$1.9 Million) facility projects. Some known items include the following capital projects:

- School parking lot replacements in FY2013 & FY2015 - \$700,000
- Replacement of slate portion of Sprague roof in FY2013 - \$402,900
- Replacement of Middle School Auditorium seats in FY2012- \$155,000

The Town is in the process of benchmarking to determine an appropriate level of Facilities Maintenance funding - as is further described in the Town Wide Financial Plan. Only known projects are included in the current capital plan, but it is expected that the Facilities request will increase as needs are better determined.

Other Sources of Funding

Fuller Brook - The Natural Resources Commission (NRC) requests implementation of the Fuller Brook Park Preservation Master Plan, which remedies erosion and disrepair of pathways, bridges, and brooks. This has been included in the NRC's Capital Plan since FY2004. This funding request is submitted as follows:

- Planning & design work in FY2011-\$250,000 & FY2012-\$300,000 funded by the Community Preservation Committee (CPC)
- Implement Fuller Brook plan in FY2014 -50% funded by CPC funds & 50% by Town funds.

Fire Station Floor Repair - the Central Street fire station was renovated in the 1990's. As part of the renovation, an epoxy surface was installed on the apparatus floor, where the fire engines are parked. As part of the FY2010 capital budget plan, the Facilities Maintenance department engaged a structural engineer to evaluate the structural integrity of the floor in response to leaks and concrete deterioration observed in the basement below apparatus floor. The analysis revealed that the epoxy floor protection had failed, separating from the concrete floor and eroding the slab under the truck. In response to the structural engineer's analysis, the Town issued a Request for Qualifications for a design firm to prepare construction specifications to rebuild/repair the floor. Article 16 on the Annual Town Meeting Warrant seeks an appropriation from free cash for the costs of the construction work in the amount of \$300,000 in FY2011.

DPW Building Study - The Board of Public Works is requesting \$253,000 in FY2011 (free cash) for the design of a new DPW Operations Building. The total cost of the new DPW building (excluding this design work) is included below under Debt Capital Exclusion.

DPW Salt Shed - The Board of Public Works is requesting \$300,000 in FY2011 for the construction of a new salt shed which will increase the storage capacity for winter road salt. This will have significant financial, environmental and operational benefits to the Town. The total cost will be funded by Chapter 90.

Debt Capital inside the Levy FY2011-FY2015

The Town borrows for larger (capitalized) assets having a longer useful life; typically ten years or more. The Town has employed a prudent fiscal practice of amortizing this debt as rapidly as practical within the levy limit.

The Fire Department estimates that two trucks past their lifecycle of 15 – 20 years will need to be replaced: 1996 Ladder truck - \$900,000 in FY2013 & 1998 Fire Engine - \$600,000 in FY2015.

DPW borrowing capital requests include the following:

- Additional Facility renovation projects (Fleet maintenance area, storage building and site work) - \$ 1.5 million between FY2013 & FY2015.
- Street Reconstruction of Kingsbury, Bacon, and Cliff roads- \$2.1 Million from FY2012 – FY2015
- Hunnewell Field Master Plan –During FY04, the Playing Field Task Force prepared a master plan that included site analysis, athletic grounds master plans, along with a maintenance program for new facilities. Following are the four Hunnewell field projects involved: new ADA accessible restrooms, football field fencing, renovation of baseball/softball fields, and a new multi-use field at the High School. The total cost of these projects is estimated to be \$1.975 million.

Debt Capital Exclusion FY2011 – FY2015

Sometimes very large capital needs outstrip the Town's taxing authority. The Town has recently had a series of significant initiatives: a Middle School upgrade, Elementary Infrastructure improvements, Pond Dredging, Drainage Construction, and, most recently, a new High School. All of these projects were financed with exempt debt. The Town also approved a capital exclusion to fund 10 years of contributions to funding its Other Post Employment Benefits (OPEB) liability.

The Town's facilities needs have been apparent in recent years – the largest issue being that of the new High School facility. Other significant facilities needs have included the MLP/Water/Sewer garage (offices funded entirely by these Enterprise Funds and therefore not part of this schedule) and the Elementary School Infrastructure project.

The most significant borrowing request in the next several years are the proposed construction of a new DPW Administration Building and new Senior Center, along with meeting the additional space needs at the Middle School

Middle School Additional Space Needs – The School Committee will present a proposal to address middle school space needs at a fall 2010 Special Town Meeting. It is expected that the project will require a debt exclusion at an estimated cost of \$2.5 million.

DPW Building - The objectives of this building project are to provide adequate space for the DPW Management Services and Engineering Divisions, improve operational efficiencies for the department, and provide a working environment that is ADA compliant, energy efficient and will meet all state and local safety and building codes. The construction cost is estimated to be \$3.3 million and would require a debt exclusion.

Senior Center - At the 2009 Annual Town Meeting, the Selectmen sought, and received approval to demolish the former American Legion building and design a new building to house a Senior Center. There is an article on the Special Town Meeting warrant (to be held within the Annual Town Meeting) to acquire land adjacent to the Senior Center site along Washington Street, which will facilitate parking at the Senior Center, once it is built. This land purchase may be funded by temporary borrowing. The Selectmen and PBC anticipate making a request for construction funds of \$5.2 Million at a Special Town Meeting, to be convened this fall. A debt exclusion would be required and it is possible that the land purchase could also be considered for exclusion.

**Town of Wellesley
FY2011- FY2015 Capital Improvement Plan
Detail Summary Schedule**

Department	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2011-2015 Total
Cash Capital:									
Executive Director/COA Tolles	10,000	51,092	-	-	-	-	-	-	-
Fire	46,000	64,050	61,525	152,800	211,000	107,500	67,000	25,000	\$ 563,300
Network Information Systems	-	41,000	67,000	20,000	20,000	-	-	-	\$ 40,000
Police	76,104	51,126	53,709	80,699	99,395	-	-	-	\$ 180,094
Facilities Maintenance-Town	159,800	159,800	215,000	255,850	218,150	224,333	25,049	25,802	\$ 749,184
Facilities Reserve Fund	-	-	200,000	35,000	-	-	-	-	\$ 35,000
Library	42,504	36,300	36,500	34,215	33,000	33,000	33,000	33,000	\$ 166,215
Morses Pond	-	50,000	50,000	50,500	101,020	129,202	129,261	50,261	\$ 460,244
Natural Resources Commission	56,000	35,000	50,000	50,500	385,000	280,000	120,000	120,000	\$ 955,500
Planning	50,000	25,000	-	-	-	-	-	-	\$ -
Department of Public Works (DPW)	1,503,500	1,303,500	1,358,500	1,300,000	2,634,100	2,088,500	1,946,100	1,999,500	\$ 9,968,200
Schools	982,811	775,507	687,876	569,714	1,030,494	934,232	978,332	1,007,857	\$ 4,520,629
Facilities Maintenance - School	-	206,908	207,300	243,747	372,855	952,270	126,600	425,800	\$ 2,121,272
Town Clerk	16,000	52,000	-	-	-	-	-	-	\$ -
Total Cash Capital	\$ 2,942,719	\$ 2,851,283	\$ 2,987,410	\$ 2,793,025	\$ 5,105,014	\$ 4,749,037	\$ 3,425,342	\$ 3,687,220	\$ 19,759,638
Other Funding Sources:									
Senior Center Design (free cash)	-	-	638,000	-	-	-	-	-	\$ -
NRC -Fuller Brook Planning (CPC funds)	-	-	-	250,000	300,000	-	-	-	\$ 550,000
NRC -Fuller Brook (50% CPC)- \$2.5M total	-	-	-	-	-	-	1,250,000	-	\$ 1,250,000
Fire Station Floor Repair (free cash)	-	-	-	300,000	-	-	-	-	\$ 300,000
DPW New Building Study (free cash)	-	-	-	253,000	-	-	-	-	\$ 253,000
DPW Salt Shed (chapter 90 funds)	-	-	-	300,000	-	-	-	-	\$ 300,000
Total Other Sources	-	-	\$ 638,000	\$ 1,103,000	300,000	-	1,250,000	-	\$ 2,653,000
Borrowed:									
Debt Capital Inside Levy:									
Senior Center Land	-	-	\$ 1,270,000	-	-	-	-	-	\$ -
Fire Equipment	-	475,000	-	-	-	900,000	-	600,000	\$ 1,500,000
BOS-Linden/Weston Rd Signals	-	90,000	-	-	-	-	-	-	\$ -
DPW- Facility Renovations	-	700,000	-	-	-	900,000	390,000	260,000	\$ 1,550,000
DPW- Street Rehabilitations	-	-	-	-	725,000	470,000	-	1,250,000	\$ 2,445,000
DPW- Hunnewell Field Improvements	-	-	-	-	200,000	100,000	150,000	1,525,000	\$ 1,975,000
Total Borrowed Inside Levy	\$ -	\$ 1,265,000	\$ 1,270,000	\$ -	\$ 925,000	\$ 2,370,000	\$ 540,000	\$ 3,635,000	\$ 7,470,000
Debt Capital Exclusion:									
Morses Pond	650,000	-	-	-	-	-	-	-	\$ -
NRC -Fuller Brook (50% Town)-\$2.5M total	-	-	-	-	-	-	1,250,000	-	\$ 1,250,000
Schools Infrastructure	11,207,000	-	-	-	-	-	-	-	\$ -
DPW Drainage	1,306,000	-	-	-	-	-	-	-	\$ -
OPEB (Retiree Healthcare)	18,000,000	-	-	-	-	-	-	-	\$ -
New High School- Land, Planning, & Building	4,406,500	126,173,000	-	-	-	-	-	-	\$ -
Middle School Additional Space Needs	-	-	-	2,500,000	*	-	-	-	\$ 2,500,000
New DPW Administrative Building	-	-	-	3,300,000	*	-	-	-	\$ 3,300,000
New Senior Center	-	-	-	5,200,000	*	-	-	-	\$ 5,200,000
Total Capital Exclusion	\$ 35,569,500	\$ 126,173,000	\$ -	\$ 11,000,000	* \$ -	\$ -	\$ 1,250,000	\$ -	\$ 12,250,000
Grand Total	\$ 38,512,219	\$ 130,289,283	\$ 4,895,410	\$ 14,896,025	\$ 6,330,014	\$ 7,119,037	\$ 6,465,342	\$ 7,322,220	\$ 42,132,638

* To be requested at Fall 2010 Special Town Meeting.

**Town of Wellesley
FY2011- FY2015 Capital Improvement Plan
Summary Schedule**

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2011-2015 Total
Cash Capital	\$ 2,942,719	\$ 2,851,283	\$ 2,987,410	\$ 2,793,025	\$ 5,105,014	\$ 4,749,037	\$ 3,425,342	\$ 3,687,220	\$ 19,759,638
Free Cash	-	-	638,000	553,000	-	-	-	-	\$ 553,000
CPC Funding	-	-	-	250,000	300,000	-	1,250,000	-	\$ 1,800,000
Chapter 90	-	-	-	300,000	-	-	-	-	\$ 300,000
Debt Capital Inside Levy	-	1,265,000	1,270,000	-	925,000	2,370,000	540,000	3,635,000	\$ 7,470,000
Debt Capital Exclusion	35,569,500	126,173,000	-	11,000,000	-	-	1,250,000	-	\$ 12,250,000
Grand Total	\$ 38,512,219	\$ 130,289,283	\$ 4,895,410	\$ 14,896,025	\$ 6,330,014	\$ 7,119,037	\$ 6,465,342	\$ 7,322,220	\$ 42,132,638

**Town of Wellesley
FY2011- FY2015 Capital Improvement Plan**

Board of Selectmen Department

Capital Project	FY10	FY2011	FY2012	FY2013	FY2014	FY2015	FY11-15 Total
NIS							
- Gigabit network switches	20,000	20,000	-	-	-	-	
- Backup replacement - Tape Autoloader	14,000	-	-	-	-	-	
- Windows 2008 Server	-	-	20,000	-	-	-	
- Orthophotography services (GIS flyover)	33,000	-	-	-	-	-	
	67,000	20,000	20,000	-	-	-	\$ 40,000
Police							
- Mobile and portable radio replacement	44,377	39,021	36,761	-	-	-	
- New Server	9,332	-	-	-	-	-	
- Touch Screen Booking Station	-	36,524	-	-	-	-	
- Antivirus Protection	-	5,154	-	-	-	-	
- Weapon Replacement	-	-	48,324	-	-	-	
- Microsoft Office 2007 Upgrade	-	-	14,310	-	-	-	
	53,709	80,699	99,395	-	-	-	\$ 180,094
Fire							
- Portable radio replacement	13,525	22,300	26,000	-	-	-	
- Medtronic Defibrillators	18,000	-	-	-	-	-	
- Replace Protective Clothing	30,000	-	-	-	-	-	
- Replace command vehicle(s)	-	36,000	36,000	42,000	42,000	-	
- Engine Rehabilitation	-	-	60,000	-	-	-	
- Rescue Equipment	-	-	28,000	-	-	-	
- Phone System/Copy Machine	-	-	20,500	-	-	-	
- Scott Air-Pak	-	-	-	25,000	25,000	25,000	
- Fire Master Box	-	94,500	40,500	40,500	-	-	
	61,525	152,800	211,000	107,500	67,000	25,000	\$ 563,300
BOS Subtotal	-	253,499	\$ 330,395	\$ 107,500	\$ 67,000	\$ 25,000	\$ 783,394
Facilities-Town (see attached)							
	\$ 215,000	255,850	218,150	224,333	25,049	25,802	\$ 749,184
Total Cash	\$ 397,234	\$ 509,349	\$ 548,545	\$ 331,833	\$ 92,049	\$ 50,802	\$ 1,532,578
Fire							
- Replace Fire Engine Vehicle(s)	-	-	-	900,000	-	600,000	\$ -
Total Borrowed	\$ -	\$ -	\$ -	\$ 900,000	\$ -	\$ 600,000	\$ 1,500,000
Grand Total Selectmen	\$ 397,234	\$ 509,349	\$ 548,545	\$ 1,231,833	\$ 92,049	\$ 650,802	\$ 3,032,578

**Town of Wellesley
FY2011- FY2015 Capital Improvement Plan
Town Facilities Department**

Department: Facilities Maintenance-Town
Dept #: 192

Project Reference #:	Project Description	Expenditures per Fiscal Year					5 Year Total
		FY2011	FY2012	FY2013	FY2014	FY2015	
F1-DIR1	Annual Roof Monitoring/Repair	10,000	10,500	11,025	11,576	12,155	55,256
F2-TH1	Town Hall Flooring	15,000					15,000
F3-TH2	Town Hall Screens/Storms		15,000				15,000
F4-TH3	Town Hall Restroom Upgrades			15,000			15,000
F5-TH4	Town Hall Parking Lot			90,000			90,000
F6-TH5	Town Hall Electronic Card Access		25,000				25,000
F7-L1	Main Library HVAC Engineer	2,500					2,500
F8-L2	Main Library Driveway Light	10,000					10,000
F9-L3	Library Maintenance Van	20,500					20,500
F10-L4	Main Library Garage Ceiling Treatment	5,000					5,000
F11-L5	Main Library "Green" Fixtures		20,000				20,000
F12-L6	Main Library Carpeting		15,000	10,000	10,000	10,000	45,000
F13-FD1	Fire HQ - New Roof	95,000					95,000
F14-FD2	Fire Station 1 Quarters Improvements	5,000					5,000
F15-FD3	Fire Station 1 Generator			30,000			30,000
F16-FD4	Fire Station 1 Masonry Repair		7,500				7,500
F17-FD5	Fire - 3rd Party Alarm System		20,000				20,000
F18-FD6	Fire "Green" Fixtures		20,000				20,000
F19-W1	Warren Roof Repairs	5,000	20,000				25,000
F20-W2	Warren HVAC Repairs	9,000					9,000
F21-W3	Warren Storage Shed	20,000					20,000
F22-W4	Warren Washer/Dryer	1,100					1,100
F23-W5	Warren Interior Storage		5,000				5,000
F24-W6	Warren Generator		40,000				40,000
F25-PD1	Police Station Roof	25,750	12,000	25,000			62,750
F26-PD2	Police Station Plumbing	5,000					5,000
F27-PD3	Police Station Flooring	7,000	8,150	3,308	3,473	3,647	25,578
F28-PD4	Police Station Ventilation	15,000					15,000
F29-PD5	Police Station Electrical	5,000					5,000
F30-PD6	Police Station Carport			40,000			40,000
Total Capital Requests		\$ 255,850	\$ 218,150	\$ 224,333	\$ 25,049	\$ 25,802	\$ 749,184

**Town of Wellesley
FY2011- FY2015 Capital Improvement Plan
NRC, Morses Pond & Library Departments**

	Capital Project	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY11-15 Total
Natural Resources	Tree Planting	30,000	30,500	30,000	30,000	30,000	30,000	\$ 150,500
	Trail System Improvements	-	-	5,000	5,000	5,000	5,000	\$ 20,000
	Park Sidewalk/Paths Emergency Repairs	20,000	20,000	30,000	30,000	30,000	30,000	\$ 140,000
	IPM Turf Plan Implementation	-	-	10,000	10,000	10,000	10,000	\$ 40,000
	Morses Pond Shore Erosion Study	-	-	15,000	-	-	-	\$ 15,000
	Encroachment Boundary Markers	-	-	5,000	5,000	5,000	5,000	\$ 20,000
	Park Sidewalk/Paths Townwide Improvements	-	-	280,000	-	-	-	\$ 280,000
	Ice Skating Rinks	-	-	10,000	-	-	-	\$ 10,000
	Comprehensive Pond Management	-	-	-	100,000	-	-	\$ 100,000
	Kelley Athletic Tennis Courts	-	-	-	100,000	-	-	\$ 100,000
	Abbott Pond Restoration Study	-	-	-	-	40,000	-	\$ 40,000
	State Street Pond Restoration Study	-	-	-	-	-	40,000	\$ 40,000
		Subtotal	50,000	50,500	385,000	280,000	120,000	120,000
	Fuller Brook Preservation -50% CPC Funds	-	250,000	300,000	-	\$ 1,250,000	-	\$ 1,800,000
	Fuller Brook Preservation-50% Town Funds	-	-	-	-	\$ 1,250,000	-	\$ 1,250,000
	Total Natural Resources	\$ 50,000	\$ 300,500	\$ 685,000	\$ 280,000	\$ 2,620,000	\$ 120,000	\$ 4,005,500
Watershed Education	Web Design/Education	20,000	20,000	10,000	4,162	4,200	4,200	\$ 42,562
	Education Program Development	-	-	10,000	10,000	10,000	10,000	\$ 40,000
	Bylaw review	-	-	25,000	-	-	-	\$ 25,000
Stormwater Mgt:	Design, permitting, other support	20,000	29,000	20,000	10,000	10,000	10,000	\$ 79,000
	Construction/Demo & Monitoring of LID	9,000	-	25,000	25,000	25,000	25,000	\$ 100,000
Plant control:	Design, permitting, other support	-	-	-	-	-	-	\$ -
	Hand Harvesting Support	1,000	1,500	-	-	-	-	\$ 1,500
	Monitoring	-	-	1,020	1,040	1,061	1,061	\$ 4,182
Select Planting:	Design, permitting, other support	-	-	10,000	-	-	-	\$ 10,000
	Planting/Monitoring	-	-	-	79,000	79,000	-	\$ 158,000
	Total Morses Pond	\$ 50,000	\$ 50,500	\$ 101,020	\$ 129,202	\$ 129,261	\$ 50,261	\$ 460,244
Library	Servers	8,500	8,000	8,000	8,000	8,000	8,000	\$ 40,000
	Computer Replacement	28,000	20,000	20,000	20,000	20,000	20,000	\$ 100,000
	Replacement of Furnishings	-	6,215	5,000	5,000	5,000	5,000	\$ 26,215
	Total Library	\$ 36,500	\$ 34,215	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 166,215

**Town of Wellesley
FY2011- FY2015 Capital Improvement Plan
School Department**

Division	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2011-2015 Total
Instructional	\$ 26,479	\$ 15,305	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 175,305
Equipment (Copiers,etc)	66,360	6,560	163,055	66,000	83,000	87,980	\$ 406,595
Furniture/Furnishings	52,990	43,314	167,500	167,500	167,500	167,500	\$ 713,314
Infrastructure (Renovations,Interior Improvements)	35,000	65,000	35,000	35,000	35,000	35,000	\$ 205,000
Safety	11,749	-	10,000	10,000	10,000	10,000	\$ 40,000
Technology	<u>495,298</u>	<u>439,535</u>	<u>614,939</u>	<u>615,732</u>	<u>642,832</u>	<u>667,377</u>	<u>\$ 2,980,415</u>
Total School Capital	\$ 687,876	\$ 569,714	\$ 1,030,494	\$ 934,232	\$ 978,332	\$ 1,007,857	\$ 4,520,629
Facilities Maintenance:	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY11-15 Total
Infrastructure	122,380	129,782	321,475	515,650	91,600	90,800	\$ 1,149,307
Maintenance	22,290	31,460	16,380	401,620	-	300,000	\$ 749,460
Safety	-	10,000	10,000	10,000	10,000	10,000	\$ 50,000
Additional School Items	62,630	-	-	-	-	-	\$ -
Vehicle/Equipment	<u>-</u>	<u>72,505</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>\$ 172,505</u>
School Facilities Capital	\$ 207,300	\$ 243,747	\$ 372,855	\$ 952,270	\$ 126,600	\$ 425,800	\$ 2,121,272

**Town of Wellesley
FY2011- FY2015 Capital Improvement Plan
Department of Public Works**

Capital Project	FY2011	FY2012	FY2013	FY2014	FY2015	FY2011-2015 Total
Cash Capital:						
Street Improvement	\$ 385,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 730,000	\$ 3,290,000
Street Rehabilitation	-	-	-	150,000 Cliff Road	150,000 Grove	\$ 300,000
Sidewalk Restoration	-	160,000	160,000	160,000	160,000	\$ 640,000
Private Ways	20,000	20,000	20,000	20,000	20,000	\$ 100,000
Catch Basin Rehabilitation	-	12,000	12,000	12,000	15,000	\$ 51,000
DPW/RDF Facilities Improvements	90,000	472,500	122,500	22,500	22,500	\$ 730,000
Other Improvements	12,000	67,000	17,000	17,000	5,000	\$ 118,000
Vehicle/Equipment Procurement	692,000	852,600	872,000	679,600	732,000	\$ 3,828,200
Athletic/Playground Improvements	101,000	325,000	160,000	160,000	165,000	\$ 911,000
Total Cash	\$ 1,300,000	\$ 2,634,100	\$ 2,088,500	\$ 1,946,100	\$ 1,999,500	\$ 9,968,200
Other Funding Sources:						
DPW Building Study (Free cash)	253,000	-	-	-	-	\$ 253,000
DPW Salt Shed (chapter 90 funds)	300,000	-	-	-	-	\$ 300,000
Total Other:	\$ 553,000					\$ 553,000
Debt Capital Inside Levy:						
Public Works- Other Facility Renovations	-	-	900,000	390,000	260,000	\$ 1,550,000
Street Rehabilitation	-	375,000 Bacon St	470,000 Kingsbury St	-	1,250,000 Cliff Road	\$ 2,095,000
Wales Street Bridge Reconstruction	-	350,000	-	-	-	\$ 350,000
Hunnewell Field Improvements	-	200,000	100,000	150,000	1,525,000	\$ 1,975,000
Total Borrowed	\$ -	\$ 925,000	\$ 1,470,000	\$ 540,000	\$ 3,035,000	\$ 5,970,000
Debt Capital Exclusion:						
Public Works- new DPW Administration Building	3,300,000	-	-	-	-	\$ 3,300,000
Grand Total DPW	\$ 5,153,000	\$ 3,559,100	\$ 3,558,500	\$ 2,486,100	\$ 5,034,500	\$ 11,123,000

- APPENDIX A- INTRODUCTION TO HUMAN RESOURCES

This appendix presents an overview of the Town's human resources function and is an introduction to Articles 4-6. The Human Resources Department (HR) serves 435 permanent Town employees in 24 departments, 777 benefit-eligible School Department employees, and 876 retirees/ retiree-spouses enrolled in health and/or life insurance. Articles 4, 5 and 6 address job classifications, the setting of wages or rates of pay, and benefits and human resources policies for all Town employees except School employees. The School Department is responsible for all School Department human resources matters except employee insurance benefits (health, dental, long-term disability and life). Town employees are grouped into two categories, union and non-union employees.

Union Personnel

The Town (excluding Schools) has nine unions, representing currently approximately 240 employees. The wages and terms of employment for union employees are the result of the collective bargaining process.

Bargaining Units

- Wellesley Police Patrolmen's Association
- Wellesley Superior Officers Association
- Wellesley Police Dispatchers Association
- International Association of Firefighters
- DPW Production Unit
- Municipal Light Plant Production Unit
- DPW/MLP Supervisory Unit
- DPW/MLP Clerical Unit
- Wellesley Free Library Association

Non-union Personnel

The Town's non-union employees are divided into Series 40 and Series 50 personnel. Series 40 employees (Job Groups 40 through 49) usually perform staff and support functions. Series 50 employees (Job Groups 50 through 69) are in managerial/professional positions. Currently, there are 50 permanent full and part-time employees in Series 40 positions and 73 full and part-time employees in the Series 50 positions.

Hay System

The Town uses the Hay Job Evaluation classification system to assign each position to the appropriate job group and achieve equity in wages and conditions of employment. Under this system, each position is analyzed for aspects such as accountability, supervisory duties, and educational or training requirements. The Human Resources staff, trained in the Hay system, evaluate each job and assign a numerical value to each job element. The sum of these values determines the job's classification and its inclusion in the corresponding job group. The purpose of the Hay system is to ensure that jobs requiring similar skills and involving similar degrees of challenge and responsibility are classified and paid equivalently. As job requirements change over time, Human Resources will evaluate positions and reclassify a position when warranted. This can result in an employee moving from one job group to another, with a corresponding

adjustment in pay. Each year Town Meeting is asked to approve changes made by the Human Resources Board to the Town's job classifications throughout the year. (Article 4)

Series 40

Series 40 employees, non-managerial and non-union, have a normal workweek of 35 or 40 hours. They receive overtime when they work more than 40 hours per week. Within each Series 40 job group, there are six steps that relate to job experience. A new employee whose performance is satisfactory will advance one step after six months and then one additional step each year until the employee reaches the highest step within the job group. If the employee continues to have satisfactory performance reviews, he or she will achieve this maximum step in four and one-half years. Step increases apply only to employees who work more than 20 hours per week.

Each year Town Meeting is asked to approve a pay adjustment for the Series 40 employees based on wage and salary survey data. In FY08, adjustments were made to the steps resulting in approximately a 4% increase for all Series 40 employees. In FY09 and FY10, a 3.0% increase was approved for all steps.

An employee in a Series 40 position will receive automatic adjustments in pay as a result of movement through the six job steps until the maximum step is reached. Regardless of the step, every Series 40 employee receives the approved percentage adjustment that is voted in Article 5.

Series 50

The Series 50 employees are in either managerial or professional positions. These employees do not receive overtime and do not have steps with automatic pay increases. Each Series 50 job group has a salary range with a minimum, a midpoint, and a maximum salary. The midpoint of the range is set by the Human Resources Board to represent a fair salary for an experienced employee who meets the job requirements. This assessment is based on surveys of similar positions in Town, in comparable towns and, if possible, in the private sector. In practice, the minimum and maximum salary for each group has been set at 80% and 120%, respectively, of the midpoint salary. It is the philosophy of the Town to bring Series 50 employees to the midpoint of the salary range as quickly as possible.

Each year, based on survey data, the Town adjusts the salary ranges of the Series 50 positions under Article 5. The midpoint salary for each group was increased by 3% for FY08 and 2.5% for FY09. No range adjustments were made in FY10. This adjustment does not automatically result in an increase for an employee, unless the employee's salary falls below the new minimum for that position. Instead, the Town allocates funds for a Merit Pay Plan, which provides for merit increases to the Series 50 employees based on performance.

Series 50 Merit Pay Plan

Series 50 employees receive merit pay increases instead of either step increases or across-the-board annual increases. Each year, the amount of the merit increase is based on performance as determined by the department head with guidance from the Human Resources Board, and with consideration given to the employee's standing in the range. A merit increase may not exceed 10% of the employee's salary. Town Meeting appropriates funds to the Merit Pay Plan, and the total merit increases may not exceed the amount appropriated. These amounts were: \$150,000 (4.0% of salaries) for FY08, \$150,000 (3.7% of salaries) for FY09 and \$120,000 (2.5% of salaries) for FY10. The appropriation for the Merit Pay Plan is voted in Article 5.

In addition to the 73 employees in the Merit Pay Plan, there are five positions whose increases are not funded from this appropriation. They are: the Executive Director of General Government, Finance Director, Police Chief, Fire Chief, and Retirement Administrator. All except the Retirement Administrator have employment agreements with the Board of Selectmen. The compensation for the Retirement Administrator is set and paid for by the Retirement System. The salaries of the DPW Water and Sewer Superintendent and Assistant Superintendent are set by the management pay plan ranges but the funds for their compensation come from fees rather than tax revenues. In addition, the MLP has established its own classification plan and compensation program and no longer participates in the Merit Pay Plan.

**-APPENDIX B-
ENROLLMENT FORECASTS
March 2010 Update**

Appendix C of the Spring 2008 Annual Town Meeting Advisory Report contained a lengthy review of student enrollments, enrollment projections, and class sizes at Wellesley's public schools, and of per pupil spending on education in Wellesley and other cities and towns in Massachusetts. That Appendix, together with subsequent updates in 2008 and 2009, is posted on the Town's web-site. In this year's report, we provide some fresh data and commentary, especially with respect to the Middle School, but make no effort to recreate the entire report.

Enrollment Growth and Decline: After experiencing very strong growth in system-wide student enrollments for many years, Wellesley's public schools should soon see some relief. Although enrollment was projected to increase by 48 students in FY10, system-wide enrollment actually decreased by 21 students from 4,799 in FY09 to 4,778 in the current year. This is the lowest growth in over a decade. The long-anticipated decline in elementary school enrollment appears to have begun, with total K-5 actual enrollment in FY10 down 2.3% (57 students) from projected enrollment, and projected to drop by another 16 students in FY11. In FY10, kindergarten enrollment was as projected, but enrollment for each of Grades 1 – 5 was lower than projected by a range of seven to seventeen students. This was apparently the result of out migration that may be attributable to weakness in the Massachusetts economy. The Middle School's 8th Grade was 14 students larger than projected. High School enrollment was 11 lower than projected, as the 9th Grade was unexpectedly smaller by 16 students, apparently the result of out migration to independent schools; Grades 10 through 12 were steady or slightly above projections.

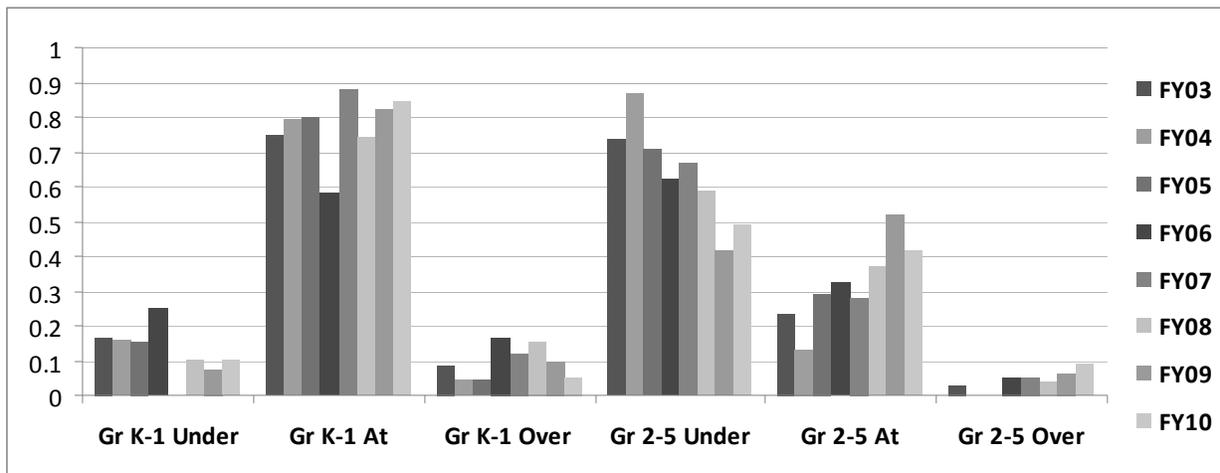
Enrollment Projections: Although enrollment projections are always subject to uncertainty, in today's environment there is perhaps more reason than usual to expect uncertainty. The weak local economy and flat housing markets may reduce the pace of turnover in the housing stock and, as a result, reduce levels of in-migration. Indeed, out migration may have increased in FY10 because of strength in the economy in other regions of the country, as 67.7% of families who departed Town with elementary school age children moved out of the Commonwealth. If economic factors played a part in shifting independent school students back into the Wellesley Public Schools, they appear to have been off-set by increased out migration to independent schools at the Middle School and High School levels. It is not clear whether the High School construction project has played a role in those decisions.

The Town's birth rate as of October 1, 2009 came in somewhat lower than the three-year average used to calculate the enrollment in last year's report. Based on current projections, total enrollment in the Wellesley Public Schools is expected to peak system-wide in FY12 and then go into a gradual, steady decline for several years thereafter. However, reductions in sections are already taking place at the elementary school level, and that trend should continue for several years. At the Middle School and the High School, student enrollments are not expected to peak until FY14 and FY18, respectively. Accommodating the larger numbers of students at WMS remains a critically important focus of the School Department.

Enrollments & Class Size: Growing enrollments have pressured school facilities and class sizes across the system, but the School Department continues to manage these pressures very well – no insignificant task, given that it must manage enrollment of 2,400 students across six grades in seven school districts. In the past few years, the upper grade levels at several elementary schools have experienced increases in average class size, and the share of classes under guideline shrank rapidly, as shown in the chart below. (The School Department sets class-size guidelines at 18-22 students for K-1, and 22-24 students for Grades 2-5.) But this has

class-size guidelines at 18-22 students for K-1, and 22-24 students for Grades 2-5.) But this has not translated into significant increases in classes *over* guidelines at the elementary level. Instead, the share “at guideline” grew rapidly, stabilizing somewhat this year with the enrollment driven loss of a section. Although seven elementary school sections are currently over guidelines, the situation is not dire: five are over by one student, and two are over by two students, with the problem mostly concentrated in the 5th Grade at Sprague and the 4th Grade at Upham. With enrollments at the elementary level already in decline, the School Department will drop another two sections in FY11 to 114; based on current trends and assumptions and existing guidelines, the School Department is projecting that 12 – 16 fewer elementary school sections will be required in FY15.

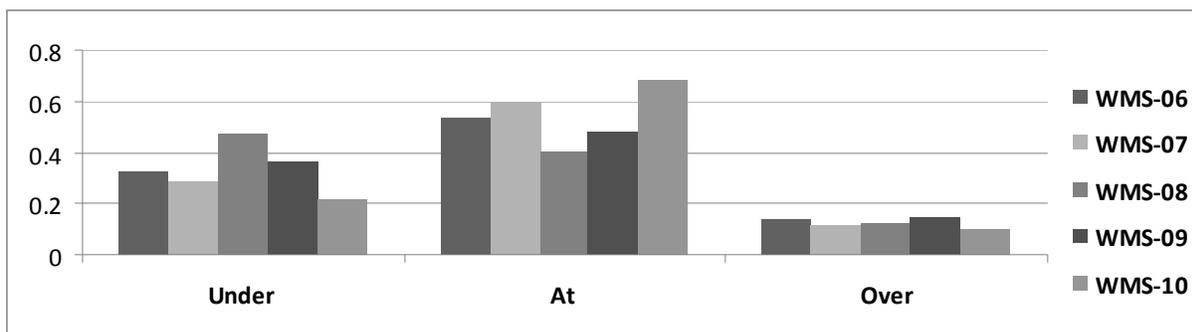
% of Elementary Classes Under/At/Over Guideline: Grade Levels K-1 and 2-5



The pressures experienced in the elementary schools in recent years have also been evident at the middle and high schools, and these pressures will only increase in the coming years. The School Department’s class-size guideline for core academic classes at the secondary schools is 22 (15 for College Prep level core academic classes at the High School). For the purposes here, we define “under guideline” as classes with 20 or fewer students, and “over guideline” 24 or more students.

The percent of classes below guidelines continues to fall and the percent of classes at guidelines has continued to rise. The distribution of class size for core academic classes at the Middle School, updated to include FY10 data, is shown on the following chart.

% of Core Academic Classes Under/At/Over Guideline: Middle School



In FY10, the School Department restructured Grade 6, shifting from 16 classes in 4 “houses” to 18 classes in 4 ½ “houses.” Additionally, several spaces within the Middle School were converted to accommodate classes and programs. The 4 ½ house format will continue next year, as the entering 6th grade will also be large. To manage increased enrollment in FY11, the Middle School will add two sections to 7th Grade by shifting 2.0 FTE from 8th to 7th Grade. With this shift, both 6th and 7th Grades will likely be slightly under guideline, and 8th Grade will be slightly over. However, the drop in Middle School enrollment projected for next year will be only a temporary decline. As large grades age out of the elementary schools, they will be moving into the Middle School, where enrollment is projected to peak in FY14 at 1,224 before going into a decline. Based on current projections, Middle School enrollment will not return to current levels until FY17 or FY18.

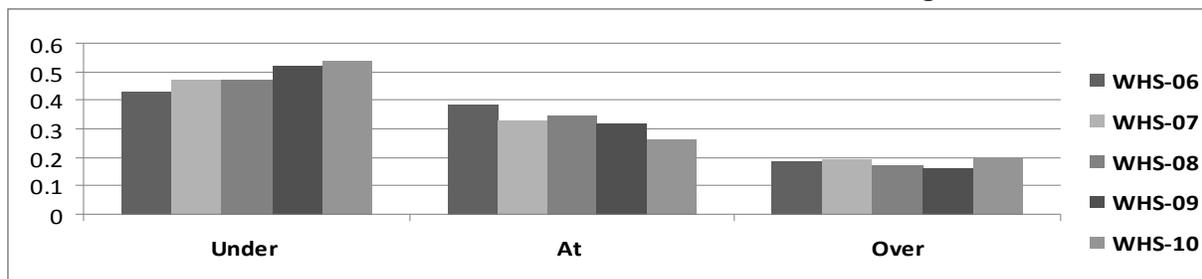
Enrollment Projections FY 10 - October 1, 2009 Enrollment Report

FY 10 Actual	FY 11 Proj.	FY 12 Proj.	FY 13 Proj.	FY 14 Proj.	FY 15 Proj.	FY 16 Proj.	FY 17 Proj.	FY 18 Proj.	FY 19 Proj.	FY 20 Proj.
388	384	429	402	414	418	385	367	372	328	329
360	380	377	420	394	406	410	377	360	365	321
382	356	377	373	416	390	402	406	373	356	361
1,130	1,120	1,183	1,195	1,224	1,214	1,197	1,150	1,105	1,049	1,011

Meeting this Middle School enrollment growth will present a significant challenge for the School Department over the next several years, especially if the School Department is to maintain its guideline of 22 students per core curriculum class.

At Wellesley High School, enrollment is projected to grow 5.3% in FY11. Enrollment will increase in the 9th and 11th Grades and decrease in the 10th and 12th Grades. The percent of core academic classes under guideline at WHS will go down, and the percent over guideline should remain the same.

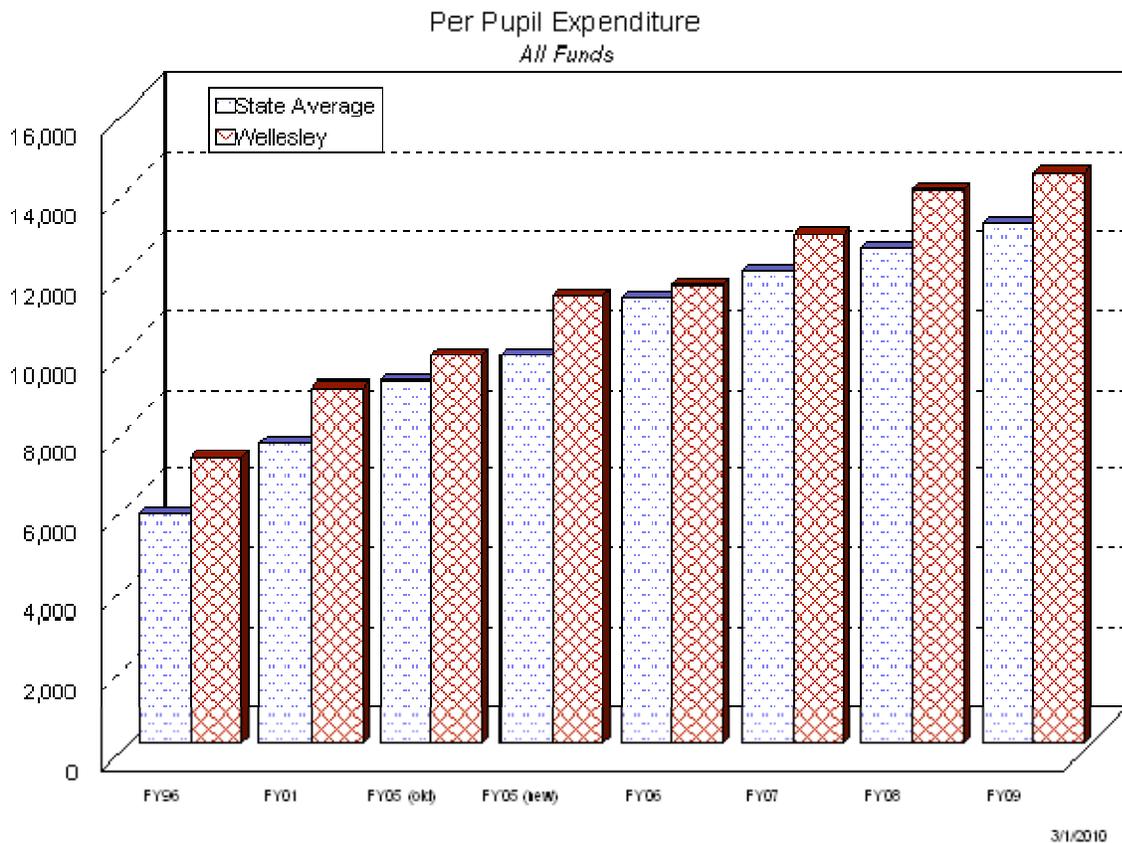
% of Core Academic Classes Under/At/Over Guideline: High School



With the new WHS project now well underway, with completion now expected in the fall of 2012, the Town will be very well-positioned to accommodate the expected significant increases in high school enrollments long before the peak is reached in FY18.

Enrollment Implications for Operating Budgets and Educational Quality: Compared to many neighboring towns, Wellesley has experienced unusually rapid enrollment growth over the past decade. This growth has been one of the significant drivers of increased School Department operating budgets. At the aggregate level this trend has now begun to slow, and total system-wide enrollment growth should not be as significant a factor in the growth of the operating budget over the next five to ten years - although the shift in the student “bulge” from the elementary to the Middle and High Schools is a mixed blessing, because per pupil spending at the secondary school level is higher.

One key metric in the assessment of program quality is class size, which – as noted above -- has been largely kept within the School Department’s guidelines. But perhaps the most commonly-used metric in assessing a town’s commitment to maintaining the quality of its public schools is per pupil spending – both over time, and in comparison to peers and state-wide averages. The following chart shows per-pupil spending in aggregate, based on all funds:



The chart shows a continuing improvement in the level of per-pupil spending in the Wellesley Public Schools, both in aggregate terms and relative to State-wide levels. This follows a period of marked deterioration in the Town’s relative standing in the middle part of the current decade, at a time when enrollments were rising rapidly and budgets were tight. While the tight budgets are now returning, the rapid increases in enrollments are, fortunately, receding into the past.

**-APPENDIX C-
TEACHERS' SALARY STRUCTURE
March 2010 Update**

School Personal Services

School Personal Services expense in FY11 is budgeted at \$46.7 million or approximately 85% of the School budget. Although Personal Services includes wages for several categories of employees, salaries for teachers comprise the substantial majority of this expense.

Wellesley School Personnel			
	Full Time Equivalent	Personal Services	
Senior Supervisory	33	7%	Central office administrators, principals and assistants, administrative time of department heads & directors.
Teachers & Professional Support	437	73%	Classroom teachers, librarians, special educators, guidance counselors, therapists, technology specialists.
Classroom and Other Teaching Support	165	10%	Teaching assistants, technology assistants, paraprofessionals.
Administration and Operations	62	6%	Secretarial, clerical, and business office staff, custodial & maintenance staff, van drivers.
On Call/Temporary	<u>N/A</u>	<u>4%</u>	Substitute teachers, tutors, part-time coaches, etc.
Total	<u>697</u>	<u>100%</u>	

Currently, the School Department deals with five collective bargaining units. The principle units are Teachers Unit A, representing approximately 470 employees, including classroom teachers, professional support and nurses; Unit B representing approximately 27 instructional administrators; Secretaries; and Food Service employees. Although custodians and maintenance staff for the Schools (approx. 37) are included under the Facilities Maintenance budget, the collective bargaining agreement is between the Custodians and the School Committee. Approximately 23.5% of employees are not covered by collective bargaining. All contracts expire on June 30, 2011.

Teachers' Salary Structure

The Wellesley teachers' salary structure is subject to collective bargaining. Collective bargaining contracts between the Wellesley School Committee and the Wellesley Teachers' Association, as in other Towns, typically cover three-year periods. The current contract, which was settled in September 2008, became effective as of July 1, 2008 and expires on June 30, 2011, and therefore covers FY09, FY10, and FY11.

Salary is determined by two components in the contract. The first is a system of “steps and lanes” that comprise a salary schedule. The second component is an annual percentage increase that is usually applied to the entire salary schedule. The combination of the steps and lanes and the schedule percentage adjustment determines a teacher’s annual salary.

- ***Step and Lane Increases***

In Wellesley, as in most Massachusetts public schools, the system of “steps and lanes” has been used to recognize experience and educational accomplishment. When a teacher is hired, compensation is based on the number of years of teaching experience, “the step,” as well as the level of college or post-college training achieved, “the lane”. Under the prior teachers’ contract, Wellesley used 13 annual steps and 4 lanes to quantify these factors. Under the terms of the contract agreed to in September, 2008, the 13 steps increased to 15 steps beginning in FY10.

Each year, a teacher advances to the next salary step until he or she reaches the top step, thereby receiving a pre-determined salary increase. Wellesley teachers who have completed 20 years of teaching in Wellesley, and therefore are at the top step, receive an annual “longevity stipend” supplement. Teachers may also receive increases through a lane change when they earn a sufficient number of additional education credits. Teachers who have attained a higher educational level, and have notified the Superintendent by November 1st of the prior school year of their intent to advance to a higher educational level, receive a “lane” increase.

In FY09 and in prior years, the annual salary increase due to advancing from one step to the next was not consistent throughout the salary schedule. In FY09 the smallest increase was 2.98% and the largest was 8.58%, with the largest increases concentrated at the Masters steps 6 and 7 levels. Beginning in FY10 and going forward, all step increases have been equalized at 4.17%. Both step and lane increases can be bargained as part of the contract negotiations.

- ***Annual Percentage Increase***

In addition to steps and lanes increases, there is an annual contractual overall percentage increase applied to all steps and lanes, which, in effect, creates an entirely new schedule. Although this percentage increase is similar to a ‘cost-of-living’ increase, the contract does not describe it as such.

- ***Key Terms of Current Contract***

The current contract contains five important provisions: (a) annual percentage increases during the three-year contract term; (b) the addition of two new steps in the salary schedule beginning in FY10; (c) the equalization of the percentage increases between steps beginning in FY10; (d) the movement of teachers from their respective FY09 step to the corresponding step on the 15-step FY10 schedule; and (e) the implementation of the Rate Saver health insurance plans for teachers as of January 1, 2009. While health insurance costs are not included in the School budget but are accounted for, together with other eligible employees, under a separate “Employee Benefit Account”, implementation of Rate Saver did significantly reduce the Town’s health care expenses for participating school employees and their families in calendar year 2009. Increases in calendar years after 2009 begin from a lower base, so that health care savings in the form of lower overall health care expenses paid by the Town provide a continuing savings.

- ***Annual Percentage Increases***

FY09 – a 1% increase on steps 1-12 and 3% on step 13

FY10 – a 3% increase on all steps (1-15) in the revised salary scale

FY11 – a 3% increase on all steps in the salary scale

These increases, which do not include changes in steps and lanes, compare to 3.25% annual increases (also excluding movements in steps and/or lanes) in the prior contract (FY06-FY08). In FY06 and FY07, teachers received two base salary increases – a 2.0% increase on July 1, 2005 and 2006, and a 1.25% mid-year increase on January 1, 2006 and 2007. For FY08, base salaries increased by 3.25% on July 1, 2007, resulting in a year-over-year salary increase of 3.89% on an “implemented” or effective basis.

- ***Addition of New Steps***

Beginning in FY10 the salary schedule increased from 13 steps to 15 steps. For FY09, FY10 and FY11, the longevity stipends for teachers at the top step with 20 years of teaching service in Wellesley are described in the respective Teacher Salary Schedules shown below.

- ***Equalization Between Steps***

The percentage increase between steps on all lanes of the scale was equalized in FY10 to 4.17%. Prior to FY10, the percentage increase between steps in each lane varied considerably.

- ***FY10 Teacher Movement on Equalized Steps***

To accommodate the equalized salary scale with two new steps added, teachers moved from the step where they were during FY09 to the corresponding step on the 15-step FY10 schedule – a movement up of 2 steps. For example, a teacher at step 5 in FY09 moved to step 7 on the FY10 salary scale. The two steps were added to the bottom of the salary scale, not the top. Even though teachers on the top step (step 13) in FY09 advanced to the top step (step 15) in FY10, they did not receive a step increase, only the negotiated 3% increase that was applied to all steps on the scale.

- ***Rate Saver Adopted***

Teachers and other School employees adopted a change in their health insurance plans to permit the implementation as of January 1, 2009 of Rate Saver plans, new health insurance programs offered by the Town with additional and higher dollar value co-payments, resulting in a 15% reduction in premiums paid by the Town for School employees in the 2009 calendar year. This equates to a savings of approximately \$136,000 to the Town for the last six months of FY09. The projected FY10 savings to the Town from the adoption of Rate Saver by teachers and other School employees is approximately \$543,000. In FY10, 75.4% of School employees eligible for health insurance participate in a health insurance plan offered by the Town.

- ***Other Changes***

In addition to the above changes applicable to the teachers, the Schools also revised the Nurses Salary Schedules on substantially the same basis with similar annual percentage increases and step equalization. Since there are only 14 (10 FTE) employees covered by the Nurses Salary Schedule in FY10, the dollar impact of the change in contract terms is not large.

For FY11, the School Department has included a 2% increase in its budget for non-union personnel (1% in the case of school administrators who are not covered by Unit B).

Salary Schedules and Their Impact on Salary Structure

The salary schedules for the existing contract, which incorporate the key step and annual percentage increases discussed above, are as follows:

FY09 – Teacher Salary Schedule

Step	Bachelors	Masters	Masters + 30	MA +60/Doctor
1	\$42,394	\$45,349	\$49,350	\$52,807
2	44,507	47,244	51,673	55,294
3	46,401	48,933	53,783	57,546
4	48,512	51,673	55,892	59,809
5	51,444	53,783	58,211	62,293
6	54,374	58,242	62,885	67,277
7	57,303	63,239	68,205	72,973
8	59,397	65,529	70,654	75,593
9	61,490	67,819	73,103	78,213
10	63,398	69,913	75,345	80,616
11	65,303	72,006	77,587	83,016
12	69,112	76,191	82,077	87,818
13	73,299	80,811	87,048	93,139

+30, +60, refers to number of credit hours of additional education beyond degree level

Longevity Stipend. After 20 years of service, an increase of the lesser of \$2461 or 3% of salary

(reflects a 1.0% base increase on steps 1-12 and 3.0% on the top step)

FY10 – Teacher Salary Schedule

Step	Bachelors	Masters	Masters+30	MA +60/Doctorate
1	\$42,633	\$47,001	\$50,630	\$54,170
2	44,409	48,959	52,739	56,426
3	46,259	50,999	54,936	58,778
4	48,186	53,124	57,225	61,227
5	50,194	55,338	59,609	63,779
6	52,285	57,644	62,093	66,436
7	54,463	60,046	64,680	69,205
8	56,732	62,548	67,374	72,089
9	59,096	65,154	70,181	75,092
10	61,559	67,869	73,105	78,221
11	64,124	70,696	76,151	81,480
12	66,796	73,642	79,324	84,875
13	69,579	76,710	82,630	88,411
14	72,478	79,906	86,073	92,095
15	75,498	83,235	89,659	95,933

+30, +60, refers to number of credit hours of additional education beyond degree level

Longevity Stipend. After 20 years of service an increase of the lesser of \$2,535 or 3% of salary.

(3.0% over FY09 base income using Equalized Steps; teachers on steps move two steps in FY10 over FY09)

FY11 - Teacher Salary Schedule

Step	Bachelors	Masters	Masters+ 30	Masters+60/Doctorate
1	\$43,912	\$48,411	\$52,149	\$55,795
2	45,741	50,428	54,321	58,119
3	47,647	52,529	56,584	60,541
4	49,632	54,718	58,942	63,064
5	51,700	56,998	61,397	65,692
6	53,854	59,373	63,956	68,429
7	56,097	61,847	66,620	71,281
8	58,434	64,424	69,395	74,252
9	60,869	67,109	72,286	77,345
10	63,406	69,905	75,298	80,568
11	66,048	72,817	78,436	83,924
12	68,800	75,851	81,704	87,421
13	71,666	79,011	85,109	91,063
14	74,652	82,303	88,655	94,858
15	77,763	85,732	92,349	98,811

+30, +60, refers to number of credit hours of additional education beyond degree level

Longevity Stipend. After 20 years of service an increase of the lesser of \$2,611 or 3% of salary.

(3.0% base increase over FY10)

Teachers in the Wellesley schools who were on steps in FY08 and are still on steps in FY11 will be receiving a cumulative salary increase (including base and step increases) during the current contract of between 17.3% and 22.8%, with 7.17% of that increase coming in FY11. Teachers who switch lanes during the contract will receive even more. In contrast, teachers on steps received an 11.7 cumulative increase during the prior contract (FY06 to FY08.) Teachers at the top step in FY08 will have received a cumulative 9% increase in pay, plus, if eligible, a cumulative longevity stipend of between 7.2% and 9%. In FY10, teachers at the top step (step 15) constituted 42.6% of all teachers compared to 40.4% in FY09.

The actual experience and education patterns of Wellesley teachers have remained fairly constant over the last three years. Since FY08, there has been a slight shift to the upper-range in years of experience. The table below shows the years of experience by steps. FY10 includes a two-step increase. Without the distortion of that increase, 85% of all teachers are still above step 5, although the number at steps 13 to 15 (roughly comparably to step 13 in FY08 and FY09) would be around 43% instead of 52%, and the median step would remain at 11. The education pattern is not affected by the two-step increase. In brief, Wellesley's teachers continue to be highly educated and very experienced.

Wellesley Teacher Profile			
Years of Experience (Step)	FY08	FY09	FY10
Steps 1 to 5	18%	16%	11 %
Steps 6 to 12	41%	41%	37%
Steps \geq 13	41%	43%	52%
Median Step	11	11	13
Education			
Bachelors	10%	10%	8%
Masters	48%	44%	42%
Masters+30 credits or Masters+60			
Credits/Doctorate	42%	46%	50%

Total Salary Costs

As noted above, the salary for an individual teacher is determined by a combination of their step and lane changes and the annual percentage increase, while the average teacher salary and the total salary costs reflect a weighting based on how many teachers occupy each position on the salary schedule. When teachers retire or leave and are replaced by less experienced teachers at lower salaries, average salary is usually lowered, thereby reducing the total personal services budget by “turnover.” The School Department can exercise some discretion during the hiring process as to what “step” and “lane” a teacher is brought into the system. Although newly hired teachers vary in their experience levels, the budgeting assumption has been that new hires have a Masters degree and 5 years of experience. (The Massachusetts Department of Elementary and Secondary Education now requires all teachers to attain at least a Masters degree in order to receive professional licensure.) In any given year, the average experience/education level, determined by new hires and educational advancement and the profile of retirements and other departures, can change substantially, resulting in ‘turnover’ savings either higher or lower than the “steps and lanes” increases. Turnover savings would be highly predictable if pending retirements were announced well in advance of a new fiscal year. Practically, the information becomes available only after the budget is prepared, so an allowance based on prior experience is incorporated into the budget. A variance in actual turnover from that forecast could result in a favorable or unfavorable variance in actual spending compared to budget. In FY11, turnover savings is expected to be \$275,000.

Comparison to Teacher Salaries in Other Towns

As described above, there is a difference between individual teachers’ salaries depending on their position on the salary schedule, and the average salary for all teachers in the School Department. In the table below, Wellesley’s teachers’ salaries for FY11 are compared to eight similar towns – by specific positions on the salary schedules. Brookline and Lexington are not shown in the chart because teachers’ contracts are currently under negotiation in these two towns. The Comparative Salary Schedules table ranks salaries at the minimum and maximum step for three of Wellesley’s lanes: Masters, Masters plus 30 credits, and Masters plus 60 credits or Doctorates. The only Wellesley lane not included in the table is the Bachelors lane, which has less than 10% of Wellesley teachers.

COMPARATIVE SALARY SCHEDULES - FY10

	MASTERS				MASTERS + 30				MASTERS + 60/DOCTORATE										
	Min	Step	Rank	Max	Step	Rank	Min	Step	Rank	Max	Step	Rank		Min	Step	Rank	Max	Step	Rank
Belmont	48,421		1	84,110		2	61,087		1	88,366		4	64,077		2	83,288		4	
Brookline																			not settled
Lexington																			not settled
Malden	46,012		8	70,186		8	48,613		6	77,213		8	61,888		8	84,836		8	
Needham	46,633		6	78,378		8	48,047		8	82,873		8	61,872		7	87,813		7	
Newton	47,070		3	80,288		6	60,846		2	86,244		6	63,942		3	80,484		8	
Weyland	44,781		7	83,283		3	48,824		7	81,803		1	48,787		8	101,783		1	
Wellesley	47,001		4	83,235		4	50,630		3	89,659		3	54,170		1	95,933		2	
Weston	47,188		2	84,447		1	48,883		4	80,038		2	62,280		6	84,088		3	
Westwood	42,677		8	77,704		7	48,301		8	81,808		7	60,488		8	83,281		6	
Winchester	44,108		8	70,436		8	48,278		8	77,432		8	63,801		4	82,881		8	

The table demonstrates that a town's ranking between their minimum and maximum step can vary considerably, although Wellesley's rankings are more consistent than other towns. Because 43% of Wellesley teachers are at the maximum step, and only 2% are at the minimum step, the most relevant comparisons are at the maximum step. Looking at the maximum step in these three lanes, Wellesley has the 4th highest salary for teachers with a Master's degree; the 3rd highest salary for Masters' +30 and the 2nd highest salary for Masters +60/Doctorate. These rankings are identical to those in FY09, which also included Brookline and Lexington. The table indicates that, on an aggregate basis, Wellesley's salary structure is highly competitive with comparable towns such as Belmont, Newton and Weston. The above table excludes the impact of 'longevity stipends' (over 20 years of service).

Conclusion

The existing three-year collective bargaining agreement, which began July 1, 2008 and will expire on June 30, 2011, was entered into to maintain Wellesley's desire to remain reasonably competitive with its peer communities in terms of attracting and retaining the best teachers and also to permit the implementation of the Rate Saver health insurance program for a significant portion of Town employees, with savings accruing to the Town under the line item for health insurance costs, *which is not included in the School budget*. In addition, the step equalization in FY10 (with all increases in steps equal to 4.17%) allows for greater transparency in the budgeting process and for ease of understanding projected salary increases before the effect of teacher turnover. In retrospect, while the contract entered into in 2008 may be viewed as generous in the current depressed economic environment, it is important to note that the shift to Rate Saver in FY09 and the step equalization in FY10 are unequivocally positive achievements, and that the new contract was negotiated in the summer and early fall of 2008, when the severity of the economic downturn was much less apparent than it is today.

-Appendix D-
SPECIAL EDUCATION PROGRAMS
March 2010 Update

Overview: Programs and Services

State and Federal law mandates that Wellesley provide special education services to its residents, beginning at age three and continuing through age twenty-two or high school graduation, whichever occurs first. The law mandates that all children with special needs receive those services that allow them to access and progress in public education; moreover, if a student's needs are such that a town cannot provide for them in a public setting, then the law requires that the town find and pay for an appropriate private school for the child.

Special education services are provided for children with a spectrum of needs from mild to very severe. A range of programs (including classroom-based support, support in learning centers, partially- or fully-contained local programs and out-of-district programs) and services (e.g., screening and evaluation, speech/language and physical therapy, and psychological services) are needed to meet the needs of a growing population of students with disabilities.

Current trends affecting both the range and volume of the special education services the Town must provide include:

- An increased preschool population with special needs.
- An increased number of children with significant disabilities, including medically-fragile children, multi-handicapped children, and children with diagnoses along the autism spectrum or pervasive developmental disorders.
- Growth in the number of students with significant emotional and/or behavioral issues.

All decisions regarding a student's eligibility for services, as well as the appropriate level, type, and venue of such services, are determined after a rigorous evaluation process by a team of educators, special education professionals, and parents. The results of this process are presented in an Individualized Education Plan (an "IEP") for that student. Parents and students are entitled to an independent education evaluation at public school expense if they feel that the testing done by the school is not "comprehensive and appropriate." If parents disagree with a proposed IEP or placement, the regulations provide for a dispute resolution process before a hearing officer. Hearing decisions are made using a standard of "free and appropriate education." If a hearing officer finds in favor of the parents' request, the school department is financially responsible for the requested placement and for the parents' attorney fees.

Instructional Special Education

The majority of students on IEPs have mild to moderate disabilities, spend most of their school day in regular classrooms, and receive the most routine services within the special education programs such as speech therapy, individualized or small group instruction in the learning center, occupational therapy or physical therapy.

Inclusion Program

The Inclusion Program covers students with intensive special needs who require significant support from specialized staff such as behavioral analysts, deaf educators, speech/language therapists or occupational therapists, to name a few. In many cases, the Inclusion students also require a dedicated teaching assistant. Inclusion students spend large parts of their school day in "substantially separate" programs and activities, but in some cases also participate in regular classroom activities when their specialist schedules permit. Expenses for the Inclusion Program cover individualized materials and assistive devices, specialized training for staff assistants, and outside services needed to support the medically-fragile students.

Whenever the Town has a critical number of students with similar special needs, if possible, new programs are instituted locally as they are more cost-effective than out-of-district placements. Tuition for a private day school setting is often extremely expensive, ranging from \$30,000 to over \$120,000. As examples, two programs—the Middle School Language Class and the Middle School Intensive II Inclusion program—were created by the School Department in FY08 for students with intensive special needs who were aging up from programs at Hardy, Sprague, and Upham. The FY09 budget funded an additional ISS classroom at Sprague School to accommodate four rising kindergarten students. Similarly, this year an additional inclusion classroom was added to accommodate two students entering the High School from the Middle Schools Skills program. FY11 will see the implementation of a new Therapeutic Program at the elementary school level. If these programs did not exist, the students would not be able to be educated in Town and would be placed in more costly out-of-district programs.

Out-of-District Placements

As part of the special education mandate, students between the ages of 3 and 22 with special needs who cannot be educated in the Wellesley schools are enrolled at the Town's expense in educational programs at other public (collaborative) or private schools. The State Division of Purchased Services sets annual tuition rates for these services.

Transportation

Special education students must be provided transportation to the Wellesley schools or to out-of-district placements should they need it. Funding for transportation covers salaries for the transportation coordinator, transportation attendants and van drivers for the School's thirteen vans, and expenses for the van program (e.g., fuel, maintenance etc) and for outside vendor transportation services, as needed.

Special Education Budget

The total special education budget is separated into two components: Instructional Special Education and Special Tuition and Transportation (ST&T).

The Instructional Special Education budget includes services for the majority of students identified as having special educational needs. The special education costs associated with these students are incremental to the cost per student of regular education.

The Special Tuition and Transportation budget includes the staff salaries and expenses to educate the students with intensive special needs who receive instruction through the "*Inclusion Program*" in the Wellesley schools and the expenses (tuition) for the students who are placed "*out-of-district.*" In addition, ST&T includes the "*transportation*" costs (e.g., van driver salaries, expenses related to contracted transportation services) for any special education students who require transportation, whether they are on IEPs, attend vocational school, or have "504 Plans" (a modified form of special assistance). Many of these children require and receive special education support during the summer as well.

Funding Special Education

Budgeting for all of the special education programs, including the out-of-district tuitions, for the next fiscal year is based on students who have been identified as having special needs on October 1st of the current fiscal year. The School Department then factors in students who will age-out of current programs and students who may require out-of-district placements because their needs cannot be met within the district. The cost of educating students in special education programs is primarily born by the taxpayers in the local community. However, other sources provide substantive offsets.

Federal Funding: Federal Special Education Entitlement, a federal grant program, funds professional special education staff, teaching assistants, and a modest amount for materials. In addition, an Early Childhood Special Education grant funds an occupational therapist, as well as instructional materials. Both grants cover the costs for pension and other fringe benefits. The amount of funding varies by year. The FY10 grant total is \$1,132,064 and the FY11 budget assumes the grant will fund these same positions.

State Fiscal Stabilization Funds (SFSF), federal stimulus funds from the American Reinvestment and Recovery Act of which 50% are slated for “recovery” and 50% for “investment.” In FY10, \$496,000 of the SFSF grant will be used to offset a portion of the circuit breaker reduction. Approximately \$200,000 of the investment portion of the SFSF grant will be used to fund the Response to Intervention program, a regular education support. Accrued FY10 grant money may also be used in FY11.

Individuals with Disabilities Education Act (IDEA) grants are also part of the American Recovery and Reinvestment Act and must be used to ensure that students with disabilities have access to a free and appropriate education. Approximately \$246,492 of the FY10 grant will be used to offset out-of-district tuition costs; an additional \$423,000 will be used to fund a number of Special Education personnel positions as well as material and assistive technology expenses. FY11 IDEA grants are expected to total approximately \$650,000; 50% will be used to offset out-of-district tuition costs and the remaining funds have yet to be applied.

Funding for the American Reinvestment and Recovery Act grants, SFSF and IDEA will end with FY11.

State Funding: In FY04, the Massachusetts State legislature funded the “circuit breaker” special education reimbursement program to provide financial support to local governments for the cost of students in both inclusion and out-of-district placements. Under the program, school districts receive partial reimbursement for the costs of these programs. The FY11 budget assumes a reimbursement rate of 40% of the cost to educate any student above a threshold, which equals four times the statewide average per pupil cost. (The FY10 statewide average per pupil cost is \$9,659.) The threshold used for the budgeted FY11 reimbursement is \$38,636. (As a point of comparison, the FY 10 budget assumed a reimbursement rate of 70% of the cost to educate any student above a threshold of \$37,328. Due to the State budget crisis, the FY10 reimbursement rate was reduced from 70% to 40%, a significant loss to the ST&T budget.)

Circuit breaker funding is subject to the following limitations:

- Circuit breaker funding does not fund any transportation costs.
- Circuit breaker funding is calculated on a child-by-child basis, not on an aggregate basis; therefore, circuit breaker funding is triggered only if an *individual* child's tuition exceeds the threshold. For example, if the Town pays \$55,000 tuition for a student to attend an out-of-district institution, the State will reimburse 70% of the \$17,672 cost above the threshold of \$37,328. Hence, the Town pays \$42,630 and the State pays \$12,370 for this student's placement.
- Since the State does not pro-rate the formula, the State uses a threshold of \$37,328 regardless of when during the year a child goes into an out-of-district program.
- Circuit breaker funding is a reimbursement program that is based upon the prior fiscal year's expenditure. Therefore, the projected circuit breaker funding for next fiscal year is a projected reimbursement for expenditures in the current fiscal year.

The chart on the next page shows the circuit-breaker funds Wellesley has received over the last few years. The FY09 reimbursement was \$2,157,003; the FY10 circuit breaker reimbursement was initially estimated to be \$1,318,321 but due to budget cuts and the change in the reimbursement formula, this estimate has been reduced. The FY11 projected circuit breaker offset is budgeted at \$1,088,419.

In addition, the School Department may apply for “extraordinary relief” under the circuit breaker funding program if the current year “circuit breaker eligible” costs exceed the prior year’s eligible costs by at least 25%. This funding typically is received in the fiscal year in which the expenses are incurred. The last time Wellesley was eligible for “extraordinary relief” funds was in FY2006 when the Town received \$272,051.

Fee Revenue: Regulations require that preschool classes include roughly equal numbers of special needs and typically developing children. Tuition revenue received from the families of typical developing children enrolled in the program provides a modest offset to the cost of the preschool program.

FY11 Budget for Special Education

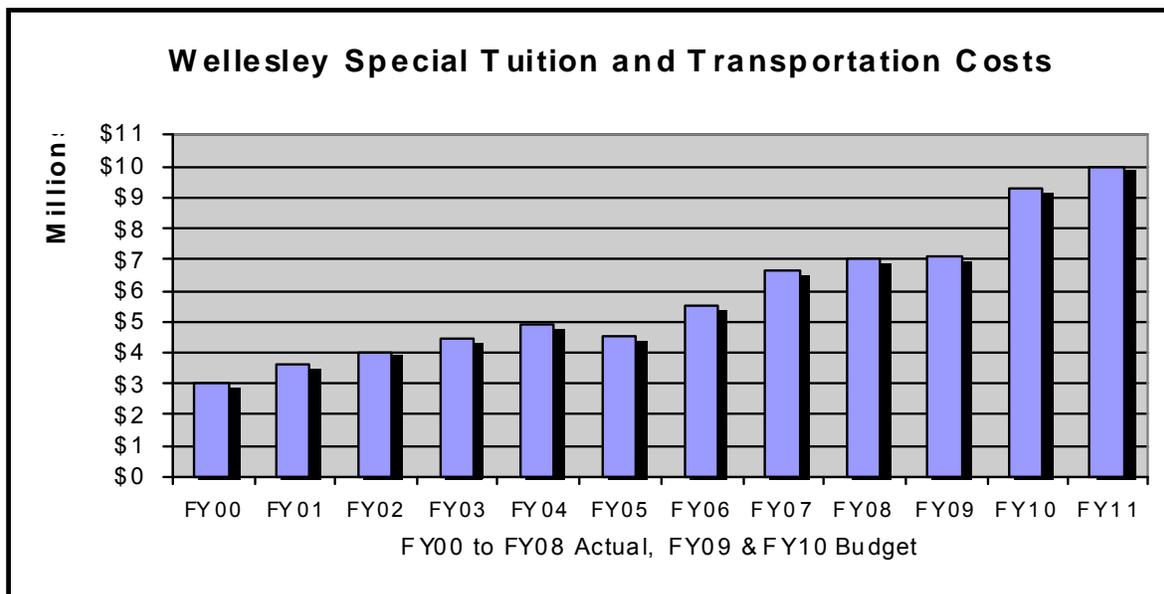
The FY11 budget includes a total cost for Special Education of \$17,089,332, which represents 32% of the proposed school budget. This is a slightly higher percentage than budgeted equivalents in FY10 and FY09 where SPED spending equaled approximately 30% of the total School budget.

Within the FY11 Special Education figure is a \$7,103,920 cost for Instructional Special Education and \$9,985,412 for ST & T. Part of the variance in the proportion of Instructional SPED spending versus ST&T spending is attributable to the reallocation of the costs of some district-wide programs from the moderate special education category to the ST&T budget. The total dollar amount of this reallocation is \$870,284.

Special Education Spending

	FY08 Actual	FY09 Budget	FY09 Actual	FY10 Adj Budget	FY11 Budget
# OF STUDENTS					
Instructional	606	609	620	632	634
Inclusion	123	132	167	168	171
Out of District	96	93	68	83	84
<i>Total Students</i>	825	834	855	883	889
Students Transported	136	141	158	153	143
SPED STAFF (FTE)					
Teachers	44.60	47.60	46.60	48.60	51.00
Professional Support	36.87	38.37	37.97	37.97	40.67
Classroom Support	113.80	115.55	121.05	120.15	125.70
<i>Total FTE</i>	195.27	201.52	205.62	206.72	217.37
SPED BUDGET (\$)					
Instructional	6,012,175	6,217,193	6,458,429	6,910,188	7,103,920
STT					
Inclusion	2,904,441	3,374,052	3,328,834	4,502,974	4,971,635
Out of District	5,289,866	6,010,741	5,762,130	5,573,926	5,516,212
Less: Circuit Breaker	-2,012,782	-2,040,466	-2,157,003	-1,318,321	-1,088,419
Less: ARRA funds			-685,484	-496,000	-325,000
Transportation	809,107	927,230	849,058	1,004,456	910,984
Total STT	6,990,632	8,271,557	7,097,535	9,267,035	9,985,412
<i>Total SPED Budget</i>	12,694,506	14,488,750	13,555,964	16,177,223	17,089,332
AVERAGE TOWN COST PER STUDENT (\$)					
Instructional	9,921	10,209	10,417	10,934	11,205
Inclusion	23,613	25,561	19,933	26,803	29,074
Out of District	34,136	42,691	42,936	45,296	48,843
Transportation	5,949	6,576	5,374	6,565	6,371

Special Tuition and Transportation: Costs Continue to Grow



The FY11 budget calls for a 7.75% increase in ST&T costs over FY10, continuing the trend of rising ST&T costs that Wellesley has experienced over the last several years. The basis of these rising cost is undeniably the increasing number of students entering the Wellesley school system with significant and intense special needs. The costs of educating these students rise as the needs become more pronounced.

Controlling ST&T costs has been helped to some extent by the efforts of the School Department to educate more students with moderate to intense special needs within the Wellesley Schools through a growing Inclusion Program, where the cost of educating these students is generally significantly lower than placement in out-of-district programs. As the inclusion program grows, and larger cohorts of students recognized, hopefully greater efficiencies will be realized. It is important to bear in mind that while the costs of the inclusion programs are typically lower than the out-of-district tuitions, inclusion programs require highly specialized instruction and equipment and low student to teacher/staff ratios and are therefore expensive programs to run. As the depth of the needs of the students coming through the programs intensifies, the costs will continue to rise.

In the area of special transportation costs, Wellesley has been most successful in curtailing rising costs by implementing its own van program. Wellesley owns thirteen vans which provide 88% of the transportation needs to Wellesley's special needs and vocational students, eliminating the need for more expensive contracted services, at a cost savings to the Town of over \$1.3 million dollars.

The following table shows the most recent available benchmarking data for special education spending (before circuit breaker funding) by town from the Department of Elementary and Secondary Education. Wellesley continues to rank first within this peer group relative to special education spending as a percent of the total school operating budget. For the first time in several years, Wellesley is not ranked first in the average out-of-district spending per pupil category. It is important to note that the change of placement of one or two students or the introduction to a system of one or two students can significantly impact a town's out-of-district spending.

<u>Special Education Spending by Town</u>				
SPED Budget % of Total School Budget				
Town	FY07		FY08	
	%	Rank	%	Rank
Wellesley	25.3	1	25.2	1
Belmont	20.7	6	20.0	5
Brookline	21.9	4	20.4	4
Lexington	23.1	2	No #	reported
Natick	15.1	10	18.1	8
Needham	19.1	8	19.6	6
Newton	21.8	5	23.3	2
Wayland	15.2	9	15.8	9
Weston	13.0	11	12.9	10
Westwood	19.6	7	19.2	7
Winchester	23.0	3	21.4	3

Average Out-of-District Per Pupil Spending				
Town	FY07		FY08	
	\$	Rank	\$	Rank
Wellesley	\$73,924	1	\$71,537	2
Belmont	49,120	8	48,156	8
Brookline	57,740	5	60,358	5
Lexington	60,205	3	100,977	1
Natick	21,806	11	29,424	11
Needham	57,439	6	55,267	7
Newton	59,904	4	67,952	4
Wayland	44,002	9	44,423	9
Weston	41,881	10	44,390	10
Westwood	66,159	2	71,132	3
Winchester	50,336	7	59,975	6

While the percentage of Wellesley students receiving special education services is on par with the State average (16.9% in Wellesley, 17.1% State average), Wellesley's costs, particularly for out-of-district placements, continue to be higher than the majority of peer towns.

The addition in FY09 of an Out-of-District Coordinator to provide comprehensive oversight of all out-of-district placements has been a tremendous benefit to the schools. Through the utilization of federal stimulus funds, the School Department plans to fill a K-12 SPED Administrator position. This individual will be responsible for managing the district-wide programs and it is anticipated that some greater efficiencies will be realized through this position.

Last year, the Wellesley Public Schools underwent an outside assessment of SPED programs by the firm of Consulting Partners, Inc. FY10 has also seen the addition of a new permanent Director of Student Services who has undertaken the task of interpreting the consultants' assessment to find additional efficiencies in Wellesley's programs. Additionally, the FY10 and FY11 budgets include a retainer for a SPED attorney; Special Education involves an increasingly complex and regulated area of education law with increasing demands on school budgets. While it is difficult to quantify the impact of the SPED attorney on FY10 spending, the School Administration believes the Wellesley Schools are already seeing the benefits of this expenditure.

Summary

Wellesley continues to provide excellent programs and services for the educational, emotional, and physical needs of students in its special education community but the cost to the Schools and the Town continues to grow. The School Administration has undertaken several successful efforts to slow the pace of the rate of growth in Special Education spending: the build up of the Inclusion program, the development of the Special Transportation van program, the creation of the Out-of-District Coordinator role and the retention of a Special Education attorney. These efforts have all had a positive impact on the SPED budget. It is anticipated that the hiring of a K-12 Administrator to oversee the in-district programs as well as the development of the Response to Intervention program, a program of instructional interventions to provide support to students to avoid SPED referrals, will serve to increase efficiencies within the SPED budget.

As a result of the review by Consulting Partners, the School Administration and in particular, the Director of Student Services, has committed to certain initiatives within the existing framework to see where changes may be possible: develop consistent program strands and continuum, analyze data on referrals for special education evaluations, analyze the out-of-district placement trends, explore program options in collaboratives, and begin the planning for the development of new in-district programs. Work still remains to be done on analyzing various SPED programs in neighboring and peer towns for benchmarking purposes and comparison of services.

Special Education is an increasingly complicated area and as a result SPED budgets are increasingly difficult to project and fund. As mandates have increased, the funding has decreased, with the burden falling to cities and towns. The only real relief for school systems will come when the State and Federal governments are forced to carry a greater share of the load, for example, by assuming the medical costs the schools now bear for seriously compromised students or through more substantially funding programs such as the Individuals with Disabilities Education Act (IDEA) of 2004. Until some relief is found, Wellesley, and all school districts, will continue to feel the pressure to find more efficiencies and cost-saving measures.

-- APPENDIX E--
GLOSSARY OF MUNICIPAL FINANCE TERMS

ABATEMENT. A complete or partial cancellation of a tax or assessment levied (imposed) by the Town. Abatements usually apply to tax levies and special assessments.

APPROPRIATION. An authorization granted by Town Meeting to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to time when it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by the Town as a basis for levying taxes. Equally assessed valuation refers to the Town's assessed valuation as determined by the Assessors, adjusted by the State Department of Revenue on a biennial basis to reflect full market value ("equalized valuation").

AVAILABLE FUNDS IN REVENUE SURPLUS. Sum of funds appropriated and raised by the Town, but not expended in the years for which they were appropriated, minus uncollected taxes of prior years. This amount must be certified by Massachusetts Bureau of Accounts before it can be used. Also known as "Free Cash."

BUDGET. A plan of financial operations embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. A budget may be "preliminary" — the financial plan presented to Town Meeting, or "final" — the plan approved by Town Meeting.

CAPITAL PROJECT. A major nonrecurring physical acquisition expenditure often including planning, acquisition, and construction phases.

CHERRY SHEET. An annual statement received by the Assessors from the State Department of Revenue detailing estimated receipts for the next fiscal year from various state aid accounts and the Local Aid Fund (Lottery) and estimated charges payable by the Assessors in setting the tax rate. Supplemental Cherry Sheets may be issued during the year and there is no guarantee that the estimated receipts and charges shown thereon will not vary from actual receipts and charges.

COLLECTIVE BARGAINING. Negotiations between an employer and union representative regarding wages, hours, and working conditions.

DEBT AUTHORIZATION. The formal approval required under the procedures set forth in Chapter 44 of the Massachusetts General Laws before the Town may lawfully incur debt.

DEBT SERVICE REQUIREMENT. The amount of money required to pay interest on outstanding debt, and serial maturities of principal for serial bonds.

ENTERPRISE FUND. A fund established to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of Enterprise Funds are those established for the Town's water, sewer, and electric utilities.

EQUALIZED VALUATION. The value of all property as determined by the State Tax Commission biennially, using a standard of “full and fair value.” This is also referred to as “100% valuation.” The equalization figures are reported in December and affect State aid distributions for the two-year period beginning the following July.

EXCESS LEVY CAPACITY. The difference between the Town’s maximum tax levy limit as established by Proposition 2 1/2 and its actual tax levy in the most recent year for which the Town has set a tax rate. This is the additional tax levy that the Town could raise without going to the voters for an override or debt exclusion.

EXCLUSIONS. A provision in the Proposition 2 ½ Law (Chapter 580 of the Acts of 1980) that provides, through referendum, to add funds to the total tax levy on a temporary basis. Exclusions and Debt Exclusions are specifically for capital or special one time items. Exclusion type questions, if approved by voters, are used to fund one time items, usually large capital projects. These funds do not become part of the permanent tax levy base. An exclusion for debt service on a loan to pay for a major capital project expires when the loan is paid. The amount added to the tax levy for a particular year is the debt service needed for that year only. Exclusions are only effective until the funding for the project to which they apply is complete.

FISCAL YEAR. A 12 month period to which the annual operating budget applies and at the end of which the Town determines its financial position and the results of its operations. The Commonwealth and the Town operate on a fiscal year that begins on July 1 and ends on June 30. The number of the fiscal year is that of the calendar year in which the fiscal year ends; e.g., the fiscal year 1994 begins July 1, 1993, and ends June 30, 1994, usually written as FY 94.

FIXED ASSETS. Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

FREE CASH. Sum of funds appropriated and raised by the Town, but not expended in the years for which they were appropriated, minus uncollected taxes of prior years. This amount must be certified by Massachusetts Bureau of Accounts before it can be used.

FULL-TIME EQUIVALENT. A term that expresses the amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. For most positions in Town, one FTE has been set to equal the number of hours a typical full-time employee works during a calendar year after deducting holiday, vacation, sick and personal time from a 52.2 week year consisting of 2,088 total hours. A position that has been budgeted to work full-time for only six months is .5 FTE.

FUND. A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND TYPE. In governmental accounting, all funds are classified into seven generic fund types: General, Special Revenue, Capital Projects and Debt Service (Governmental Funds), Enterprise and Internal Service (Proprietary Funds), and Trust and Agency (Fiduciary Funds).

GAAP. Generally Accepted Accounting Principles. There are twelve basic principles of accounting and reporting applicable to state and local governments. These include the use of the modified accrual basis of accounting, as appropriate, for measuring financial position and

operating results. These principles must be observed in order to provide a basis of comparison of data among different cities and towns.

GENERAL FUND. The fund used to account for all financial resources of the Town except those required to be accounted for in another fund.

GENERAL REVENUE. The revenues of the Town other than those derived from and retained in an enterprise. If a portion of the net income in an Enterprise Fund is contributed to another non-enterprise fund, such as the General Fund, the amounts constitute general revenue of the Town.

GROWTH REVENUE. The amount of property tax revenue that the Town can add to its allowable tax levy (above the 2 1/2%) from new construction, alterations, subdivision, change of use or anything being taxed for the first time. It is computed by applying the prior year's tax rate to the increase in valuation.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the government fund type, wherein only current assets and current liabilities are generally reported on fund balance sheets, and fund operating statements present "financial flow" information (revenues and expenditures). Revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period". Expenditures are recognized when the related fund liability is incurred except for a few specific exceptions. All governmental funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting.

OFFSET RECEIPTS. Includes certain education programs, aid to public libraries and environmental programs which are designated on the Cherry Sheet as offset items. These amounts can be spent without appropriation but must be spent only for these specific municipal programs.

OPERATING BUDGET. Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of the Town are controlled.

OVERLAY. The amount raised by the Assessors in excess of appropriations and other charges for the purpose of creating a fund to cover abatements on real and personal property taxes and to avoid fractions in the tax rates.

OVERRIDE. A provision in the Proposition 2 1/2 Law (Chapter 580 of the Acts of 1980) that provides, through the referendum process, to add funds to the total tax levy on a permanent basis. If approved by a town wide vote, the override amounts become a part of the tax levy base and therefore the amount approved in a given vote does grow with the rest of the base by 2 1/2% per year. An override question can only provide for additional funding for either the operating budget or the ongoing capital budget.

PRIMARY LEVY LIMIT. 2 1/2% of certified full and fair cash value of taxable property.

PROPOSITION 2-1/2. A statewide tax limitation initiative petition limiting the property tax levy in cities and towns in the Commonwealth to 2 1/2% of the full and fair cash valuation of the taxable real estate and personal property in that city or town. The statute also places an annual growth cap of 2 1/2% on the increase in the property tax levy.

REIMBURSEMENTS. (1) Repayments of amounts remitted on behalf of another party. (2) Inter-fund transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund — e.g., an expenditure properly chargeable to a Special Revenue Fund was initially made from the General Fund, which is subsequently reimbursed. They are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

RESERVE FUND. A fund established by the Annual Town Meeting which is under the control of the Town's Advisory Committee and from which transfer may be made for extraordinary and unforeseen expenditures. It may be composed of an appropriation of not more than 5% of the prior year's tax levy.

REVOLVING FUNDS. Those funds which may be used without appropriation and which are established for particular uses such as school athletics, continuing education programs, school lunch programs, self-supporting recreation and park services, conservation, etc.

SECONDARY LEVY LIMIT. Prior year levy limit plus 2 ½% (Base) plus "growth revenue."

SPECIAL APPROPRIATION. An authorization to expend funds for a specific project not encompassed by normal operating categories.

STABILIZATION FUND. A special reserve account created to provide for capital improvements which is invested until used. The Town may appropriate into this fund in any year an amount no more than 10% of the prior year's tax levy. The outstanding balance in the account cannot exceed 10% of the Town's equalized valuation. Generally, it requires a 2/3 vote of Town Meeting to appropriate money from the Stabilization Fund.

STATE DISTRIBUTION. All revenue flowing from the Commonwealth. Major categories include reimbursement for loss of taxes, educational distributions and reimbursements, funds for direct education expenditures, general government reimbursements and distributions.

SURPLUS REVENUE. This is the amount by which cash, accounts receivable and other floating assets exceed the liabilities and reserves.

SUPPLEMENTARY APPROPRIATION. An appropriation submitted after the main budget has been approved, which must specify a revenue source.

TAX LEVY. The net amount to be raised by the Town each fiscal year by assessing ad valorem taxes on real estate and personal property located within the Town.

TAX RATES. The amount of tax stated in terms of a unit of the tax base; for example, \$8.91 per \$1,000 of assessed valuation of taxable property.

UNFUNDED PENSION LIABILITY. Unfunded pension liability is the difference between the value assigned to the retirement benefits already earned by the Town's employees and the assets the Town's retirement system will have on hand to meet these obligations. The dollar value of the unfunded pension liability is driven by assumptions about interest rates at which a retirement system's assets will grow and the rate of future costs of living increases to pensioners.

UNENCUMBERED APPROPRIATION. The portion of an appropriation not yet expended or encumbered.

UNIFORM MUNICIPAL ACCOUNTING SYSTEM. A comprehensive and practical municipal accounting system that conforms to GAAP for local governments. UMAS is regarded by the Department of Revenue as the professional standard for modern municipal accounting in Massachusetts. Among the benefits of conversion to UMAS are increased consistency in reporting and record keeping and enhanced comparability of data among cities and towns.

GUIDELINES FOR CONDUCT OF WELLESLEY REPRESENTATIVE TOWN MEETING

I. INTRODUCTION

The purpose of Wellesley Town Meeting (the "Meeting") is to reach decisions with respect to the matters brought before the Meeting by a democratic process. The process should not be partisan or adversarial. Rather it should demonstrate an effort by the elected representatives of the Town in open discussion, free from technicalities of parliamentary procedure, to establish constructive policies for the government of the Town. The Meeting depends for its effectiveness on familiarity of the Town Meeting Members with the matters before the Meeting and upon their ability to rely one upon the other and upon their elected or appointed boards and committees.

All who speak to the Meeting or prepare reports to it should seek to be worthy of this trust. Proponents of action should make full and fair disclosure of all facts and considerations bearing on a problem, not merely those favoring their proposal. On the other hand, those opposed to a proposal should make their opposition known to the sponsors as soon as possible, rather than seeking to succeed by surprise at the Meeting. Negotiations prior to Town Meeting are more likely than debate at Town Meeting to clarify the issues and to produce solutions that will receive the support of the Meeting as a whole.

The great diversity among the residents of the Town will often lead to differences with respect to the matter before the Meeting. The good faith of no one should be questioned; rather there should be a cooperative effort to find solutions that are reasonably responsive to the needs of all.

The Meeting shall abide by the laws of the Commonwealth including the prohibitions of smoking and carrying firearms on school property.

The following guidelines are intended to inform and guide those who participate in the Meeting and thus to assist in its orderly conduct. These guidelines, except to the extent that they embody statutes and Town Bylaws, are not intended as rules having legal effect.

II. PARTICIPANTS IN THE MEETING

A. Public Meeting

The Town Meeting is a public meeting and may be attended by all. Since only the Members may make motions and vote thereon, they are seated separately from non-members.

B. Quorum

A majority of the Town Meeting Members shall constitute a quorum for doing business; but a lesser number may adjourn the Meeting to another time.

C. Moderator

The Moderator shall preside at the Meeting and shall regulate the proceedings and decide all questions of order.

No one shall distribute any material at Town Meeting except with permission of the Moderator.

The Moderator may appoint persons to assist in the conduct of the Meeting, including determination of the vote to the Meeting.

If the Moderator is absent or cannot act, a Moderator *Pro Tempore* may be elected by the Meeting, the Town Clerk to preside at such election.

The Moderator shall not be an elected Town Meeting Member and shall not vote with respect to any matters before the Meeting. A Town Meeting Member may be a Moderator *Pro Tempore*, but shall not vote while presiding at the Meeting.

D. Clerk

The Town Clerk shall determine the presence of a quorum and shall maintain the records of the Meeting, including the results of all votes and other action taken at the Meeting.

If there is no Town Clerk, or if the Town Clerk is absent from the Meeting, the Meeting shall elect another person (usually the Assistant Town Clerk) to act as Temporary Clerk of the Meeting.

The Town Clerk shall not be an elected Town Meeting Member and shall not vote with respect to any matters before the Meeting. A Town Meeting Member may be Temporary Clerk, but shall not vote while acting as Clerk of the Meeting.

E. Town Counsel

Town Counsel shall be present at all Meetings, and, upon request, shall advise the Moderator and any Member or other person present with respect to any pertinent question of law on which his or her opinion is requested. Such opinion is advisory only and not binding upon the Town, any person or the Meeting.

If Town Counsel is unable to attend, the Selectmen shall designate another attorney as Acting Town Counsel to perform those duties at the Meeting.

Town Counsel shall not be an elected Town Meeting Member and shall not vote with respect to any matter before the Meeting. A Town Meeting Member may be Acting Counsel, but shall not vote while so acting.

F. Tellers

The Moderator shall appoint Town Meeting Members as Tellers for the purpose of counting the votes of the Meeting. Such appointments may, in the Moderator's discretion, be effective for more than one session of any Meeting. The Tellers shall report the results of their count of the section of the Meeting assigned to them indicating the number in favor of the motion, the number opposed, and, if so instructed by the Moderator, the number abstaining, and such shall be announced to the Meeting and maintained with the records of the Meeting. Tellers may vote on any question on which they act as Tellers, but any Teller who decides to participate in the debate of a question should request the Moderator to appoint another Teller to count the vote on that question.

II. MOTIONS

A. Need for Motion

Action by the Meeting is taken solely by a vote of the Meeting on a motion duly made at the Meeting.

B. Subject of Motions

Except for such matters as resolutions recognizing individual achievements and the like, no motion shall be entertained by Town Meeting unless the subject thereof is contained within the Warrant. The Moderator shall determine whether a motion is "within the scope of the warrant," that is, whether the warrant gave adequate notice that the action proposed by the motion might be taken at the Meeting.

Motions may propose action at variance with that desired by the sponsor of the article. Such motions may, for example, propose the establishment of a guideline, referral to an existing board or committee or one to be established; but all such motions are proper only if "within the scope of the warrant" as determined by the Moderator.

C. Order of Consideration

All articles shall be considered in the order in which they appear in the warrant, unless the Moderator in his/her discretion or the Meeting by majority vote changes the order.

Where there are a number of motions relating to a project calling for the expenditure of funds, the motion calling for the expenditure of the largest sum shall be the first put to vote, unless the Moderator in his/her discretion decides to change the order.

D. Formal Requirements

Motions can be made only by a Member of the Meeting. All motions other than procedural motions must be in writing signed by the sponsoring Member. No seconds are needed for any motion.

Sponsors of motions are required to submit their motions to the Selectmen by a date specified by the Selectmen. The motions must also be submitted to the Moderator and the Chair of the Advisory Committee.

The exact form of any motion or amendment must be either distributed to Town Meeting Members or projected on a screen at Town Meeting before a vote thereon can be taken.

After the initial call to order of any Annual or Special Town Meeting, if a proponent informs the Moderator of an intention to present an amendment or substitute motion or resolution, notice of the action and the text must be made available to Town Meeting members before action is taken on the article to which it relates.

E. Notice to Moderator

Every person who prior to the Meeting has decided to make a motion with respect to an article should inform the Moderator and the Chairman of the Advisory Committee prior to the Meeting, or *if* the decision to make a motion is reached only during the Meeting, as early as convenient thereafter.

F. Reconsideration

Motions to reconsider any action shall be entertained only if in the view of the Moderator there is reason to suppose that Members may have changed their minds. The Moderator

may rule that any motion is a motion for reconsideration if it is not substantially different from a motion previously voted upon.

No action taken at any session of a Town Meeting shall be reconsidered at any subsequent session, unless notice of intention to move for reconsideration shall have been given at the session at which such action was taken. If action taken at the final session is to be reconsidered, debate and a vote on a motion for reconsideration may occur at the same session only after all articles have been acted upon unless, in the Moderator's discretion, debate and a vote on the motion at an earlier point in the session would expedite the conduct of the session. Any vote which requires more than a simple majority for passage shall require a 3/5ths vote in order to be reconsidered by Town Meeting.

III. DEBATE

A. Persons Authorized

All residents of Wellesley, whether or not Town Meeting Members or registered voters, may address the Meeting. Non-residents may address the Meeting with the approval of the Moderator or a majority of the Meeting.

B. Permission of the Moderator

Persons wishing to address the Meeting shall raise their hand or stand and wait until they are recognized by the Moderator and no one shall address the Meeting without first requesting and receiving the permission of the Moderator.

C. Identification of Speaker

Each person addressing the Meeting shall begin by stating his or her name and precinct, if a resident of Wellesley, or place of residence if a non-resident.

D. Conduct

All remarks should be limited to the subject then under discussion. It is improper to indulge in references to personalities and all expressions of approval or disapproval, such as applause or booing, are out of order.

The Moderator may request any person to keep silent. If, after warning from the Moderator, a person refuses to be silent or persists in other disorderly behavior, the Moderator may order such person to withdraw and if he or she fails to withdraw, may order a police officer to remove such person from the Meeting.

E. Personal or Financial Interest

Individuals who have a personal or financial interest with respect to a matter may speak or vote thereon but should frankly disclose their interest before speaking. However, no Town Meeting Member should accept compensation for speaking to or voting at the Meeting.

F. Time

There is no time limit to the debate of any question. Accordingly, motions to limit time for debate or to call the question are not in order. However, each individual who speaks to the Meeting should make an effort to be as brief as possible, out of consideration for the others attending the Meeting and the need to give adequate time to all matters coming

before it. The Moderator may request that all persons who intend to speak for more than five minutes give him/her notice before the start of the session.

G. Repeated Speaking

In order to give all a fair opportunity to speak, no one who has addressed the Meeting on any particular motion shall speak again, except to answer questions, until all others wishing to speak to the motion have done so.

H. Maps

The Planning Board has slides of Town maps available for use at all Meetings and may be requested on reasonable notice to make available a slide of any map appropriate to the subject under discussion.

V. VOTING

A. Method

Except as specifically otherwise provided by law or these rules, voting shall be by voice vote or show of hands as the Moderator may determine and the Moderator shall declare the results of such vote. If a vote so declared is immediately questioned by seven or more Members, the result shall be determined by counting the votes of the Meeting by means of a standing vote.

VI. DEFINITIONS

A. Roll Call

Upon motion supported by not less than sixty members and made prior to the taking of a standing vote, the vote shall be by a roll call of all Members, the Clerk to indicate on the record with respect to each Member, "Aye," "Nay," "Abstain," or "Not Present" as the case may be.

B. Secret Votes

There shall be no secret ballots or other secret votes at Town Meeting.

C. Majorities

Except as otherwise provided by law or the Town's Bylaw, all actions of the Meeting shall be taken upon vote of a simple majority of those present and voting.

D. Ballot Vote

(a) Upon a motion supported by not less than 20 Members made prior to a vote on any question (whether required by law to be a counted vote or not), the vote shall be taken by ballot in such form as will in the opinion of the Moderator indicate how individual Town Meeting Members have voted on a question. The results of such vote shall be announced in terms of the numbers of aye, nay, or abstain votes cast. The Town Clerk shall, within a reasonable time after the session has been adjourned, compile a list of Members voting on the question, which list shall disclose how each Member voted. Said list, together with the original ballots, shall be open to public inspection so that the public shall be able to determine the way in which each Town Meeting Member voted on the question, and shall be preserved for at least 3 years.

(b) If a law or a by-law requires a two-thirds vote for action by the Meeting, the Moderator is authorized to declare the vote without taking a count, subject to the roll call and ballot vote provisions noted above. If more than a two-thirds vote is required, the Moderator may first determine whether the vote is unanimous, and if it is not, the vote shall be counted either by means of a standing vote or by roll call, or by ballot as provided in the Town's Bylaw.

VII. ADJOURNMENT AND DISSOLUTION

A. Adjournment

Sessions of the Town Meeting shall normally adjourn about 11 o'clock in the evening but may adjourn at such earlier or later time as the Town Meeting upon vote of a majority of its Members may determine.

B. Dissolution

The Meeting shall not dissolve until all articles in the warrant with respect to which any Member wishes to make a motion have been considered.

VIII. RECORD OF MEETING

The Town Clerk in consultation with the Moderator shall prepare and maintain a complete record of the Meeting at the office of the Town Clerk where, upon request, it may be inspected by any interested person and also shall deposit a copy of such record at the Main Library. Such record may, but need not be, verbatim. However, it shall as a minimum contain the text of all articles and motions, whether main motions or subsidiary motions, the name of the moving party, the action of the Meeting with respect thereto and such summary of statements made at the Meeting as will in the opinion of the Town Clerk contribute to a better understanding of the action of the Meeting.

IX. REFERENCE TO TOWN MEETING RULES

Wellesley Representative Town Meeting was established by Chapter 202 of the Acts of 1932 which has been amended several times since then. Certain customs have developed in the conduct of the Town Meeting. Wellesley custom does not differ substantially from the custom of other representative town meetings, as generally described in *Town Meeting Time* (Little, Brown, and Company 1962), a book which also contains references to applicable court decisions and statutes. All custom may be changed by law, or the Bylaws of Wellesley, as from time to time amended.

It is the combination of the foregoing which produces the "rules" of Wellesley Town Meeting in conformity with which the Moderator regulates the conduct of the meeting.