TOWN OF WELLESLEY

REPORTS TO THE
ANNUAL TOWN MEETING

MONDAY, MARCH 26, 2012
7:30 PM @ WELLESLEY MIDDLE SCHOOL AUDITORIUM

by the

ADVISORY COMMITTEE

BOARD OF SELECTMEN
AD HOC FACILITIES MAINTENANCE COMMITTEE
AD HOC ENCROACHMENT COMMITTEE
COMMUNITY PRESERVATION COMMITTEE
PLANNING BOARD
SUSTAINABLE ENERGY COMMITTEE

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

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

INDEX TO WARRANT ARTICLES

ARTICLE #	SUBJECT	PAGE
1.	Choose Moderator and Receive Reports	1
2.	Town Wide Financial Plan and Five Year Capital Budget Program	1
	APPROPRIATIONS - OPERATING AND OUTLAY	
3.	Amend Job Classifications Plan	3
4.	Amend Salary Plan - Pay Schedule	4
5.	Amend Bylaws - Appendix to Classification Plan and Salary Plans	8
6.	Establish Facilities Maintenance Department	9
7.	FY12 Budget	15
8.	FY13 Appropriations - Omnibus Budget and Capital Budget Program	17
	Municipal Light Plant - Tax Impact	17
	Budget Overview	26
	General Government – Board of Selectmen	31
	Other general Government	34
	Facilities Maintenance	36
	Public Safety	37
	Public Works	38
	Wellesley Free Library	40
	Recreation	42
	Health	42
	Natural Resources	42
	Wellesley Public Schools	43
	Employee Benefits	71
	Cash Capital and Debt Service	73
	Receipts Reserved for Appropriations	76
	Conclusion and Recommendation	77
9.	Appropriation - Set Salary of Elected Officials	79
10.	Appropriation - Stabilization Fund	79
11.	Appropriation - Municipal Light Plant	79
12.	Appropriation - Water Program (Enterprise Fund)	81
13.	Appropriation - Sewer Program (Enterprise Fund)	83
14.	Appropriation - Authorize/Reauthorize Revolving Funds	85
	APPROPRIATIONS - SPECIAL CAPITAL PROJECTS	
15.	Appropriation -Rockland Street Bridge Intersection Improvements	87
16.	Appropriation - Warren Building Maintenance	87
17.	Appropriation - Fire-Ladder Truck Replacement	87
18.	Appropriation - DPW Facility Improvements Recycled Materials Structure	90
19.	Appropriation - DPW Facility Improvements-Park/Highway Building HVAC	92
20.	Appropriation - Wales Street Bridge Reconstruction	93
21.	Appropriation - Bacon Street Reconstruction	93
22.	Appropriation - Community Preservation Fund	94
23.	Appropriation - Library Branch Maintenance	96

AUTHORIZATIONS

24. Authorization -Accept/Abandon Easements 96
25. Authorization - Water Fund Loan Authorization 97
26. Authorization - Special Legislation Authorizing Lease of Aqueduct Land 97
27. Authorization - Linden Square Lease Extension 98

ZONING AMENDMENTS

28. Authorization - Flood Plain -Amend XIVB 98
29. Authorization - Peer Review Costs– Amend XVIA Project Approval 100

TOWN BYLAW AMENDMENTS

30. Amendment - Impose Municipal Charges Lien 101

CITIZENS' PETITION

31. Amendment -Leaf Blower Regulation 102

GENERAL

32. Authorized/Unissued Loans 103
33. Authorization – Indemnify Town Employees 103
34. Appropriation – Expenses Incurred Prior to July 1, 2010 103
35. Authorization – Settle Claims 103
36. Authorization –Disposal of Property 104
37. Authorization – Appoint Fire Engineer 104

REPORTS

Report of the Board of Selectmen - Town Wide Financial Plan R-1
Report of the Board of Selectmen - Five Year Capital Budgeting Program R-18
Report of the Ad Hoc Encroachment Committee R-29
Report of the Ad Hoc Facilities Maintenance Committee R-31
Report of the Community Preservation Committee R-44
Report of the Planning Board R-48
Report of the Sustainable Energy Committee R-50

APPENDICES

A. Special Education Programs A-1
B. Glossary of Municipal Financial Terms A-5
C. Guidelines for Conduct of Wellesley Representative Town Meeting A-9

www.Wellesleyma.gov

TOWN OF WELLESLEY

REPORT OF THE ADVISORY COMMITTEE TO THE 2012 ANNUAL TOWN MEETING

TERM ENDS 2012	TERM ENDS 2013	TERM ENDS 2014
Virginia Ferko, Chair	Laura Hockett, Vice-Chair	Robert Capozzi
Jack Haley	Catherine Johnson	Becky Epstein
Maura Murphy, Secretary	Philip Licari	Ann Marie Gross
Rich Page	David Murphy, Vice-Chair	Marjorie Freiman
Derek Redgate		Deborah Robi
		Rich Woerner

To the Citizens of the Town of Wellesley: March 16, 2012

Annual Town Meeting will convene on Monday, March 26, 2012 at 7:30 P.M. at the Wellesley Middle School Auditorium, 40 Kingsbury Street, to consider the budget for fiscal year 2013 (FY13) as well as other appropriations and proposals. All residents are welcome to attend the meeting in person, or follow the proceedings on Wellesley Media Corporation's Government Channel (Comcast Channel 8, Verizon Channel 40).

This letter presents the Advisory Committee's perspective on key features of the FY13 budget and highlights other significant issues on the Warrant that are further described in the accompanying *Reports to the Annual Town Meeting (*Report*)*. If any additional recommendations are made by the Advisory Committee in the period of time between publication of the Report and the opening of Annual Town Meeting, a notice will be sent to Town Meeting Members by e-mail, and the new recommendations will be posted on the Town's website, **www.wellesleyma.gov**.

This year, the most significant Articles to be considered by Town Meeting are the FY13 budget, other requests for appropriation and a proposal to establish a consolidated Facilities Maintenance Department.

FY13 Budget

The details of the FY13 budget are presented in the Report on Article 8, along with Advisory's perspective on and analysis of its major components. Key highlights of the budget include:

Tax Revenue, State Aid and Local Revenue: The budget reflects a 4.1% increase in inside the levy tax revenue, including the allowed 2½% increase to the existing tax base plus $1.45 million of new levy growth. No increase in State Aid is anticipated and only a modest increase of 3.2% is assumed for Local Revenue.

Reserves to Balance the Budget: The use of approximately $2.9 million of reserved free cash is proposed to balance the FY13 budget. Town Boards have provided thoughtful and well-

supported budgets and cooperated in an effort to reduce initial operating and capital budget requests by approximately $1.3 million. The use of free cash to balance the budget is in lieu of further budgetary reductions or a Proposition 2½ override, which was anticipated in the Town Wide Financial Plan (TWFP) presented to 2011 Annual Town Meeting. This will be the sixth consecutive year that the Town has not sought an operating budget override. Looking forward however, the revenues projected in the TWFP for FY14, without the further use of reserved free cash or an override, are not sufficient to fund any significant budget increases for operating or capital expenses next year.

The Advisory Committee, after careful review of the proposed budget, does not recommend further reductions to FY13 departmental operating budgets or deferral of proposed capital spending. We agree with the decision of the Board of Selectmen not to seek an override in light of the leadership transition in the School Department, an economic climate that remains challenging for many Town residents and businesses, and our positive assessment of the Town's general financial health, including the adequacy of reserves and the Town's sustained commitment to funding its pension and Other Post Employment Benefits (OPEB) liability.

The Town's current level of reserves is 10.1% of operating revenue (Stabilization Fund balance of $3 million plus $8.4 million in certified Free Cash). Use of reserves to balance the FY13 budget is expected to reduce reserves by $2.9million. Anticipated generation of approximately $2.7 million in free cash this year is expected to result in a reserve level of approximately 9.7% on June 30, 2012. The Government Finance Officers Association (GFOA) recommends reserves of 5 to 15% of revenue.

Use of Funds: The budget request for operations, cash capital and debt service within the levy limit is an increase of 4.7% over the FY12 appropriation. Primary budget drivers include:

***Personnel Costs*:** Compensation and benefits for current and retired employees represent the most significant drivers of budget increases.

- The budget meets the Town's obligations under collective bargaining agreements, most of which are settled through the end of FY13, providing cost of living increases in the range of 1 to 1.5%. Contractual provisions for additional compensation for longevity (steps) and educational achievement (lanes) more significantly impact increases in personnel costs, particularly in the school department where 57% of the teaching staff are eligible for step increases averaging 4.2%.

- A 2% cost of living increase is provided for the Town's non-union, non-managerial staff. Reinstatement of a Merit Pay Plan to provide performance based increases for managerial personnel is proposed (Article 4). The cost of living increase in the budget for School non-union employees is 1%.

- Group insurance benefits for active and retired Town employees continue to be a key factor in the budget (an increase of $850,000, 5.8%) primarily as a result of increased enrollment. The budget reflects cost savings as a result of a 0% premium increase for the "Rate Saver" health insurance plans and the Town's efforts, pursuant to recent State legislation, to enroll retired employees in Medicare and Medicare Supplement plans instead of substantially more expensive "Legacy" plans.

- The proposed contribution to the Town's Pension obligation will increase by 22% to $3.2 million, as was anticipated in the Town Wide Financial Plan, and $3 million is again budgeted to fund the OPEB liability.

School Department Budget: The School Department has been in a state of transition over the past several months, first with the resignation of the Superintendent (effective June 30) followed by the departure of the Business Manager. While the transition posed potential hurdles for budget development, the transition team has worked tirelessly to develop the FY13 budget and we are confident that the budget proposed accurately reflects the costs required to deliver the current level of education. The Advisory Committee Report on Article 8 provides a detailed description and analysis of the budget process (including the necessary reconstruction of FY12 spending projections), major factors affecting the School Department budget and Advisory's observations and recommendations going forward. Further detail on Special Education programs, funding and spending is appended to this Report at page A-1.

The primary driver of the School budget continues to be Personal Services. While the annual increase provided in the teachers collective bargaining agreements for FY13 was 1%, the additional increases provided by steps and lanes, combined with the loss of stimulus funds, contribute to a total increase in Personnel Services of 6.1% overall. The Special Tuition, Transportation and Inclusion (STTI) budget reflects a decrease over FY12 of 7.5%, a reversal of recent trends. The net effect of these factors is a proposed budget increase of 4.2% over FY12.

Commitment to Facilities Maintenance

The establishment of a new Facilities Maintenance Department, the associated request for funding under Article 8 and increased funding for facilities cash capital and other projects represent a significant additional commitment of resources to the maintenance of Town buildings.

- **Consolidated Facilities Maintenance Department**: Pursuant to the recommendations of the Ad Hoc Facilities Maintenance Committee (AHFMC) established by the action of 2011ATM, Town Meeting will be asked to consolidate the maintenance of most Town and all School buildings under a single, newly created and separately budgeted Facilities Maintenance Department (FMD).

- ***Facilities Capital:*** The Capital budget includes an increase of $445,500 in funding for facilities cash capital. Other requests include $75,000 for design of a new HVAC (Heating, Ventilation and Air Conditioning) system for the Park & Highway Building, to be funded from free cash (Article 19) and an additional borrowing of $220,000 for a Recycled Materials Loading Structure at the Recycling and Disposal Facility (Article 18).

Other Appropriation Requests:

- Supplemental FY12 Appropriation for Unemployment Compensation (Article 7).
- Borrowing by the Town to replace a Tower Platform Ladder Truck for the Fire Department (Article 17) and for the reconstruction of Bacon Street (Article 21).
- Community Preservation Committee (CPC) request to grant $330,000 to the Wellesley Housing Development Corporation (Article 22).
- Water Enterprise Fund borrowing to install and modify water wells at Morses Pond Wellfield (Article 25).

Looking Forward –Town Wide Financial Plan (TWFP)
The Report of the Board of Selectmen on the TWFP is included in this Report at page R-1. The TWFP is the Town's primary tool for looking beyond the next year's budget. It is now presented at the start of ATM so that Town Meeting is then prepared to make subsequent decisions in context of future obligations and opportunities. The projections and assumptions for FY14 and beyond that will be presented reflect growth in personnel costs and employee benefits, including funding for OPEB and pension liabilities that continue to outpace revenue generation. While the Town should continue to support reasonable cost-of-living salary increases and the effort to remain competitive in the marketplace, it is clear that the current rate of total salary increases is not sustainable in the long term without a commensurate increase in Town revenues. Advisory recommends that Town Boards and Departments diligently consider total employment benefits, real market trends and sustainable compensation in the context of collective bargaining that will impact the budget beginning in FY14.

Other Articles for Consideration at Town Meeting:

- Zoning Bylaw and Map amendments related to Flood Plain to comply with the requirements of the Federal Emergency Management Agency (FEMA)and the National Flood Insurance Program (Article 28);

- Zoning Bylaw amendment clarifying the responsibility of Project of Significant Impact (PSI) applicants to pay the costs associated with post-development peer review (Article 29);

- Authorization for the Town to impose municipal charges liens, if approved by the Board of Selectmen after a hearing, for the cost incurred by the Town in correcting encroachments pursuant to the Encroachment Policy and Encroachment Correction Procedure previously adopted by all Town Boards with jurisdiction over Town Land (Article 30);

- A Citizens Petition for a Bylaw to regulate the commercial use of leaf blowers on residential property (Article 31).

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. I also thank my colleagues on the Advisory Committee for their thoughtful and respectful approach to our work this year. Their dedication and sound judgment are greatly appreciated.

Town Meeting is an opportunity to examine important issues, enter into dialogue, and vote as a community on how to best serve our Town and its residents. We hope that this Report adequately provides the information necessary to understand the issues on the Warrant for discussion and action at Town Meeting.

Sincerely,

Virginia Ferko, Chair

ARTICLE 1. To choose a Moderator to preside over said meeting and 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 Report of the Ad hoc Facilities Maintenance Committee, and discharge presently authorized special committees; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 2. To receive the Reports of the Board of Selectmen on the Five Year Capital Budget Program and Town-Wide Financial Plan pursuant to Town Bylaw Sections 19.5.2 and 19.16; or take any other action relative thereto.

(Board of Selectmen)

The Reports of the Board of Selectmen on the Town Wide Financial Plan (TWFP) and the Five Year Capital Budget (Capital Program), including supporting exhibits, are included in this Report, pages R-1-28. Since 2005, the TWFP and the Capital Program have been reported and presented to Annual Town Meeting. Last year, in an attempt to make the Town's long-range financial planning more robust, the Board of Selectmen agreed to pursue a process recommended by a Study Committee comprised of ex-Advisory Committee chairs. Under this process, the Executive Director of General Government Services, working under the direction of the Board of Selectmen, prepares and presents the TWFP and Capital Program at the start of each Annual Town Meeting (ATM). Town Meeting is then prepared to make subsequent decisions not only with knowledge of the current environment, but in the context of future obligations and opportunities.

Advisory has reflected on the effectiveness of the process and the extent to which the plan is achieving the stated goals. These goals are:

- To introduce a five-year forecasting horizon rather than the previous two-year model;
- To extend the planning cycle to a year-round process;
- To encourage participation and buy-in by all Town Boards;
- To increase transparency and public discussion; and
- To evolve the role of the Advisory Committee.

Five Year Forecasting Horizon

The Capital Program provides a project specific schedule of spending in the current year (FY13), the out year (FY14) and the future years (FY15- FY17). This schedule makes apparent the costs associated with capital spending projects and enables prioritization in the context of affordability. In the current and out year, this is an effective planning tool to help determine priorities given the well-defined financial capacity. However, for those items in the future years, there has traditionally been less public assessment. Advisory acknowledges that much in the Capital Program is routine scheduled replacement and/or maintenance, and therefore may not require much additional rigor, but many are not. Insufficient scrutiny of future capital spending projects at initial inclusion in the Capital Program, while resulting in no immediate budgetary impact, has the potential to bias assessment creating the assumption that if an item has been in the Capital Program for many years it has been well justified. Therefore, it is incumbent upon Town boards to employ rigorous assessment for all items in all years before inclusion in the Capital Program. The Advisory Committee should expand its review of the Capital Program to include more focus and analysis beyond the current year.

The TWFP, as presented in the Reports, projects revenues and spending from FY13 to FY17 using one set of assumptions. This critical information is needed to fully realize the multi-year impact of the current rate of growth in areas such as Employee Benefits and costs associated with collective bargaining. However, a projection using one set of assumptions runs the risk of communicating that it is the presumed course of action. A more useful process going forward might include multiple scenarios with a range of both revenue and cost projections. One of the scenarios should present the measures and prioritization required to yield a balanced budget (no deficit or surplus). This approach would provide a context for current planning without setting expectations that then become base assumptions and would avoid creating the sense that additional funding through an override is inevitable. It would, however, make clear the tradeoffs required to reach a balanced budget, providing valuable information to the Town as it weighs the options.

Year-round process and participation by all Town Boards

The presentation of the Capital Program and TWFP at ATM encourages forward-thinking budget development for the out year in particular. However, Town Departments have differing levels of rigor in terms of providing input into the plans. Application of across-the-board budget increase projections in the TWFP has simplified the process, but this approach going forward will not provide meaningful projections or provide a basis from which to form guidelines in the out year. Advisory suggests the use of a consistent planning approach across Town Departments be initiated as this process continues to develop. Such a planning approach would include a detailed rationale for each key assumption, the basis for significant changes and a discussion of outcome measures (the metrics by which department effectiveness can be evaluated). This will be particularly important in the coming year for the School Department as it develops new models of financial management and planning.

Transparency and Public Discussion

The presentation of the Capital Program and the TWFP under this Article provides Town Meeting the opportunity to review and comment on the assumptions underlying the plans. Under this article, Town Meeting is simply asked to acknowledge the presentation of the Town Wide Financial Plan by the Board of Selectmen (BOS), not to approve or authorize the content. Advisory encourages members to use the opportunity of Annual Town Meeting to provide feedback to Town leaders and to critically assess and discuss the priorities and plans afforded by these plans.

Advisory appreciates the quality of the Reports the BOS has presented for Town Meeting's consideration and acknowledges the efforts of the Executive Director, the Finance Director and other staff in managing and reporting on the Town's financial planning process.

Advisory recommends favorable action, 14 to 0.

APPROPRIATIONS – OPERATING AND OUTLAY

ARTICLE 3. 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 out the job classifications by group for all Town employees other than School Department employees. The Human Resources Board is empowered under Article 31 to establish new classifications, to amend these job classifications to reflect changes in job content, and to delete classifications that are no longer needed. These actions are considered at the request of Town Boards during the fiscal year and reviewed by the Human Resources Board. Any change to a classification that is not covered by a collective bargaining agreement requires approval by the Human Resources Board.

This motion seeks Town Meeting approval for such actions taken during FY12 to adjust the classification of positions as required to meet the personnel needs of the Town and/or as required by the Town Bylaws. There are typically three types of changes: *New Classifications, Reclassifications* and *Title Changes*:

New Classifications are new positions that have been created since the 2011 Annual Town Meeting to meet the Town's needs. This year, there are no new classifications.

Reclassifications are existing positions for which the duties, functions, or requirements have changed since the 2011 Annual Town Meeting. The Human Resources Board re-evaluated these positions based on revised position descriptions provided by the respective Town Boards and the Hay System of Job Evaluation.

This year, there were four reclassifications resulting in a change in *Job Group* but no change to *Job Title*:

Classification	Department	Prior Job Group	New Job Group
Senior Customer Service Representative*	MLP	38	48
Communications Clerk/Receptionist*	MLP	34	44
Administrative Records Clerk*	MLP	33	43
Accounting Clerk	Treasurer	46	47

**The MLP Reclassifications were approved as part of the agreement negotiated to remove these positions from collective bargaining.*

Additionally this year, there was one reclassification resulting in a change in *Job Title*:

Prior Title	Department	New Title
Health Communications & Services Specialist	Health	Community Health Coordinator

Lastly, this year there were three reclassifications resulting in both a change in *Job Title* and in *Job Group*:

Prior Title and Job Group	Department	New Title and Job Group
Assistant Director for Technology (59)	Library	Information Technology Director (58)
Conservation Administrator (52)	NRC	Assistant NRC Director (54)
Administrative Assistant (48)	Health	Office Administrator (49)

This article does not require an appropriation. All incremental costs incurred in FY12 due to these changes are being funded in the respective departmental budgets and have been included in the FY13 budget request in Article 8.

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

Advisory appreciates the responsibility of the Human Resources Board to review change requests to ensure fair, appropriate and consistent classification of positions across the Town. Individual boards are responsible to ensure that such requests fall within current and projected budgets. Advisory considers these actions of the Human Resources Board in FY12 consistent with these objectives.

Advisory recommends favorable action, 11 to 0.

ARTICLE 4. 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)

MOTION 1

The Human Resources Board (HRB) seeks Town Meeting approval to amend *Schedule B: Salary Plan - Pay Schedules* for the Series 40 employees. Schedule B sets the rates of pay for all Town employees except School Department personnel.

The proposed Schedule B adjusts the Series 40 salary schedule to grant a 2.0% pay rate increase for the entire group. These positions are non-union, non-management staff and are eligible for overtime.

In order to determine a reasonable and appropriate increase in Series 40 salary schedule, the HRB has reviewed key inflation indicators and benchmark surveys. In summary,

- Estimates of inflation in calendar year (CY) 2011 range from 2.5 to 4.2%. Projected inflation for CY 2012 is 2.0%.
- Benchmark surveys indicate that Town Series 40 employees continue to lag, with the average maximum (step 6) at 4% lower than comparable market rates.

Based on this data, the HRB has determined that a 2.0% increase in the Series 40 Salary Plan – Pay Schedule is appropriate and equitable. The 2.0% increase translates to a net increase of approximately $42,900 and has been included in the individual department FY13 budgets presented in Article 8. The increase associated with step increases remains unchanged; the average step value is 4.56%. Most 40-series employees are currently at Step 6 and will not receive a step increase.

SCHEDULE B

SALARY PLAN – PAY SCHEDULES

Rates effective as indicated as of July 1, 2012

Hourly rates – reflects 2% increase over FY12

Job Group	**Step 1**	**Step 2**	**Step 3**	**Step 4**	**Step 5**	**Step 6**
49	21.60	22.57	23.59	24.66	25.77	26.92
48	20.75	21.68	22.65	23.66	24.74	25.84
47	19.90	20.79	21.73	22.72	23.73	24.79
46	19.07	19.93	20.82	21.77	22.75	23.77
45	18.18	19.00	19.86	20.75	21.68	22.65
44	17.33	18.12	18.93	19.79	20.67	21.60
43	16.47	17.22	17.99	18.80	19.64	20.53
42	15.62	16.32	17.05	17.83	18.63	19.47
41	14.91	15.60	16.30	17.02	17.79	18.57

Hourly rates – reflects 2% over FY 11

Trade positions – non-union

Job Group	**Step 1**	**Step 2**	**Step 3**	**Step 4**	**Step 5**	**Step 6**
T19	24.78	26.01	27.32	28.68	30.12	31.62

Advisory considers the proposed increase to the Series 40 Pay Plan and Pay Schedules reasonable and appropriate.

Advisory recommends favorable action, 11 to 0.

MOTION 2

The HRB seeks Town Meeting approval to amend Schedule B: Salary Plan - Pay Schedules for the Series 50 employees by adjusting the salary ranges as follows:

SCHEDULE B
SALARY PLAN – PAY SCHEDULES
Salary rates effective as indicated as of July 1, 2012
Reflects 2.0% increase over FY 11 ranges at midpoint

Job Group	Minimum	Midpoint	Maximum
69	119,630	152,400	185,170
68	110,920	141,300	171,680
67	102,760	130,900	159,040
66	95,140	121,200	147,260
65	88,160	112,300	136,440
64	82,270	104,800	127,330
63	76,850	97,900	118,700
62	71,980	91,700	111,190
61	67,350	85,800	104,030
60	63,360	80,200	97,040
59	59,010	74,700	90,390
58	55,380	70,100	84,820
57	51,990	65,400	78,810
56	48,650	61,200	73,750
55	45,390	57,100	68,810
54	43,460	54,500	65,540
53	41,390	51,900	62,410
52	39,320	49,300	59,280
51	37,520	46,900	56,280
50	35,840	44,800	53,760

Network and Information Systems

Job Group	Minimum	Midpoint	Maximum
61	76,230	96,800	117,130
60	71,650	90,700	109,750
59	66,990	84,800	102,610
58	62,330	78,900	95,470
57	58,670	73,800	88,930
56	55,010	69,200	83,390
55	52,230	65,700	79,170
54	49,920	62,600	75,280
53	47,610	59,700	71,790
52	45,220	56,700	68,180
51	43,360	54,200	65,040

It is important to have a salary structure that is reflective of comparable market rates and is able to accommodate appropriate salary increases. The prescribed salary range for a given position should be consistent with the market rate for that position. The above schedules reflect an increase of 2.0% at midpoint.

The proposed increase does not result in any employee automatically receiving a salary increase, but rather accommodates potential increases under the Merit Pay Plan (see Motion 3), and keeps the ranges flexible and competitive with market rates.

Advisory considers the proposed increase to the Series 50 Salary ranges reasonable and appropriate.

Advisory recommends favorable action, 11 to 0.

MOTION 3
The HRB seeks approval for an appropriation of $150,000 for the re-institution of the Merit Pay Plan for Series 50 employees and a reserve for mid-year adjustments.

Merit Pay Plan
The Town of Wellesley has historically provided for salary increases to the 50 and 60 series employees based on performance and standing in the salary range. Three years ago, economic conditions put downward pressure on all department budgets, constraining overall increases to approximately 1%. At that time, he HRB, in consultation with other Town Boards, determined that a meaningful, performance-based plan was not appropriate. Therefore, the Merit Pay Plan was suspended temporarily and across-the-board increases were awarded.

While economic conditions continue to put pressure on budgets, the HRB has determined that reinstatement of the Merit Pay Plan in FY13 is appropriate and reasonable to ensure that Town employees are justly compensated for performance and that salaries remain competitive in their standings.

Therefore, the HRB requests a total of approximately $120,000 to fund the FY13 Merit Pay Plan, yielding a projected average increase of 2.5%. The salary increases are not automatic, but will be based on position in a “matrix” which sets salary increase guidelines that reflect a combination of position in the salary range and the individual's performance rating received in annual review.

Salary Adjustment Reserve
This Reserve is a pool designed to enable the funding of incremental salary increases for 1) positions identified as significantly below comparables; 2) individual salaries identified as significantly below market rate; and 3) mid-year promotions or other reclassifications that are not able to be funded in the respective Town Department. The appropriation request for this reserve is $30,000.

This request is significantly higher than the FY12 appropriation ($12,000). The HRB has identified a list of approximately 12 positions and/or individuals across the Town currently compensated at levels below the market rate. In FY13, the HRB plans to develop at priority list to fully research and benchmark these positions. The HRB will work with Town Boards and ultimately recommend specific actions in order to bring these positions up to current market rates. The Salary Adjustment Reserve will be used to fund these actions in FY13.

Therefore, the HRB is requesting an appropriation as follows:

Merit Pay Plan	$120,000
Reserve	$30,000
Total request	**$150,000**

Advisory agrees that the reinstatement of the Merit Pay Plan is consistent with the Town's objectives to compensate employees fairly, at the appropriate market rate as best as possible, and based on performance. There was concern noted that any increase might be considered fiscally irresponsible given the current economic climate and that the commitment of any discretionary funds should be delayed. In general however, Advisory believes the approach outlined in the proposed Merit Pay Plan, and the effort and funds provided in the Salary Adjustment Reserve, will enable progress toward the stated objectives.

Advisory recommends favorable action, 10 to 1.

Other possible motions: The Town is currently conducting collective bargaining negotiations with one of its eight unions (Library). If settlements are reached before the end of Town Meeting, a motion or motions will be made under Article 4 to approve any change in the pay schedules associated with such settlements.

ARTICLE 5. To see if the Town will vote to amend ARTICLE 31 of the Town Bylaws by making changes in the appendix to the Classification and Salary Plans established under Sections 31.1 and 31.6 respectively, which constitutes part of said Bylaws, relating to vacation benefits for employees in Job Groups 40-49; or take any other action relative thereto.

(Human Resources Board)

The HRB seeks approval to amend Article 31 of the Town Bylaws in order to make a change to the vacation benefit for Series 40 employees. The proposed change reduces the service requirement for three weeks of vacation from the current five years to three years. This change makes the vacation benefit for Series 40 employees consistent with the vacation benefit for Series 50 employees.

Current		**Proposed**	
Service period	***Vacation***	***Service Period***	***Vacation***
6 months	1 week	6 months	1 week
1-4 years	2 weeks	1-2 years	2 weeks
5-9 years	**3 weeks**	**3-9 years**	**3 weeks**
10-19 years	4 weeks	10-19 years	4 weeks
20 years or more	5 weeks	20 years or more	5 weeks

Advisory agrees in the efforts to achieve internal equity in employee benefits as well as external competiveness. There was concern noted that increases in employee benefits given the current budget pressures should be minimized. In general however, Advisory agrees with the HRB's efforts to make benefits consistent for Series 40 and 50 employees and that the proposed change is reasonable and appropriate.

Advisory recommends favorable action, 10 to 1.

ARTICLE 6. To see if the Town will vote to:

a) establish a new department to be responsible for the maintenance of town owned buildings and grounds;
b) amend the Town Bylaws to establish such a department, a copy of the currently proposed bylaw being on file in the offices of the Town Clerk;
c) direct, pursuant to Section 68 of Chapter 71 of the General Laws, that the general charge and superintendence of school buildings become the responsibility of such a department;
d) create, pursuant to Chapter 40, Section 5B of the General Laws, a special purpose municipal stabilization fund for the purpose of reserving money to pay for facilities capital maintenance; to raise and appropriate, or otherwise provide, including transfer from available funds, a sum of money for said fund; or take any action relative thereto.

(Ad Hoc Facilities Maintenance Committee)

This Article requests adoption of amendments to the Town Bylaws to establish a consolidated Facilities Maintenance Department (FMD) responsible for the maintenance, repairs, custodial and cleaning services, preventative maintenance and capital planning for Town-owned buildings, including all School buildings, but excluding Municipal Light Plant and Water & Sewer Enterprise Fund facilities..

Background

The 2011 Annual Town Meeting unanimously approved a motion to establish an Ad Hoc Facilities Maintenance Committee (AHFMC) to evaluate the Town's facilities maintenance practices. The Committee was specifically tasked to recommend a management and operating structure to best meet the short-term and long-term maintenance needs of all of the Town's buildings. Town Meeting Members who spoke to this motion were concerned that Wellesley has not adequately invested in the maintenance and upkeep of Town-owned buildings. Town Meeting Members suggested that decentralized responsibility for maintenance has fostered inefficiency and that budgetary pressures have led some individual boards and committees to inadequately fund facilities maintenance in favor of allocating scarce resources to core programs.

There have been other attempts in recent years to develop a new approach to the maintenance of the Town's buildings. In 2006, a Facilities Director was hired to begin the process of moving the Town toward a consolidated maintenance function for both Town and School buildings, but no provision was made to centralize funding or authority for facilities maintenance in support of this process. The approach was not successful. In FY09, a Facilities Maintenance Department was created to consolidate building and certain ground maintenance functions under the joint management of the Board of Selectmen and the School Committee. The FY10 and FY11 Town budgets provided funding increases for consolidated facilities maintenance operations. During FY11, however, efforts to consolidate the responsibilities for facilities maintenance were terminated, reportedly as a result of a failure to achieve consensus among School and Town departments around allocation of resources, staffing and reporting relationships.

Recommendation of Ad Hoc Facilities Maintenance Committee

The AHFMC has met regularly since May 2011, conducted interviews, evaluated best practices for facilities maintenance in other towns and commercial organizations and solicited input from Town boards and committees. The AHFMC published its recommendations in a *Report to the 2012 Annual Town Meeting* (AHFMC Report) See page R-31.

The AHFMC recommends that the Town consolidate the facilities maintenance of all Town and School buildings under a single, newly created and separately budgeted Facilities Maintenance Department (FMD) effective July 1, 2012. The AHFMC recommends that the FMD and its Director:

- Manage the maintenance and repair function for Town buildings and structures including the management of all utilities and facility maintenance and custodial personnel;
- Report to the Town's Executive Director and ultimately to the Board of Selectmen;
- Develop a long-term preventative maintenance plan and estimate the capital costs of preventative maintenance projects using a five year time horizon ;
- Submit an annual stand-alone operating and cash capital budget including utilities for approval at Annual Town Meeting (ATM);
- Focus on responsive customer service and provide building "owners" direct input into performance reviews within the FMD; and
- Implement a town-wide computerized maintenance management system to measure, monitor and prioritize the activities of the FMD.

The AHFMC further recommends that:

- Town Meeting transfer authority for School building maintenance from the School Committee to the FMD pursuant to the General Laws;
- Municipal Light Plant and Water & Sewer Enterprise Fund facilities be excluded from the jurisdiction of the FMD since those organizations have, by their charters, full control over their buildings;
- Department of Public Works buildings be included, but deferred for one year, until July 1, 2013, to reduce the initial complexity of consolidating existing organizations;

The FMD will be responsible for maintenance, custodial services and related capital planning for all School buildings and structures, Town Hall, the Main Library and the two Branch Library buildings, the Police Station, the Warren Building, Morses Pond Bath House and both Fire Station buildings, although Fire Department personnel will continue to provide routine custodial services in the Fire Stations.

Organization, Reporting Structure

The rationale for a consolidated organization of facilities maintenance, as outlined in the AHFMC Report, includes:

- Development of a professional and accountable management team to focus specifically on maintenance of increasingly complicated infrastructure, absent budgetary pressure to divert building maintenance resources to other functions;
- Increased capacity for long-term planning for preventative maintenance; and
- Cost effective management of Town assets and energy consumption as a result of economies of scale that enable the Town to employ skilled trades people and an energy manager.

The AHFMC explored a variety of reporting relationships for the FMD, as is discussed in detail in the AHFMC Report, and recommends that the new department and its director be appointed by and report to the Town's Executive Director for General Government Services. The advantages cited for this reporting relationship include the Town-wide perspective of the Executive Director and the Board of Selectmen, to whom he reports, and the Executive Director's focus on the long term financial planning process and availability for day to day

support. The current Executive Director's commitment to increased facilities maintenance investment and focus was also a factor in the AHFMC's recommendation.

Staffing
The AHFMC found that Wellesley's spending on Personal Services dedicated to facilities maintenance is significantly below all benchmarks analyzed (see AHFMC Report, p.R-39) and recommends increased staffing levels to enable the town to adequately meet its facilities maintenance needs.

The AHFMC recommends that the FMD be staffed with a management team capable of effectively operating and administering the prescribed functions and duties. This team will include a director, an assistant director, a maintenance/operations manager, a custodial services manager, an energy manager and two (2) administrative assistants. The AHFMC believes that additional management resources are necessary to effectively plan, manage and implement long-term programs and projects. The AHFMC further believes the current facility maintenance and custodial staffing level is not adequate to address current requirements and recommends that additional personnel be added including, two (2) additional FTE maintenance staff and 5.5 FTE custodians. The Human Resources Board is in the process of developing job descriptions for the new positions. A draft proposed organizational chart is appended to the AHFMC Report, p. R-43.

Full-time Equivalents (FTE)	Current Staffing	Additional Resources	FY13 Budget
Management & Admin.	3	3	6
Tradespeople/Energy Manager	5	3	8
Custodians			
- School	35	5.5	40.5
- Town	8.8		8.8
	51.8	11.5	63.3

The AHFMC acknowledges that issues related to collective bargaining agreements will arise in transferring staff from existing departments to the new FMD. A task force is proposed to study and resolve these issues.

The AHFMC believes that over time there maybe opportunities to outsource certain aspects of facilities maintenance. The FMD management would be expected to begin to evaluate these possible options during FY13 and beyond.

Resources and Proposed FY13 Operating and Facilities Cash Capital Budget
To accomplish consolidation of facilities maintenance under the proposed FMD, the AHFMC recommends that proposed FY13 departmental operating and cash capital budgets be restated to transfer funding for facilities maintenance personal services, expenses, utilities and cash capital to the operating and capital budget for the new FMD. This will provide Town Meeting the opportunity, under Article 8, to directly fund the new FMD and to ensure that resources allocated to the new department are not subject to diversion or reallocation for other purposes by Town boards.

The incremental operating cost of the new FMD in FY13 over and above what would have been budgeted for facilities maintenance in existing departmental budgets is approximately $599,000.

This represents funding for an additional 11.5 personnel[1] ($413,070), and additional expenses ($186,325). Personnel costs have been discounted due to hiring lag; not all new personnel will be hired as of July 1, 2012. The incremental personnel costs do not include employee benefits. A $171,387 favorable adjustment to initial departmental utility budgets, as a result of more refined projections, results in the request under Article 8 for net additional resources of $428,003 for the new department.

	Budgets as Submitted	Reorg.	Utilities Realignment	Added Resources	Total
School Facilities					
Personal Service	$2,156,259	($2,156,259)			
Expense	340,240	(340,240)			
Town Facilities					
Personal Service	707,659	(707,659)			
Expense	226,132	(226,132)			
Utilities					
Schools	1,908,278		(1,908,278)		
Police Station	82,950		(82,950)		
Fire Main Station	80,227		(80,227)		
Town Hall	72,474		(72,474)		
Library Main Building	146,346		(146,346)		
Warren Building	52,100		(52,100)		
Facilities Maintenance Dept					
Personal Services		2,863,918		413,070	3,276,988
Expense		566,372		186,325	752,697
Utilities			2,342,375	(171,387)	2,170,988
				$428,008	**$6,200,673**

The proposed FY13 FMD cash capital budget includes a request for $893,500 for facilities maintenance projects, an increase of $445,500 (74.5%) over FY12. The Five Year Capital Plan is expected to include substantial capital maintenance investment over the next several years. An assessment of school buildings is being completed by Symmes Maini & McKee Associates (SMMA) to identify and prioritize school capital maintenance needs. It is anticipated that the findings of this assessment will be incorporated into the Five Year Capital Plan beginning next year.

Advisory Considerations and Observations

The Advisory Committee has considered the recommendations of the AHFMC and makes the following observations:

Organization and Consolidation
The AHFMC makes a compelling argument for consolidating responsibility and accountability for facilities maintenance for School and Town facilities in one department, under the direction of an experienced facilities professional. Advisory believes that the Town's current decentralized

[1]Net increase of 9.5 FTE due to two budgeted but unfilled positions in the BOS FY12 budget

organizational model has resulted in significant deferral of preventive maintenance and a lack of focus on long-term capital maintenance planning for many of our buildings. The FMD, if appropriately staffed and resourced, will have better capacity to manage the Town's increasingly complex building infrastructure.

Given the history of efforts to accomplish consolidation over recent years, it is significant and highly encouraging that the AHFMC's process included discussions and input from all the Boards and departments that would be affected and its recommendations have broad support, including School Committee approval.

The AHFMC's recommendation to make the FMD a customer focused organization in which the users are the Department's customers should reasonably accommodate the needs of building "owners" to have substantial input on building maintenance issues. It is important for building managers be given authority to require custodial staff to respond to daily requests for services and to emergencies that might arise in their buildings and that they be given a meaningful role in performance review.

Reporting Relationship
The recommended reporting relationship is both reasonable and workable. While many of the alternatives explored by the AHFMC are also compelling, there is value, particularly at the inception of the new department, to providing for FMD oversight by the Executive Director. Advisory notes that having the FMD report to the Executive Director may support a high level of financial rigor around monitoring and assessing the department's performance. The Executive Director will provide the new Director valuable town-wide perspective and day-to-day availability.

Other suggested reporting models analyzed by the AHFMC, such as the Permanent Building Committee (PBC) and Board of Public Works (BPW) may be useful for the Town to consider after the FMD is fully launched. The BPW oversees the maintenance of much of the Town's non-building infrastructure (sidewalks, roads, parks and fields) and could provide a natural fit. The PBC includes members with facilities maintenance expertise. The coordination of planning for on-going maintenance with new building design is appealing and should be prioritized whether or not the FMD reports to the PBC.

Buildings and Facilities Inventory
Advisory agrees that the exclusion of the Enterprise Fund facilities, due to their specific charters and the nature of their infrastructure is reasonable. Advisory expressed some concern that the all-in costs of the new FMD will not be known until the maintenance costs of all Town facilities expected to be included under its management are included in its budget. Deferring the inclusion of the DPW facilities, however, until the new DPW administration building comes online next year and the details related to the maintenance of other DPW facilities may be addressed was a reasonable practical accommodation. The Executive Director predicted that there would be little or no additional cost associated with incorporating DPW facilities under the FMD next year.

Staffing & Resources
Advisory accepts the conclusions of the AHFMC that Town spending on facilities maintenance overall is significantly below what benchmarking data indicates it should be. The Board of Selectmen has raised this concern in their Town Wide Financial Plan for many years. Advisory agrees that appropriate resources, including sufficient staff at the managerial, skilled maintenance and custodial level is necessary for the productivity and success of the new FMD.

- Managerial Strength
  Advisory considered a number of factors in support of the proposed addition of managerial strength to the FMD including: the need to commit personnel to the task of long-term planning for facilities maintenance; the volume of capital maintenance projects that the Town plans and has budgeted for this year and forecasts in the near future, especially pending completion of the SMMA Report; the complexity of existing building systems, particularly in the new High School; and the need for training and supervision of the proposed additional skilled maintenance and custodial staff.

- Skilled Trades People
  Employing additional skilled trades people to work across all Town buildings has potential to increase efficiency by allowing the development of an institutional familiarity with our systems, especially if this is combined with an effort to standardize the products and systems installed across all buildings. Specialized services by outside contractors will still be necessary, but Advisory believes that there is potential for long-term cost savings as a result of more in-house skill and capacity. Advisory expressed some concern about union issues that may need to be resolved before additional trades people may be effectively utilized in all buildings and suggests caution in the pace of hiring to avoid a commitment to additional staff before it is certain they may be employed at full capacity.

- Energy Manager
  The AHFMC found that other towns have experienced utility savings after hiring an energy manager to monitor and manage energy consumption and Advisory agrees that is a worthwhile opportunity for measurable savings. Advisory recommends that the energy manager work closely with building managers and their supervising Boards to be sure energy consumption remains a consideration for them as they plan their program, even though energy costs will be managed outside their budgets.

- Custodial Staff
  The addition of 5.5 FTE custodians in FY13 was an initial concern for many on Advisory who may have preferred a phased approach to additional staffing, more careful consideration of the merits of outsourcing and more thorough evaluation of potential union issues. It was also suggested by Advisory that increased training and supervision coupled with more efficient equipment and supplies, should result in increased productivity of custodial staff resulting in a need for fewer than 5.5 additional staff. It was the assessment of the AHFMC and other proponents that the number of additional staff is needed, even assuming those expected efficiencies. In their judgment, this was the minimum required staff to adequately clean and maintain the buildings.

Conclusion

The Advisory Committee appreciates the AHFMC's thoughtful and time consuming process and applauds their comprehensive consideration of the Town's facilities maintenance concerns.

Advisory unanimously supports the AHFMC's recommendation and the associated Bylaw amendments necessary to establish a consolidated and separately budgeted Facilities Maintenance Department led by a Director of Facilities who will report to the Executive Director. Advisory fully supports shifting responsibility for the maintenance of School buildings from the School Committee to the new FMD.

Advisory recognizes that the establishment of the FMD and the associated request for funding under Article 8 represent a significant investment of Town resources in this effort. Concern was initially expressed by Advisory about the incremental increase in the level of funding requested to staff and otherwise resource the new FMD. While funding for the new FMD is not specifically under consideration in this Article, it is central to the establishment of the new department as recommended. The wisdom of a more phased approach to funding was seriously evaluated by Advisory. The additional staffing and expenses were, however, well explained by the AHFMC and other proponents who argued that deferring transition to an adequately funded and fully functioning department imposed significant risk of a failed process, particularly in light of the Town's difficult historical attempts to successfully consolidate this function. Advisory weighed these considerations and believes, on balance, that the staffing and spending levels represented in the FMD budget under Article 8 are justified and necessary to achieve the goals of the new department that Advisory supports, including:

- Accountable management and a more transparent planning and budgeting process;
- Greater efficiency, including improved management of energy consumption and other costs;
- Improved routine care and maintenance of Town facilities to improve the environment for current users including employees, students and residents; and
- Increased attention to preventive maintenance to preserve our increasingly complex infrastructure.

Advisory recommends favorable action, 14 to 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 2011 Annual Town Meeting; or take any other action relative thereto. **(Board of Selectmen)**

Unemployment Compensation- Supplemental FY12 Appropriation

The Town's unemployment compensation obligation in FY12 is projected to exceed the appropriation of $150,000 approved at the 2011 Annual Town Meeting by approximately $200,000, for a projected cost in FY12 of $350,000. The Board of Selectmen requests a supplemental appropriation of $200,000 to cover the additional unemployment compensation costs in FY12.

Drivers of FY12 unemployment compensation costs are as follows: $100,000 for 15 School lunch employees; $153,000 for 16 other School employees; $ 2,000 for 3 crossing guards (special school police); $24,800 for 4 others (DPW, MLP, Library, Assessors); $70,200 for known potential claims.

The Town is self-insured for unemployment compensation costs. The maximum unemployment compensation benefit, not including dependent allowance, is $19,590 (30 weeks at $653). The Town employs a firm that specializes in helping employers protect their interests related to unemployment compensation benefit claims.

The unemployment fund was set up many years ago as a trust fund with an initial "principal" of around $100,000. The budget practice, at least for the last six years, has been to appropriate the amount that is expected to be expended in the following year so that the "principal" is

maintained and carried forward into the next year. This practice allows for a cushion against unexpected circumstances. For many years prior to FY12, an annual appropriation of $100,000 for unemployment compensation has been sufficient to cover costs while allowing the “principal” to remain intact.

If the FY12 supplemental appropriation of $200,000 is approved to cover extraordinary costs in this year, approximately $110,000 will continue to carry forward into FY13. The FY13 budget request for unemployment compensation is $250,000 (under Article 8, Motion 2). The 2013 amount takes into account expected layoffs of teaching assistants by the School Department and other known potential claims, and the Finance Director believes that it is prudent to continue to maintain the practice of preserving the “principal” to protect against unknown circumstances.

Advisory expressed concern that departments may not fully consider and communicate potential unemployment costs when making personnel decisions that could result in unemployment claims. A majority considers the FY12 supplemental appropriation of $200,000 for unemployment compensation necessary and appropriate.

Advisory recommends favorable action, 12 to 1.

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;

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

b) 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 (g), as amended;

and among other resources to meet said appropriations, 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 2013 Tax Rate;

or take any other action relative thereto.

(Board of Selectmen)

Two motions are expected under Article 8:

Motion 1 authorizes the Town to accept a $1 million payment from the Municipal Light Plant (MLP) in FY13 as approved by the MLP Board. The Board of Assessors must receive annual authorization to incorporate these funds from the MLP into the tax rate.

Motion 2 seeks appropriation of the funds detailed in the exhibit shown on the following pages to the respective boards and departments. This appropriation represents the material portion of spending in the FY13 budget, including operating budgets for all departments, cash capital spending, and debt service.

MOTION 1

This motion authorizes the Town to accept a $1 million payment from the Municipal Light Plant (MLP) in FY13, as approved by the MLP Board. The Board of Assessors must receive annual authorization to incorporate these funds from the MLP into the tax rate; favorable action on this motion provides the required authorization for FY13.

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 FY13 budget is at the same level it has been for the past ten years.

By all standard measures, the MLP payment is quite high

- Compared to property tax: If the MLP properties were taxed as commercial real estate, the payment amount would be $516,600.
- As a percent of revenue: The $1 million payment is 3.2% of MLP annual revenue. Of the 40 Massachusetts municipal light plants, only the Town of Sterling's rate at 3.6% is higher.
- On a per customer basis: The payment comes to $98.89 per customer which is the highest of the MLP's Massachusetts peers.

In addition, the MLP provides other services to the town including such things as discounted electric rates, energy audits, maintenance of the town fiber network and one time projects such

as retrofitting street lights and the solar panel installation at the new high school. In FY11, the total value of these services to the town is estimated to be $871,000.

Advisory recommends favorable action, 14 to 0.

MOTION 2

Note: The FY13 Omnibus Budget Request for Appropriation has been prepared in two versions, one of which is provided in the following pages. The proposed budget presented in this report assumes the approval of the motions under Article 6 for the establishment of a consolidated Facilities Maintenance Department (FMD). In the event that Article 6 is not approved, the Omnibus Budget will be restated and provided to Town Meeting including the Advisory Committee's revised recommendation.

This motion authorizes the appropriation of the following funds to the Town boards and officials and for the purposes as hereinafter set forth:

ARTICLE 8, MOTION 2

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

		Funding Item	Personal Services	Expenses	Total Operations
		GENERAL GOVERNMENT			
		To the Board of Selectmen for General Government; $1,757,845 for Personal Services and $1,626,403 for Expenses. And it is recommended that the sums be allocated as follows:			
		Board of Selectmen - Administration			
	122	Executive Director's Office	402,331	30,250	432,581
	126	Sustainable Energy	18,960	6,000	24,960
	199	Central Administrative Services	0	23,500	23,500
	133	Finance Department	346,875	9,125	356,000
	155	Network & Information Systems	445,368	214,127	659,495
	145	Treasurer & Collector	256,414	122,150	378,564
	195	Town Report	0	4,000	4,000
		Board of Selectmen - Human Services			
	541	Council on Aging	169,530	134,318	303,848
	183	Fair Housing Committee	0	200	200
	543	Veterans' Services	0	85,818	85,818
	542	Youth Commission	71,147	17,190	88,337
		Board of Selectmen - Other Services			
	180	Housing Development Corporation	0	3,500	3,500
	691	Historical Commission	0	750	750
	690	Historical District Commission	0	250	250
692	693	Memorial Day	0	2,500	2,500
	692	Celebrations Committee	0	4,700	4,700
	176	Zoning Board of Appeals	47,220	7,115	54,335
		Board of Selectmen - Shared Services			
	151	Law	0	272,360	272,360
	945	Risk Management	0	407,000	407,000
	135	Audit Committee	0	56,250	56,250
	458	Street Lighting	0	225,300	225,300
		Subtotal - Board of Selectmen - General Government	**1,757,845**	**1,626,403**	**3,384,248**

	Funding Item	Personal Services	Expenses	Total Operations
	Other General Government			
	To the following Town boards and officials:			
161	Town Clerk/Election & Registration	249,002	50,300	299,302
141	Board of Assessors	242,717	81,950	324,667
175	Planning Board	211,092	42,600	253,692
185	Permanent Building Committee	12,641	6,450	19,091
152	Human Resources Board	265,359	19,650	285,009
131	Advisory Committee	8,782	14,000	22,782
132	Advisory Committee - Reserve Fund	0	175,000	175,000
	Subtotal - Other General Government	**989,593**	**389,950**	**1,379,543**
	GENERAL GOVERNMENT TOTAL	**2,747,438**	**2,016,353**	**4,763,791**
	FACILITIES MAINTENANCE - BOARD OF SELECTMEN			
	To the Board of Selectmen for Facilities Maintenance, $3,105,601 for Personal Services and $3,095,072 for Expenses. And it is recommended that the sums be allocated as follows:			
192	Facilities Maintenance	**3,105,601**	**3,095,072**	**6,200,673**
	PUBLIC SAFETY - BOARD OF SELECTMEN			
	To the Board of Selectmen for Public Safety, $9,726,856 for 01-Personal Services and $912,062 for 02-Expenses. And it is recommended that the sums be allocated as follows:			
210	Police Department	4,663,783	619,903	5,283,686
299	Special School Police	98,998	2,897	101,895
220	Fire Department	4,449,186	260,112	4,709,298
241	Building Department	408,645	26,350	434,995
230	Emergency Medical Services	0	0	0
244	Sealer of Weights & Measures	15,660	2,800	18,460
492	Radio Master Box	90,584	0	90,584
	PUBLIC SAFETY TOTAL - BOARD OF SELECTMEN	**9,726,856**	**912,062**	**10,638,918**
	PUBLIC WORKS			
	To the Board of Public Works, $3,891,609 for 01-Personal Services and $2,516,438 for 02-Expenses. And it is recommended that the sums be allocated as follows:			
410	Engineering	467,190	79,788	546,978
420	Highway	994,154	446,202	1,440,356
454	Fleet Maintenance	130,942	56,462	187,404
430	Park	1,040,997	271,477	1,312,474
440	Recycling & Disposal	933,723	1,260,893	2,194,616
450	Management	324,603	52,913	377,516
456	Winter Maintenance	0	348,703	348,703
	PUBLIC WORKS TOTAL	**3,891,609**	**2,516,438**	**6,408,047**

Funding Item		Personal Services	Expenses	Total Operations
Funding Item		**Personal Services**	**Expenses**	**Total Operations**
WELLESLEY FREE LIBRARY				
To the Trustees of the Wellesley Free Library:				
610	Library Trustees	1,570,946	429,998	2,000,944
620	Regional Services (Non-Tax Impact)	157,889	112,111	270,000
	LIBRARY TOTAL	**1,728,835**	**542,109**	**2,270,944**
RECREATION				
To the Recreation Commission:				
630	Recreation Commission	273,692	23,800	297,492
	RECREATION TOTAL	**273,692**	**23,800**	**297,492**
			-	
			-	
HEALTH				
To the Board of Health:				
510	Board of Health	336,135	66,838	402,973
523	Mental Health Services	0	213,555	213,555
	HEALTH TOTAL	**336,135**	**280,393**	**616,528**
NATURAL RESOURCES				
To the Natural Resources Commission:				
171	Natural Resources Commission	178,554	18,625	197,179
172	Morses Pond	0	160,370	160,370
	NATURAL RESOURCES TOTAL	**178,554**	**178,995**	**357,549**
	NON-SCHOOL TOTAL	**21,988,720**	**9,565,222**	**31,553,942**
WELLESLEY PUBLIC SCHOOLS				
To the School Committee, $51,006,508 in the aggregate for 01-Personal Services and $7,108,615 for 02-Expenses. And it is recommended that the sum be allocated as follows:				
320	Instruction	44,138,715	1,458,511	45,597,226
330	Administration	891,418	147,700	1,039,118
340	Operations	683,241	322,900	1,006,141
360	Special Tuition/Transportation/Inclusion	5,293,134	5,179,504	10,472,638
	Subtotal	51,006,508	7,108,615	58,115,123
	SCHOOL TOTAL	**51,006,508**	**7,108,615**	**58,115,123**

	Funding Item	Personal Services	Expenses	Total Operations
EMPLOYEE BENEFITS				
To the following Town boards and officials for the purposes indicated:				
914	Board of Selectmen - Group Insurance	0	15,436,184	15,436,184
919	Board of Selectmen - Other Post Empl. Benefits Liability Fund	0	3,000,000	3,000,000
910	Board of Selectmen - Retirement Contribution	0	3,209,844	3,209,844
912	Board of Selectmen - Workers' Compensation	0	360,584	360,584
913	Board of Selectmen - Unemployment Compensation	0	250,000	250,000
950	Board of Selectmen - Compensated Absences	0	90,000	90,000
911	Contributory Retirement Board - Non-Contributory Pensions	0	30,905	30,905
	EMPLOYEE BENEFITS TOTAL	**0**	**22,377,517**	**22,377,517**
And further, that the balance on hand in the Workers' Compensation fund on June 30, 2012 and any interest earnings of the program, are appropriated for expenses related to the Workers' Compensation Program of the Town for Fiscal Year 2013.				
	ALL PERSONAL SERVICES & EXPENSES	**72,995,228**	**39,051,354**	**112,046,582**
CAPITAL & DEBT				
To the following Town boards and officials for the purposes indicated:				
	Departmental Cash Capital	-	-	-
400	Board of Public Works - Capital	0	1,322,500	1,322,500
300	School Committee - Capital	0	962,554	962,554
122	Board of Selectmen - Capital	0	231,936	231,936
192	Facilities Maintenance - Capital	0	893,583	893,583
610	Library Trustees - Capital	0	40,500	40,500
171	Natural Resources Commission - Capital	0	75,000	75,000
	Subtotal - Cash Capital	**0**	**3,526,073**	**3,526,073**
To the Town Treasurer and Collector for:				
700	Current Inside Levy Debt Service - Issued	0	2,903,335	2,903,335
700	New Debt Service - Inside Levy	0	205,800	205,800
700	Current Outside Levy Debt Service -Issued	0	10,613,569	10,613,569
700	New Outside Levy Debt Service - Unissued	0	444,971	444,971
	Subtotal - Maturing Debt & Interest	**0**	**14,167,675**	**14,167,675**
	CAPITAL & DEBT TOTAL	**0**	**17,693,748**	**17,693,748**

	Funding Item	Personal Services	Expenses	Total Operations
RECEIPTS RESERVED FOR APPROPRIATION				
To the Board of Selectmen, to be taken from the Parking Meter Receipts Account:				
293	Traffic & Parking Operations	229,014	604,850	833,864
	RECEIPTS RESERVED TOTAL	**229,014**	**604,850**	**833,864**
	TOTAL APPROPRIATIONS - ARTICLE 8, MOTION 2			**$130,574,194**

And to help meet said appropriations, transfer the sum of $2,837,757 from Free Cash.

TOWN OF WELLESLEY- SOURCES AND USES OF FUNDS

Exhibit A

	FY2012 Tax Rate	FY2013 Request	% Change
***** SOURCES OF FUNDS *****			
Tax & Other Current Revenues			
Within Levy Limits			
Real Estate & Per. Prop. Tax	93,179,781	96,959,276	4%
From the Commonwealth	8,592,729	8,592,729	0%
Local Revenue	9,897,975	10,219,003	3%
Sub-Total (Tax & Cur. Rev.)	111,670,485	115,771,008	4%
Outside Levy Limits			
Real Estate & Pers.Prop.Tax	10,058,107	10,436,702	4%
OPEB	1,800,000	1,800,000	0%
Available Funds			
Parking Meter Receipts	585,636	851,314	45%
Appropriated/Reserved CPA Surcharge	890,500	765,446	-14%
Free Cash- balance budget	1,041,064	2,837,757	173%
Free Cash- Park Hwy HVAC, Warren Floor	-	75,000	100%
School Construction Aid & Set-Asides	621,838	621,838	0%
Unencumbered/Transfers from other funds	530,000	-	-100%
Sub-Total (Available Funds)	3,669,038	5,151,355	40%
TOTAL SOURCES OF FUNDS	**127,197,630**	**133,159,065**	5%

(Continued on following page)

	FY2012 Request	FY2013 Request	% Change
***** USE OF FUNDS *****			
Personal Services (Non-School)	18,385,569	19,033,119	4%
Expenses (Non-School)	6,446,609	6,470,150	0%
Subtotal (Non-School)	24,832,178	25,503,269	3%
Personal Services (Facilities Maintenance)	2,720,412	3,105,601	14%
Expenses (Facilities Maintenance)	2,597,206	3,095,072	19%
Subtotal (Facilities Maintenance)	5,317,618	6,200,673	17%
Personal Services (School)	48,078,248	51,006,508	6%
Expenses (School)	7,672,357	7,108,615	-7%
Subtotal (School)	55,750,605	58,115,123	4%
Sub-Total (Pers. Srvcs.& Exp)	85,900,401	89,819,065	5%
Capital & Debt:			
Within Levy Limits			
Capital/Extraord./Special Items	3,008,242	3,526,073	17%
Debt Service	3,391,825	3,109,135	-8%
Sub-Total (Within Levy Limits)	6,400,067	6,635,208	4%
Outside Levy Limits			
Debt Service	10,815,996	11,058,540	2%
SUB-TOTAL (CAPITAL & DEBT)	17,216,063	17,693,748	3%
Employee Benefits:			
Ins./Group Ins., etc.	15,101,832	16,167,673	7%
Pension Contribution	2,630,273	3,209,844	22%
OPEB Liability Fund	3,000,000	3,000,000	0%
Sub-Total (Shared Costs)	20,732,105	22,377,517	8%
SUB-TOTAL (OPERATIONS)	123,848,569	129,890,330	5%
Special Items:			
Traffic & Parking Management	668,926	833,864	25%
Appropriated/Reserved CPA Surcharge	890,500	765,446	-14%
Arbitrage and premium	252,921		
State & County Assessments	1,101,712	1,154,023	5%
Property Tax Abatements	435,002	440,402	1%
Free Cash- FM Capital, Park Hwy, Warren Floor, H	-	75,000	100%
Sub-Total (Special Items)	3,349,061	3,268,735	-2%
TOTAL USE OF FUNDS	**127,197,630**	**133,159,065**	5%
TOTAL SOURCE OF FUNDS	**127,197,630**	**133,159,065**	5%
SURPLUS (DEFICIT)	**-**	**(0)**	

OMNIBUS BUDGET OVERVIEW

The FY13 tax-impact budget request is **$130,574,194**, a **4.5%** increase over the FY12 budget request.

The total *Uses of Funds* is $133,159,065 a **4.7%** increase over FY12. Revenue from property taxes both inside and outside the levy, including property taxes on new growth, are projected to increase by 4.1% in FY13. Changes in other revenue provide for a total increase in *Sources* of 2.5%. In order to balance the budget under the levy limit, $2,712,078 from Free Cash will be used, bringing the total increase in *Sources* to **4.7%**.

Major Budget Drivers

The major components of the increase in *Uses* are as follows:

	Change from FY12 to FY13	
Personal Services, Total	$3,960,999	+5.7%
Employee Benefits	1,645,412	+7.9%
Cash Capital	517,831	+17.2%
Debt Service within Prop 2½ Levy Limit	(282,690)	-8.3%
Debt Service outside the Levy Limit*	242,544	+2.2%

**excluding Arbitrage and Premium costs in FY12*

The increase in Personal Services continues to be the primary driver of the budget increase at almost $4 million (+5.7% over FY12). This includes all salary increases negotiated through collective bargaining, the increases under consideration in Articles 3, 4 and 5, and the new headcount included in the Facilities Maintenance Department. Generally, the FY13 *annual cost of living salary increases* range from 1.0% to 1.5%, but the additional increases due to movement along "steps" (for longevity) and "lanes" (for education advancement) are additive, yielding the significant increase. The table below provides a summary of the provisions negotiated by the Town with the major bargaining units:

Selected Negotiated Agreements, Town of Wellesley

	Patrolmen	Superior Officers	Firefighters	DPW Production	Teachers
Budgeted positions	32	9	53	80	459
Steps	4	1	4	6	16
Average step value	5.6%	*NA*	5.6%	5.3%	4.2%
% of employees on steps	16.0%	*NA*	15.0%	6.0%	57.0%
FY13 Cost of Living Increase	1.0%	1.0%	1.5%	1.5%	1.0%
FY13 Budget Impact	1.4%	1.4%	2.5%	2.2%	4.9%

The cost of Employee Benefits (including Health Insurance, Pension and OPEB) also continues to exhibit high growth (+7.9%), although prudent management has enabled this cost to be lower than previously anticipated. The combined increases in Personal Services and Employee Benefits consume more than the total projected increase in revenues, reducing the Town's flexibility to meet other operational needs or to more substantially invest in infrastructure.

Despite this constraint, it remains a Town priority to identify the best means to appropriately and effectively fund the maintenance of Town buildings. As discussed in Article 6, the creation of a centralized Facilities Maintenance Department will enable the Town to focus on this priority in FY13 and to determine the appropriate level of funding going forward. Integral to the establishment of the new department is an increase in funding for additional resources over and

above what would have been budgeted for facilities maintenance in existing departmental budgets (Personal Services and Expenses, +$428,000, net) and an increase in facilities-related cash capital (+$445,500).

Budget Restatement

The Omnibus Budget under Article 8 has been restructured to include the new Facilities Maintenance Department (FMD) reporting to the Executive Director of General Government Services under the Board of Selectmen. Motion 2 under this article reflects the transition of all expenses associated with facilities maintenance and utilities from individual departments to a consolidated FMD. A reconciliation of these expenses is provided on page 12. However, it is important to note that for discussion purposes in the section on the School Department, budget numbers *include* facilities maintenance and utilities in a manner consistent with past years. Because of the difficulty of restating prior years and the need to enable analysis and review of trends and past spending, this was determined to be the most productive approach for the decision-making process. Aggregate School budget numbers in the tables below however are restated to be consistent with the Motion.

BUDGET PROCESS AND GUIDELINES

The annual budget process started at the 2011 Annual Town Meeting with the presentation of the Town-Wide Financial Plan (TWFP). At that time, the plan projected deficits of $4.3 million and $6.2 million in FY13 and FY14, respectively, and suggested an override of $5 million would be necessary in FY13 to offset these deficits. The budgeting assumptions behind these projections were a modest (1%) increase in State and Local revenue, while on the expense side the plan projected the following increases:

Schools—General Education	5.9%
Schools—STTI	4.3%
Other Town Departments	2.5%
Health Insurance	7.0%

By August 2011, however, updated financials showed that the projected deficit for FY13 had grown by $1 million to $5.3 million, primarily due to an additional increase in the School budget of $760,000 and in Employee Benefits of $126,000.

In September 2011, the Board of Selectmen issued FY13 budget guidelines for departments that requested the development of budgets to deliver level service, limited personal services growth to contractual increases for unionized personnel, 2% for non-union, non-managerial employees (40 Series) and 0% change in expenses. The table below provides detail on the current agreements with the Town's major bargaining units.

Current Agreements with Major Bargaining Units, Town of Wellesley

Bargaining Unit	Contract period	General increases
TOWN		
Police Patrolmen	FY11 - FY13	3.5% - 0% - 1%
Police Superior Officers	FY11 - FY13	FY 11: Lt. 4%, Sgt. 3% FY 12: 0% FY 13: 1%
Police Dispatchers	FY12 - FY14	1% - 1.5% - 2%
DPW Production	FY12 - FY14	1% - 1.5% - 2%
DPW/MLP Supervisors	FY12 - FY14	1% - 1.5% - 2%
Firefighters	FY12 - FY14	1% - 1.5% - 2%
Library	Contract expired June 30, 2011; in mediation	FY 11: 2.75%
MLP Production	FY13 - FY15	1% - 1.5% - 2.5%
SCHOOL		
Teachers/administrators	FY12 - FY13	FY12: 0% for those on steps + new step 16 @ 1% over FY11 step 15*; FY13: 1% *Value of each step is 4.2%
Custodians	FY12 - FY13	1% - 1.5%
School secretaries	FY12 - FY13	1% - 1.25%, new step 7

Capital requests were submitted in October and departmental operating budgets in December and January. Focused effort on constraining budget growth enabled the Town to reduce the projected FY13 deficit to $2.9 million. Especially important in this regard were favorable developments in the Town's Health Insurance costs.

In light of the leadership transition in the School Department, the current economic climate and the healthy condition of the Town's financial reserves, the Board of Selectmen chose to use reserves to offset this deficit.

The FY13 Sources and Uses Summary is in the following table:

	FY12 Budget	FY13 Request	$ Inc/(Dec)	% Inc/(Dec)
Sources of Funds				
Taxes	$ 93,179,781	$ 96,959,276	$ 3,779,495	4.1%
State Aid	8,592,729	8,592,729	-	0.0%
Local Revenue	9,897,975	10,219,003	321,028	3.2%
Free Cash	1,041,064	2,912,757	1,871,693	179.8%
Other Sources	2,006,136	1,616,760	(389,376)	-19.4%
Exclusions & Exemptions	12,479,945	12,858,540	378,595	3.0%
Total Sources	$127,197,630	$133,159,065	$ 5,961,435	4.7%
Uses of Funds				
School	$ 55,750,605	$ 58,115,123	$ 2,364,518	4.2%
Facility Maintenance	5,317,618	6,200,673	883,055	16.6%
Other Town Departments	24,832,178	25,503,269	671,091	2.7%
Employee Benefits	18,932,105	20,577,517	1,645,412	8.7%
Cash Capital	3,008,242	3,526,073	517,831	17.2%
Debt Service (inside Levy)	3,391,825	3,109,135	(282,690)	-8.3%
Other Uses	3,485,112	3,268,735	(216,377)	-6.2%
Exclusions & Exemptions	12,479,945	12,858,540	378,595	3.0%
Total Uses	$127,197,630	$133,159,065	$ 5,961,435	4.7%
Surplus/(Deficit)	$ -	$ -		

The use of $2,912,757 of Free Cash enables the budget to be balanced. This use is discussed in more detail on pages 78 - 79.

This budget anticipates the creation of a Facilities Maintenance Department, as described in the Overview section. The sizeable increase of +16.6% is due primarily to the proposed increase in the allocation of resources to maintenance, cleaning, capital planning and energy management for Town and School buildings. Additionally, the increase in Cash Capital (+17.2%) is in part due to the increase in funding for the maintenance of the Town's capital assets.

Another noteworthy change in the budget is the increase in Parking Meter Fees and the use of those fees to pay for the personal services and expenses of the Parking Clerk who process parking fines. This has the effect of removing those costs from the tax-impact budget.

Finally, the Board of Selectmen has reinstated the Merit Pay Pool funded at $150,000. The Merit Pay Plan (Article 4) is designed to ensure that Series 50/60 Town employees are justly compensated for performance and that salaries remain competitive. The FY13 Merit Pay Pool is appropriated to the Human Resources Department. Once individual employees have received an annual review and the amount of increase determined, the funding for the increase in FY13 will be paid from this pool. For FY14 and forward, the increases will be incorporated into the respective department budgets.
Summary information on the Departmental tax-impact budget requests is shown below and these requests are discussed in the sections that follow. A chart detailing requests, including a breakdown of personal services and expenses and variances in each from FY12 to FY13 may

be found as Exhibit B to the Board of Selectmen's Report on the Town Wide Financial Plan, page R-1. Many Departments, including Schools, DPW and Library, have expenses that are either non-tax impact or are directly offset by revenue. These expenses are not included here; the appropriation request presented under Article 8 is to fund tax-impact budgets only.

Note: One contract (Library) remains unsettled at this time. Any increases that may result from the settlement of this contract have not been incorporated into the budget.

Summary of Department Tax-Impact Budgets, Comparing FY12 to FY13

Departmental Operating Budgets	**FY12 Use of Funds Tax Rate**	**FY13 Use of Funds Request**	**% Change**
Wellesley Public Schools	55,750,605	58,115,123	4.2%
Employee Benefits	20,732,105	22,377,517	7.9%
Public Safety - Board of Selectmen	10,415,517	10,638,918	2.1%
Department of Public Works	6,270,077	6,408,047	2.2%
Facilities Maintenance – Board of Selectmen	5,317,618	6,200,673	16.6%
Wellesley Free Library	2,250,208	2,270,944	0.9%
General Govt - Selectmen, Administration	1,824,335	1,879,100	3.0%
General Govt - Selectmen, Shared Services	876,928	960,910	9.6%
Health	616,817	616,528	0.0%
All Other Departments (*including Merit Pay Pool*)	2,578,296	2,728,822	7.4%
Total Personal Services & Expenses	**106,632,506**	**112,196,582**	**5.2%**

GENERAL GOVERNMENT

General Government includes those Departments and Boards under the Supervision of the Board of Selectmen.

	FY11 Actual	FY12 Appropriation	FY13 Request	FY12-13 Change
Administration				
Executive Director's Office	$385,610	$399,588	$432,582	8.3%
Sustainable Energy	19,857	25,033	24,960	-0.3%
Central Administrative Services, other	35,013*	37,500*	23,500	-37.3%
Finance Department	315,319	357,480	356,000	-0.4%
Network & Information Systems	613,732	664,120	659,495	-0.7%
Treasurer & Collector	360,531	374,114	378,564	1.2%
Parking Fines Processing	*(reclassified to Traffic & Parking)*			
Town Report	3,659	4,000	4,000	0.0%
Human Services				
Council on Aging	253,584	290,340	303,848	4.7%
Fair Housing Committee	0	200	200	0.0%
West Suburban Veterans District	85,933	85,280	85,818	0.6%
Youth Commission	86,373	88,582	88,337	-0.3%
Other Services & Committees				
Housing Development Corporation	109	3,500	3,500	0.0%
Historical Commission	229	750	750	0.0%
Historical District Commission	80	250	250	0.0%
Memorial Day	0	2,500	2,500	0.0%
Celebrations Committee	4,700	4,700	4,700	0.0%
Zoning Board of Appeals	53,676	54,517	54,335	-0.3%
Shared Services				
Law	197,920	272,360	272,360	0.0%
Risk Management (Includes Police & Fire)	246,569	322,000	407,000	26.4%
Audit Committee	56,250	56,250	56,250	0.0%
Street Lighting	328,211	226,318	225,300	-0.4%
GENERAL GOVERNMENT - BOS	**$2,719,144**	**$3,269,382**	**$3,384,248**	**3.5%**

**FY11 and FY12 figures have been restated to remove Utilities. For FY13, Utilities are included in the new Facilities Maintenance Department under Maintenance Services.*

ADMINISTRATION

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 increase in funding for the Director's Office (+8.3%) is primarily driven by two factors:

1. A reallocation of a portion of the Senior Deputy Director from Facilities Maintenance – Town to the Executive Director's Office. Under the previous Facilities Maintenance organization structure, a portion of the Senior Deputy Director's time was dedicated to that function. Under the proposed FMD organizational structure, this time will now be 100% allocated to the Executive Director's Office.
2. An increase in the salary of the Executive Director (+5.8%). After a review of the salary level, position description and performance evaluation the BOS has determined and Advisory agrees that the proposed salary is fair and reasonable and well within the market range for comparable positions.

Sustainable Energy

The Sustainable Energy Committee (SEC) is charged with implementing town wide policies regarding energy conservation and efficiency. The main focus of the department has been to make continued progress toward the goal established at the 2010 ATM: To reduce the Town annual greenhouse gas emissions to 10% below 2007 levels by 2013. Additionally, the SEC has recently launched the *Power to Choose* campaign for Wellesley Renewable Energy. The goal of the campaign is to increase residents' purchase of the renewable energy option offered by the MLP.

Central Administrative Services, 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.

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).

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 personal computers hardware and software needs including printers and peripherals.

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 operating budget for the Parking Fines Processing Department has been moved to the Traffic and Parking Department budget, a non-tax impact budget (see page 77). The anticipated increase in revenue from parking meter receipts provides for the full funding of all associated operations, thereby eliminating the tax-impact portion of the budget.

HUMAN SERVICES

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.

West Suburban Veterans District

Wellesley participates in an inter-municipal agreement with the towns of Needham and Weston to provide Veterans' services. The Veterans' agent and his part-time assistant are employees of the WSVD, although they are paid and receive benefits through the Town of Wellesley. Administrative costs are billed to the member Towns on a prorated basis, based on population. Each town is charged directly for benefits provided to its veterans and receives partial reimbursement from the Commonwealth. The member towns pay an assessment from the Town of Wellesley for accounting and treasury services, and these assessments are reflected in the Finance and Treasurer/Collector's department budgets.

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

There is no change in the budgets for the following: Wellesley Housing Development Corporation, Historical Commission, Historical District Commission, Memorial Day Service and Celebrations Committee. The Fair Housing Committee's expenses are shown separately under Human 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.

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 FY12, the

Audit Committee also initiated a review of the *School Business Office and Selected Revenue Programs of the Wellesley Public Schools* by the audit firm of Powers & Sullivan. Funding for this review was funded through a transfer of $6,800 from the Advisory Committee Reserve Fund.

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. The significant increase in this budget is due to: 1) anticipated premium increases based on past claim history and, 2) an addition to the policy with the opening of the new High School building.

Street Lighting
Funding of this program provides for the maintenance of a reliable electric street lighting system for convenience, safety and security. The MLP provides the street lighting service. The retrofit of the LED (light-emitting diode) ornamental streetlights on Washington Street was completed in June 2010. As of March 2012, the MLP will be fully reimbursed from the payback savings. As a result, the FY12 streetlight budget is reduced and this reduction is carried into FY13.

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.

	FY11 Actual	FY12 Appropriation	FY13 Request	FY12-13 Change
Town Clerk/Election & Registration	$287,510	$270,858	$299,302	10.5%
Board of Assessors	286,053	323,161	324,667	0.5%
Planning Board	225,668	253,068	253,692	0.2%
Permanent Building Committee	14,438	15,541	19,091	22.8%
Human Resources Board	278,369	285,599	285,009	-0.2%
HR Salary adjustments*	12,000	12,000	150,000	>100.0%
Advisory Committee	18,251	22,782	22,782	0.0%
Advisory Reserve Fund	34,800	175,000	175,000	0.0%
OTHER GENERAL GOVT - BOS	**1,157,089**	**1,358,009**	**$1,529,543**	**12.8%**

**Request for appropriation under Article 4.*

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, and 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 as required by State law. Pay for all temporary workers varies from year to year depending on the number

of regularly scheduled elections: In FY13, there will be three elections scheduled, up from two scheduled in FY12. 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 Town Clerk's office generates approximately $75,000 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. It 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 FY13 include continued work on the re-codification of the existing Zoning Bylaws, continued implementation and refinement of Large House Review, completion of a Cluster Development study and corresponding application to the existing Town Zoning Bylaws, continuation of work on the Wellesley Square Initiative and consideration of off-street parking regulations.

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.

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.

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 cost of services provided by the architects and engineering firms engaged by the PBC to execute projects, as well as most of the costs of the Project Administrator and Assistant Project Administrator, are included in the relevant project budgets. The budget funds the portion of support services to the PBC that are not charged to a project. An increase of $3,000 reflects the support services portion of the salary of a new part-time Assistant Project Administrator and accounts for most of the 22.8% increase in the budget request.

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.

For details on the significant budget increase in HR Salary Adjustments, from $12,000 in FY12 to the requested $150,000 in FY13, please see the discussion and request for appropriation under Article 4.

FACILITIES MAINTENANCE

	FY11 Actual	FY12 Appropriation	FY13 Request	FY12-13 Change
Facilities Maint. - *consolidation of existing resources*	5,192,418*	5,317,618*	5,772,665	8.6%
Facilities Maint. - *additional resources*	0	0	428,008	100.0%
FACILITIES MAINTENANCE - BOS	**$5,192,418**	**$5,317,618**	**$6,200,673**	**16.6%**

**FY11 and FY12 figures have been restated to from budgets under the previous organizational structure.*

Article 6 proposes the creation of a new town wide Facilities Maintenance Department (FMD). A full discussion of the proposed organizational structure, operating budgets and cash capital spending plans is included in Article 6 (page 9), including a listing of the specific buildings for which the FMD has maintenance oversight. Appropriation of funds for the newly created department is under this Article 8, the Omnibus Budget.

A reconciliation of the proposed FY13 budget for the FMD to the FY12 appropriations to the former Town Facilities Maintenance budget and to the School Department budget for facilities maintenance is provided on page 12. The FY13 FMD Operating Budget request is for a total of $6,200,673, an increase in funding for Personal Services and Expenses of $883,055, of which $428,000 is the net increase attributable to additional resources for the new FMD. The tax impact cash capital request for the FMD is $893,583, a net increase in funding of $445,500.

PUBLIC SAFETY – BOARD OF SELECTMEN

	FY11 Actual	FY12 Appropriation	FY13 Request	FY12-13 Change
Police Department	5,139,896*	5,206,417*	5,283,686	1.5%
Special School Police	72,750	100,903	101,895	1.0%
Fire Department	4,441,020*	4,488,699*	4,709,298	4.9%
Radio Masterbox	90,584	113,819	90,584	-20.4%
Building Department	391,655	407,219	434,995	6.8%
Emergency Medical Services	80,000	80,000	0	---
Sealer of Weights and Measures	13,546	18,460	18,460	0.0%
PUBLIC SAFETY - BOS	**10,229,451**	**10,415,517**	**10,638,918**	**2.1%**

**FY11 and FY12 figures have been restated to remove Utilities. For FY13, Utilities are included in the new Facilities Maintenance Department under Maintenance Services.*

Police Department
The FY13 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, an animal control officer, and three clerical employees. The status of collective bargaining agreements is as follows: The Superior Officers' (Lieutenants and Sergeants) and the Patrolmen's agreements both expire June 30, 2013 (FY13). The Dispatcher's agreement expires June 30, 2014 (FY14). The negotiated increases for these bargaining units are noted in the table on page 28.

The FY13 budget request includes $619,903 for expenses, specifically vehicle maintenance and replacement, other equipment and training and development costs.

The Police Department anticipates approximately $243,055 in revenue from fines and permit fees in FY13.

Special School Police
The school crossing guards provide safe passage for school children at busy intersections and thoroughfares. The FY13 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, 5 Captains,1 mechanic, 1 secretary, 1 Deputy Chiefs, and the Fire Chief. A second Deputy Chief is also on staff only for the period necessary to convert the Town's hard-wired fired alarm system to a radio based system. 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 budget funds a 5.3% increase in compensation for the Fire Chief pursuant to a recently negotiated employment contract.

Radio Masterbox Project
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 Town is in the final stages of switching to the Master Fire Box, eliminating the residential fire alarm call-boxes and

transitioning to the radio-based technology. Institutional and commercial users of the fire alarm system pay a fee for service; town buildings are connected to the alarm system without charge.

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. Revenues from building permits, and related charges, are an important source of funds for the Town. The Building Inspector has recommended two additional building inspectors due to increasing workload. However, the budget request is for an additional 0.5 FTE building inspector. The Board of Selectmen intends to perform an audit of Building Department staffing needs and an assessment of current permit fees to determine if further adjustments are required.

Emergency Medical Services
The Town provides supplemental 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 paramedical staff the Advanced Life Support-equipped ambulance at all times. In larger emergencies, the contract provides for increased support from other ambulance services. The stipend to AMR paid in FY11 was discontinued in FY12 and FY13 as part of the negotiated agreement with the Firefighter's collective bargaining unit.

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

	FY11 Actual	FY12 Approp.	FY13 Request	FY12-13 Change
Engineering	$557,994	$544,019	$546,978	0.5%
Highway	1,379,463	1,419,870	1,440,356	1.4%
Fleet Maintenance	183,562	185,469	187,404	1.0%
Park & Tree	1,246,810	1,296,695	1,312,474	1.2%
Recycling & Disposal	2,001,859	2,099,090	2,194,616	4.6%
Management	372,118	376,231	377,516	0.3%
Winter Maintenance	1,091,633	348,703	348,703	0.0%
BOARD OF PUBLIC WORKS	**6,833,438**	**6,270,077**	**6,408,047**	**2.2%**

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 $6,408,047 from Town funds to pay operating expenditures in FY13. This request represents an increase of $137,970, or 2.2%, over the FY12 budget. A portion of this increase, $37,655, is attributable to the expansion of the RDF Business Initiatives program which is reviewed in more detail below.

The FY13 Budget projects a 2.2% increase in Personal Services, which reflects increased labor costs, largely driven by the terms of existing labor contracts. The budget projects a 0.8% increase in expenses, a result of higher trash disposal costs.

The winter maintenance budget is level funded for FY13. The FY13 budget of $348,703 is below the four-year average of actual snow removal costs of $842,209 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 was the case in FY11, the Town has the option under Massachusetts law of funding the overrun through a supplemental appropriation from Free Cash or of rolling the cost forward into the next fiscal year. (The latter option exists only if current funding is higher than or equal to funding in the prior 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 DPW projects FY13 RDF revenues of approximately $682,000, which are a component of Local Revenue. These revenues are returned to the Town and are not reflected in the DPW budget.

The DPW budget also includes projected costs associated with the self-funded RDF Business Initiatives program ($132,033), an increase of 40% from the prior year to enable the expansion of this program. Revenue from these business initiatives is projected to at least equal the $132,033 cost. In every year since its inception in FY07, this program has generated net revenue for the Town. Since FY07 the total net revenue has been $372,000.

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 FY13, the budget assumes that approximately $846,000 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 FY13 or

subsequently. Additional risks associated with revenue generation include unanticipated fluctuations in tipping fees or a decline in the market demand for recycling materials.

FY13 DPW Program Budget
Consistent with recent budget reporting practice, the DPW FY13 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 allows the Board of Public Works the ability, if necessary and after 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

	FY11 Actual	FY12 Approp.	FY13 Request	FY12-13 Change
Library Trustees	$1,942,198*	$1,980,208*	$2,000,944	1.0%
Regional Services – Non-Tax Impact	213,302	270,000	270,000	0.0%
BOARD OF LIBRARY TRUSTEES	**2,155,500**	**2,250,208**	**2,270,944**	**0.9%**

**FY11 and FY12 figures have been restated to remove Utilities. For FY13, Utilities are included in the new FMD under Maintenance Services. Also, the Library contract remains open for collective bargaining.*

The Board of Library Trustees (the Trustees) is responsible for overseeing the management of the Wellesley Free Library (WFL). The WFL consists of the Main Library at 530 Washington Street and two branch libraries. The mission of the WFL is to serve as a community gathering place, a cultural destination and a gateway to ideas for residents of all ages and interests. Through books, media, technology and innovative programs, the WFL provides free and convenient access to information within and beyond its walls.

Tax Impact Budget
The FY13 Tax-impact Budget request is an increase of 1.0% over FY12. The budget meets the Municipal Appropriation Requirement (MAR), which must be satisfied for the WFL to be certified by the Massachusetts Board of Library Commissioners and receive state aid. The MAR requires that appropriations by the Town for public library services exceed the average of its appropriations for the three preceding fiscal years by at least 2.5%. (The MAR applies only to municipal spending and excludes gifts and grants.)

A primary metric of Library service is circulation, the number of individual items checked out or downloaded by library patrons. Circulation continues to increase across all population groups. To meet this growing demand, the FY13 budget has been developed to enable the delivery of a level of service comparable to FY12. In FY10, circulation was 667,173; in FY11, circulation increased to 672,094. The WFL has also seen dramatic increases in technology-based usage, including wireless in-library connections and visits to the WFL website. The Trustees plan to

accommodate increased volume without additional expenses by reallocating staff hours freed up through the FY11 introduction of the Radio Frequency ID (RFID) system which enables self-checkout. This system has been successfully integrated into the WFL with the number of self-checkouts now exceeding traditional materials checkouts.

Sunday hours remain popular at WFL but require overtime under the current collective bargaining agreement. The Trustees have voted to close three Sundays in FY13 for a total savings of $3,726. The Trustees anticipate that the savings can help support additional staffing in the Circulation and Children's departments.

Regional Funding for Interlibrary Loan Services (non-tax impact)
The Interlibrary Loan ("ILL") program allows library patrons throughout Massachusetts to request materials that are available only through out-of-network libraries. For more than forty years, the WFL has provided ILL services to patrons of the Metro West region through a contract with the regional office of the Board of Library Commissioners. Under the ILL contract, the State is responsible for paying 100% of the direct costs incurred by the WFL in providing ILL services. These include the salary and benefit costs of the four WFL employees dedicated to providing ILL Services, as well as postage, telephone, equipment and other expenses. Therefore, the ILL Contract has no tax impact. The estimated expense of providing ILL services is set forth above. Because the State provides funds to the WFL in advance, ($270,000) no appropriation of Town funds will be necessary to fund the ILL contract.

Branch Library Operations
The annual operating expenses of the Fells and Hills branch libraries are funded entirely with private funding (non-tax impact) and are therefore not included in the budget shown above.
The Trustees and the BOS are currently engaged in discussions about the relative responsibilities of each board for branch library building maintenance. Both Boards acknowledge that the Hills and Fells buildings are Town assets and the Town has the responsibility to maintain them. The discussions revolve around the appropriate level of contribution from the Trustees for the cost of building maintenance while the buildings are being used as privately funded branch libraries. Annual rental income of approximately $8000 is generated by the buildings and deposited into the Branch Libraries Maintenance Revolving Fund. Advisory believes that it is critical that the BOS and the Trustees come to terms on the level of contribution by the Trustees to maintenance of the branch buildings, particularly in anticipation of substantial costs associated with repair of the Hills Branch chimney.

Collective Bargaining
At the time of this book's printing, the WFL had not reached an agreement with the collective bargaining unit which represent union employees at the library. If an agreement is reached prior to Town Meeting, the details of the negotiated agreement will be provided under Article 3.

Other Funding
While the proposed budget covers core library services, the Trustees rely on a number of outside funding sources to enhance the resources available through the WFL.

The *Wellesley Free Library Foundation* serves as the main supporting organization of the WFL. The *Friends of the Wellesley Free Libraries* organization supports programming each year, including museum passes utilized by patrons. The *Centennial Fund* encourages private philanthropy to support the WFL. Centennial gifts are used by WFL for enhancements to its materials and collections. The WFL is also the beneficiary of several trusts, most directed toward specific uses, in the Adult and Children's Departments. Together, these sources of private funding pay for enriched library resources not covered in the Town budget.

OTHER COMMISSIONS AND BOARDS

	FY11 Actual	FY12 Approp.	FY13 Request	FY12-13 Change
Recreation Commission	292,157*	$295,837*	$297,492	0.6%
Board of Health (BOH)	384,080	403,262	402,973	-0.8%
BOH – Mental Health Services	196,516	213,555	213,555	0.0%
Natural Resources Commission (NRC)	181,273	198,161	197,179	-0.5%
Morses Pond Project (NRC/DPW/Rec)	119,015	160,370	160,370	0.0%
OTHER COMMISSIONS & BOARDS	**1,173,041**	**1,271,185**	**1,271,569**	**0.0%**

**FY11 and FY12 figures have been restated to remove Utilities. For FY13, Utilities are included in the new FMD under Maintenance Services.*

Recreation Commission

Recreation Commission's 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. The amount returned fluctuates from year to year. The program surplus amounts for the past three years were as follows:

FY09 - $49,781
FY10 - $79,166
FY11 - $113,801

The anticipated return for FY12 will be approximately $114,000 and the anticipated return for FY13 is $115,000. Beach attendance, which can be impacted by weather, and Morses Pond water quality are major factors affecting the amount of the surplus.

Board of Health

The Board of Health (BOH) 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.

WELLESLEY PUBLIC SCHOOLS

For discussion purposes, in the pages that follow, the School Department budget numbers include the costs associated with facilities maintenance and utilities in a manner consistent with past years. Because of the difficulty of restating prior years and the need to enable analysis and review of trends and past spending, this was determined to be the most productive approach for the decision-making process.

	FY12[2] Appropriation	FY13[3] Request	FY12-13 % Change
Instruction	$42,482,373	$45,597,225	7.3%
Administration	1,031,413	1,039,118	0.7%
Operations	4,891,978	5,410,918	10.6%
General Operating Total	$48,405,764	$52,047,260	7.5%
Special Tuition, Transportation & Inclusion (STTI)	11,318,128	10,472,638	(7.5%)
TOTAL BUDGET	**$59,723,892**	**$62,519,899**	**4.7%**

The Wellesley Public School (WPS) system is comprised of ten school facilities, approximately 785 full-time equivalent employees (FTE) and approximately 4,900 students. For fiscal year 2013 (FY13) the School Committee (SC) has approved a School Department request for a total budget appropriation of $62,519,899, reflecting an increase of 4.7% over the FY12 budget appropriation. Personal Services comprise the most significant segment of the budget request at $53,162,766, or 85%, of the projected total School Department spending. Other Expenses make up the balance of the budget request, totaling $9,357,133. Within the total budget request, School Committee has included the Special Tuition, Transportation and Inclusion (STTI) budget request of $10,472,638, which consists of $5,293,134 of personal services and $5,179,504 of expenses. The complete FY13 School Budget Request can be found on the Wellesley Public Schools website, www.wellesley.k12.ma.us.

While a detailed discussion of the 4.7% year-to-year increase follows below, it can be summarized by noting that contractual increases to teacher and staff salaries make up a substantial amount of the increase. The FY13 budget also contains the first full year of expenses estimated for the new Wellesley High School (WHS), which will reflect net increases over operating expenses for the prior facility. The budget also reflects the first year following the cessation of all federal stimulus dollars – the FY12 budget enjoyed the benefit of the last remaining grant (the Federal Education Jobs Grant), totaling $528,228. That funding no longer exists for the FY13 budget period.

However, in a reversal of recent trends, the FY13 budget request also includes a total STTI budget declining by 7.5% from FY12 budget levels. This reduction was accomplished via proactive management by the WPS, an expansion of in-district offerings and favorability in state assistance via Circuit Breaker reimbursement. (A more detailed discussion follows later.)

[2] Includes $370,080 appropriation for opening of new High School.

[3] FY2013 totals include $4,404,777 in Facilities Maintenance expenses for comparison purposes. ATM approval of Warrant Article #6 will authorize a centralized Town-wide Facilities Maintenance department and the extraction of this amount from the School Department budget. The net School Department total for FY13 will equal $58,115,122.

The year over year percentage increases in the Wellesley Public Schools budget over the last decade is as follows. (The figures for FY11[4], FY12 and FY13 are budget figures; all prior years are actuals.)

% Change vs. Prior	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Total	3.4%	3.8%	5.4%	9.2%	4.9%	8.5%	3.1%	3.3%	5.4%	4.7%
Operating Budget	2.5%	4.3%	3.3%	9.0%	6.3%	5.6%	3.5%	0.5%	2.5%	7.5%
STTI	11.8%	(0.17%)	12.0%	17.3%	0.4%	28.2%	1.5%	18.9%	19.0%	(7.5%)

The compound annual growth rate over the ten year period is 5.2% for the Total Budget, 4.5% for the Operating Budget and 9.6% for STTI.

FY13 Guideline and Budget Process

FY13 budget guidelines were generated by the Board of Selectmen in consultation with the Advisory Committee during the fall of 2011. For schools, these were:

- Include all contractual salary and wage increases for collective bargaining units in the School Department's purview;

- Non-union Series 40 personnel would be granted a uniform increase, ultimately resolved at 1.0%;

- All other spending would be estimated to support a "Level Service" budget;

- Any planned program enhancements or enrollment related expansions were to be indicated separately to enable transparency and a constructive dialog among the School Department, School Committee and the public.

- Capital budget submissions were not to exceed the FY13 amount contained within the Five Year Capital Program.

The discussion of budget guidelines also included agreement with the Advisory School Sub-Committee that the School's budget would remain in the same bifurcated format that had been used over the prior three years. This bifurcated format separates the general education operating budget from the STTI budget and has proven useful in understanding the underlying year-to-year changes in anticipated spending.

A guideline of this nature did not yield an absolute targeted percentage or dollar increase, but its intent was well understood and followed closely by the School Department and School Committee and the resulting budget package adhered strictly to the guidelines above.

The School Department's FY13 budget was formally approved by the School Committee on March 6, 2012. The budget requests a total of $ 62,519,899 (a 4.7% total increase) with $52,047,261 recommended for the general education operating budget and $10,472,638 for STTI. This approved budget was the outcome of extensive public vetting and analyses processes, involving the SC, the Advisory Committee Schools Sub-Committee, School Administration and the public. Difficult trade-offs and decisions were made to reach the approved budget version, but in all cases, were done so with complete consideration of input from educators and citizens. The decisions reflected a careful balance between the needs of educational programs and current fiscal realities.

[4] FY11 Actual spending information was not available at the time this document went to press.

In a separate but related process, the FY13 cash capital budget for the School Department was originally submitted for $1,850,196, and was subsequently approved on March 6 at the reduced amount of $1,573,804.

Commentary - Analyzing FY12 Spending To-Date

It is useful to consider this year's process in some detail before proceeding with a thorough discussion of the FY13 budget. The School Business Administrator departed on a leave of absence on November 18, 2011, which came at a critical time in the annual budget process. For a time, this absence cast doubt on whether the School Business Office ("SBO") could adequately analyze FY12 and successfully execute the FY13 process. The SBO routinely plays very important roles in the annual budget cycle, in support of the Superintendent:

- Prepares detailed actual-to-budget tracking for the current fiscal year to assure that spending is in line with current appropriations and to serve as an important baseline for the subsequent fiscal year;

- Leads the construction of the budget for the new Fiscal Year based on analysis and input from the Superintendent, School Committee, WPS Staff and the public.

- Provides analytical support to respond to various budget queries from the School Committee, the Advisory Committee and potentially from public forums.

Upon the untimely vacancy in the SBO, the School Committee and Superintendent immediately shored up key resources with contract assistance including an Interim Director and relied on the Superintendent's other key direct reports more heavily than in the recent past. In the weeks that followed these resources supporting the SBO accomplished the following, relative to FY12:

1. **Reconstructed the FY12 "Personal Services" category**, via a zero-based method that re-affirmed salaries, stipends, and other compensation for all employees on the school's payroll. Salary totals were checked vs. FY12 appropriations and important net unfavorable variances were identified. The completed analysis was then verified by the town's Director of Finance, who oversees the Payroll function.

   The unfavorable variances in Personal Services netted to a total of $508,035; the variances were analyzed and found to be driven by unbudgeted headcount (and associated expense) made-up as follows:

   - 18.9 teaching assistants (TAs): 17.9 assigned to Special Education inclusion programs, and 1.0 assigned to two elementary sections that exceeded guidelines ($436,442);

   - 2.0 Elementary sections, originally slated for reduction but eventually retained ($121,228);

   - 1.3 FTE for Wellesley Middle School Special Education sections ($86,358);

   - .25 FTE for Wellesley High School Science ($20,981)

These unplanned salary expenses summed to a total of $665,009 in unbudgeted expense and were partially offset by other minor favorable variances totaling $156,974, netting this category to the $508,035 amount noted above.

2. **Confirmed that the complete FY12 STTI budget** was tracking within budget, and in fact, exhibited significant net favorable variances in total. These variances were driven primarily by favorable Circuit Breaker (CB) reimbursement from the Commonwealth of Massachusetts and by lower than expected out-of-district tuition obligations. Specifically:

   - The FY12 budget included an assumption of carry-forward of projected available CB funds from FY11 totaling $360,000. This figure was not an explicit line item in the budget submission at that time but was netted as a favorable offset within the STTI budget. Actual carry-forward from FY11 eventually totaled $806,000 at the close of the year, or a $446,000 favorable variance above the SD budgeted number.

   - Additional budget favorability for CB was realized when the actual reimbursement total from the Commonwealth (excluding carry-forward) came in at $2,193,756 or $46,508 favorable to the FY12 budget number of $2,147,248. Total favorability of CB funds over the appropriated budget in FY12 due to both of these factors is $492,508. The SD has indicated that all CB funds will be used in the current fiscal year to pay for out-of-district tuitions and no CB funds will be remaining to carry-forward into FY13.

   - As of this writing, FY12 out-of-district gross tuition obligations are estimated to total $6,264,566 vs. a budgeted amount of $7,030,248 yielding favorability in tuition payments of $765,682.

   - In total then, FY12 STTI actual spending is projected to generate a favorable variance of $1,258,190, reflecting the favorable Circuit Breaker variance and the lower than expected gross tuitions for the year.

3. **Confirmed that FY12 "Other expenses"** were in-line with budget; no significant variances in these categories are anticipated.

4. **Finally, estimated that aggregate School Department spending for the year** will not run in excess of appropriations, but in fact will likely result in a surplus for the School Department for the full fiscal year.

   Stated simply, the use of $1,258,190 in unexpected STTI favorability (from item 2. above) more than funded the unbudgeted Personal Services spending ($508,035) for the year (from item 1). Thus the SD and SC project that there will be a substantial surplus for FY12, yielding a significant turn-back of appropriated monies to the Town's General Fund after the close of the year.

   While a detailed estimate of anticipated turn-back is impossible at this time, all have agreed to collaboratively prepare such an estimate following the conclusion of the FY12 Annual Town Meeting and to jointly manage the close of the SD's year to realize the estimate.

Commentary on the FY13 Budget Process

During this same period, the Superintendent and staff, with regular guidance from the School Committee, crafted the FY13 budget per Board of Selectman guidelines. The budget timeline was clearly compressed given the fall personnel changes, but the resulting budget ultimately approved by the School Committee was carefully analyzed, substantively challenged, and fully publicly vetted. In fact the compressed timeline forced process changes on the stakeholders of the budget process, which resulted in an improved budget product vs. prior years' processes, most notably:

- The introduction of several in-person budget review sessions to more fully analyze and explain complex budget items;

- The sharing of important back-up schedules, including gross spending projections paired with explicit offsets, so that net budget expenses could be better understood and more widely supported;

- The use of more "zero-based" budgeted lines, where projected spending was built "from the ground up" rather than by simply scaling from prior years' figures;

- The use of a clear budget hierarchy where individual school's budgets could be manually aggregated and summarized at various cost element levels, depending on the intended use of the numbers.

Together these new elements to the budget process made it possible to create, critique and approve a high quality School Department budget for FY13. These are process improvements which are hoped to become central to longer term improvement in the School Department's annual budget process.

Major Factors Affecting the School Budget

Personal Services (Total) Increase of $3,053,232

Personal Services (*including STTI*), the component of the FY13 budget including all salaries for WPS staff, comprises $53,162,766, or 85% of the school budget request. This represents a $3,053,232 or 6.1% increase in Personal Services over FY12's $50,109,534. Personal Services includes wages for several categories of employees, with salaries for teachers comprising the substantial majority of this expense.

Personal Services increases are driven by:
1) Contractual obligations under collective bargaining for level service, including salary increases for steps, lanes and annual cost of living increases;
2) Enrollment increase adjustments;
3) Turnover adjustments (estimated at $300,000); and, key this year in particular,
4) The funding of positions that were previously funded through grants or stimulus funds totaling $528,228.

Currently, the SD deals with four collective bargaining units. The principal units are:
1) Teachers Unit A, representing approximately 440 FTE, including classroom teachers, professional support and nurses;

2) Unit B, representing approximately 20 FTE, including K-12 Directors and Department Heads (all of whom also have teaching responsibilities) and Assistant Principals;
3) Secretaries, which includes approximately 36 employees; and
4) Custodians, representing 37 employees, including maintenance staff and tradesmen.[5]

All contracts expire on June 30, 2013.

Below are the components of Schools Personal Services, including a break-out of expenditures on STTI staff. Note that the "FY12 Projected Actual Salaries" column will differ from the FY12 Appropriated budget; it is constructed by using the actual employee roster as of January, 2012, extended by the annualized payroll rates for each employee.

	FTE F12	FY12 Projected Actual Salaries[6]	Projected FTE FY13	FY13 Projected budget Salaries	% $ increase over FY12	Description
Senior Supervisory	33.9	$4,056,910	34.60	$4,250,143	4.76%	Central office administrators, principals and assistants, administrative time of department heads and directors.
Teachers	373.39	$30,083,883	384.62	$31,308,231	4.01%	Classroom teachers, special educators
Professional support	66.94	$5,583,777	68.54	$5,904,573	5.75%	Librarians, guidance counselors, nurses, therapists, psychiatrists, math, science and technology specialists
Classroom and other teaching support	173.61	$4,889,151	179.96	$5,538,964	13.29%	Teaching and technology assistants, ELL tutors, paraprofessionals, computer technicians, student supervisors, athletic trainers
Administrative Support	39.09	$1,839,950	38.69	$1,889,297	2.68%	Secretaries, clerks, administrative assistants
Operations	60.45	$2,978,604	60.45	$3,011,513	1.1%	Business office staff, custodians, van drivers and attendants
On Call/ Temporary	N/A	$1,185,295	N/A	$1,260,045	6.31%	Substitutes, tutors, part-time coaches, club advisers, etc.
Sub-Total	**747.38**	**$50,617,569**	**766.86**	**$53,162,766**	**5.03%**	
Other- non-tax impact	38.24	$2,152,870	27.60	$1,591,934	-26.1%	Positions funded by grants/ revolving funds
Total	**785.62**	**$52,770,439**	**794.46**	**$54,754,700**	**3.76%**	

Approximately 10% of salaries fund positions that provide STTI services to students. Although some of these positions are teacher and professional support staff, most are teaching assistants and paraprofessionals. This chart shows the extent to which the positions and expenditures included in the table above are in fact devoted to STTI services.

[5] Custodians and maintenance staff will be included in the Facilities Maintenance Department budget if the creation of that department is approved by Town Meeting; for now, the collective bargaining agreement is between the Custodians and the School Committee.

[6] "FY Projected Actual Salaries" reflects actual employee roster and annualized payroll rates as of January, 2012.

	FTEs F12	FY12 Projected Actual Salaries	Projected FTEs FY13	FY13 Projected budget Salaries	% $ increase over FY12	Description
Teachers	16.8	$1,352,003	18.8	$1,472,451	8.91%	Special educators
Professional support	5.37	$444,162	5.87	$496,414	11.77%	Therapists and specialists
Classroom and other teaching support	98.99	2,655,443	96.61	2,733,856	2.95%	Teaching assistants, paraprofessionals
Administrative Support	.70	75,555	1.2	97,176	28.61%	Administrative assistants
Operations	14.3	$479,449	14.3	$493,237	2.88%	Van drivers and attendants
Total	**136.16**	**$5,006,612**	**136.78**	**$5,293,134**	**5.73%**	

Teachers and Professional Support Salaries Cost Increase of $1,224,348

The largest budget driver in the Schools – and in the Town – is the Wellesley Teachers Association Unit A contract, covering teachers and professional support (for the sake of simplicity, both will be referred to herein as "teachers"). Teacher 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 is an annual percentage increase that is usually applied to the entire salary schedule. The combination of the steps, lanes and the schedule percentage adjustment determines an individual teacher's annual salary increase.

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 terms of the contract, which became effective on July 1, 2011 and runs through June 30, 2013, there are 16 steps and four lanes.

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. Teachers who have attained a higher educational level by earning a sufficient number of credits, 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.

Both step and lane increases can be bargained as part of the contract negotiations. 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, there were 15 steps, with all step increases equalized at 4.17%. For the contract covering FY12 and FY13, a 16th step has been added that is 1% higher than the salary at the 15th step. The addition of the new step 16 cost $192,900 in FY12.

Annual Percentage Increase
In addition to step and lane increases, there is an annual contractual overall percentage increase applied to all steps and lanes. Although this percentage increase is similar to a "cost-of-living" increase, the contract does not describe it as such. In the current contract, this increase is 0% for FY12 and 1% for FY13.

Step/lane increases and annual percentage increases must be viewed together. In FY12, teachers on steps below 15 received a 4.17% increase for changing steps (advancing a year in seniority); there was no annual increase at those levels. Teachers on step 15 moved up to a newly created step, for which they received a 1% step increase. In FY13, teachers on all steps below 15 will receive a salary increase of 5.17% over their FY12 salary; this is the 4.17% step increase plus the 1% annual increase. Teachers on step 15 will receive a 2% increase – that is, the 1% jump from step 15 to 16, plus the 1% annual increase. Teachers on step 16 will receive the 1% annual increase. Teachers who change lanes will also receive an increase.

Increase in Longevity and Stipends
Wellesley teachers who have completed 20 years of teaching in Wellesley, and therefore are at the top step, will receive in FY13 an annual "longevity stipend" of $2,663 or 3% of their base salary, whichever is less. The current contract increases this payment by 1% over the previous contract. In FY12, this increase cost $840.

Stipends are payments to teachers for coaching a sport, running a student club, or serving as a curriculum grade level or team leader. The current contract increases stipends by 1% over the previous contract; this increase cost $6,400 in FY12.

FY13
In developing the FY13 budget, the Schools reviewed the step and lane status of each employee. Using that information, the School Business Office built the FY12 salary structure to show actual steps, lanes and salaries for FY12 as of January, 2012. This approach effectively recreated the FY12 personal services component from the ground up using current FTEs and salaries. For the approximately 440 teachers and professional support staff in Unit A: each employee currently on steps was advanced one step (a 4.17% increase); employees on step 15 were advanced to step 16 (a 1%) increase; everyone on steps 1- 16 was given a 1% annual increase over their FY12 salary; employees with 20 or more years of service were given a longevity stipend; and employees who had notified the Superintendent of a change in their educational level were advanced to the appropriate lane.

Below is the Unit A salary schedule for FY13, with 16 steps and four lanes (+30 and +60 refer to the number of credit hours of additional education beyond degree level):

WTA UNIT A SALARY SCHEDULE FY13				
Step	**Bachelors**	**Masters**	**Masters+30**	**Masters+60 /Doctorate**
1	44,351	48,895	52,670	56,353
2	46,198	50,932	54,864	58,700
3	48,123	53,054	57,150	61,146
4	50,128	55,265	59,531	63,695
5	52,217	57,568	62,011	66,349
6	54,393	59,967	64,596	69,113
7	56,658	62,465	67,286	71,994
8	59,018	65,068	70,089	74,995
9	61,478	67,780	73,009	78,118
10	64,040	70,604	76,051	81,374
11	66,708	73,545	79,220	84,763
12	69,488	76,610	82,521	88,295
13	72,383	79,801	85,960	91,974
14	75,399	83,126	89,542	95,807
15	78,541	86,589	93,272	99,799
16	79,326	87,455	94,205	100,797

The experience and education profiles of Wellesley teachers have remained fairly constant over the last few years. Approximately 41% of all teachers have attained the top step. The table below compares the profile of the teachers over a period of four years. Wellesley's teachers continue to be highly educated and very experienced.

Wellesley Teacher Profile[7]				
Years of Experience (Step)	**FY10**	**FY11**	**FY12**	**FY13**
Steps 1 to 5	11%	9.5%	11.8%	10.4%
Steps 6 to 12	37%	36.4%	35.4%	35.8%
Steps $\geq$ 13	52%	54.1%	52.8%	53.8%
Median Step	13	13	14	14
Education				
Bachelors	8%	7.6%	7%	6.6%
Masters	42%	42.3%	36.8%	36.4%
Masters+30 credits or Masters+60				
Credits/Doctorate	50%	50.1%	55.3%	55.9%

With this level of experience and educational background, the cost of the Town's teaching staff is significant – over $35,000,000, with nearly half that amount paid to teachers on the top step.

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 FY13 are compared to seven similar towns – by specific positions on the salary schedules.[8] The Comparative Salary

[7] In FYs 10 and 11, there were 15 steps. In FYs 12 and 13, there were 16.

[8] In addition to these seven communities, Brookline, Lexington and Natick round out the group of 10 communities to which the Wellesley Schools traditionally compare teacher salaries. At this writing, these three towns are negotiating teacher contracts and are therefore unable to provide FY13 data.

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. In comparing, it is important to recall that different contracts have been negotiated at different times and for different periods in each of these towns. The only Wellesley lane not included in the table is the Bachelors lane, which has less than 10% of Wellesley teachers; also, this table excludes the effect of longevity stipends.

Comparative Salary Schedules for FY13

	Masters				**Master +30**				**Masters +60/Doctorate**			
Town	Min. Step	Rank	Min. Step	Rank	Min. Step	Rank	Max. Step	Rank	Min. Step	Rank	Max. Step	Rank
Belmont	49,598	1	87,076	3	52,318	2	91,406	4	55,368	3	96,438	5
Needham	47,026	5	80,947	6	50,655	5	85,382	6	53,263	6	89,199	8
Newton	47,820	4	84,113	5	51,395	4	90,726	5	54,692	5	96,517	4
Wayland	46,602	6	86,629	4	48,717	7	95,306	1	50,770	8	101,223	1
WELLESLEY	48,895	3	87,455	2	52,670	1	94,205	3	56,353	1	100,797	2
Weston	49,467	2	88,505	1	52,260	3	94,367	2	54,792	4	98,618	3
Westwood	45,104	8	80,451	7	48,180	8	84,494	7	51,767	7	89,220	7
Winchester	45,875	7	73,261	8	50,213	6	80,538	8	55,751	2	86,279	6

The table demonstrates that a town's ranking between its minimum and maximum steps can vary considerably, although Wellesley's rankings are more consistent than other towns'. Because 41% of Wellesley's teachers are at the maximum step and only 2% are at the minimum step, the most relevant comparisons are at the top step. In the top steps in the three lanes above, Wellesley has the 2nd highest Masters salary, the 3rd highest Masters +30 salary, and the 2nd highest Masters +60 salary.

On an aggregate basis, the Wellesley salary scale is most comparable to Wayland's and Weston's. The current contract, with the 1% annual percentage increase, strikes a balance between the need for controlling costs while maintaining Wellesley's desire to remain reasonably competitive with peer communities in terms of attracting and retaining the best teachers. However, with an eye to what contracts have been recently negotiated in other communities, it is highly important that new contracts negotiated in Wellesley bear in mind the current fiscal reality facing the Town and the impact any negotiated contracts will have in the coming years.

Senior Supervisory Salaries Cost increase of $193,233

The senior supervisory staff is the management team of the WPS. It includes the superintendent, the assistant superintendent, principals and assistant principals, as well the administrative (non-teaching) salary component of high school, middle school and system-wide department head salaries. There are 33.9 FTE in this category in FY12; this number will rise to 34.6 in FY13. Total compensation for senior supervisors will increase from $4,056,910 in FY12 to $4,250,143 in FY13. Many employees in this group will receive step increases in FY13. Additionally, this line includes both the ELL Director ($33,885) and the proposed increase of $20,000 in the superintendent's salary discussed below as enhancements.

Classroom and other Teaching Support Cost increase of $649,813

In FY12, 54% of this salary line paid for employees who provided STTI services and support. In FY13, a little less than half of this line will be used for those purposes. The reason for the large increase in this budget is, with the end of Education Jobs Grant, several positions that were funded in FY12 with grant funds will be returning to the tax impact budget.

Administrative Support Cost increase of $49,347

This includes the members of Wellesley Educational Secretaries Association, who will receive a 1.25% annual salary adjustment in year two of their current contract. All members will advance steps as appropriate, and a seventh step will be added in FY13.

Operations Cost increase of $32,909

This group includes, among others, the members of the Wellesley School Custodians Association, whose salaries will increase 1.5% across all classifications and steps.

On Call/Temporary Cost increase of $74,750

These are substitute teachers, tutors, coaches and others who work in the Schools on a temporary or on-call basis. The increase is due to an adjustment in coaches' salaries, which had been underfunded in FY12, and to an increase in the number of days expected to be covered by long-term substitutes.

Turnover Cost decrease of $300,000

"Turnover" is the salary savings that the SD expects to realize from the replacement of departing current employees with new hires who tend to enter at the lower end of the salary schedule. This number is an estimate. 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 Master's degree and 5 years of experience. For FY13, the salary at this level is $57,568. However, that number is merely an estimate, as different vacancies require teachers with different experience and educational levels.

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 FY13, turnover savings is expected to be $300,000. The turnover estimate for FY12 is $275,000, but the final actual number will not be available until this spring. Turnover in FY11 was $255,000, and in FY10, $245,000.

Enrollment Changes Cost Increase of $431,809

The WPS full enrollment report is on the WPS website, www.wellesley.k12.ma.us. The increase in the budget to accommodate increased or changing enrollment is $431,809; these increases

are included above in the Personal Services lines. This is based on a system-wide increase of 7.87 FTE, with an overall projected increase of 12 students from 4,866 to 4,878. As a point of comparison, for the FY12 budget, the SD projected an increase of 12 students with a system-wide staffing increase of 3.3 FTE totaling $188,750. For the FY11 budget the School Department had projected an increase of 37 students, but a system-wide staffing reduction of 0.1 FTE, with a net savings of $11,399.

Despite a one-year drop in aggregate enrollment in FY10, system-wide enrollment continues to rise and is projected to do so until it peaks in FY14. The table below presents the projected enrollment increase for FY13, as well as actual and projected enrollment for each of the last several years and the operating budget adjustment for each year. Actual enrollment growth is shown in bold.

ENROLLMENT PROJECTIONS AND BUDGET INCREASES[9]				
	Projected/ Actual Additional Students		**Operating Budget Increase**	
	Students	***% Students***	***Costs***	***% of Total***
FY08	+97 / **+147**	+2.1% / **+3.2%**	$276,000	0.6%
FY09	+93 /**+121**	+2.1% / **+2.6%**	$501,000	1.0%
FY10	+46 / **-20**	+1.0% / **-0.4%**	$440,000	0.9%
FY11	+37 / **+31**	+0.8% / **+0.7 %**	-$11,399	0.0%
FY12	+12 / **+75**	+0.3% / **+1.6%**	$188,750	.37%
FY13	+12	+0.2%	$438,949	
Totals K to 12, not including Pre-K or Out-of-District Students				

Elementary School Enrollment Cost Increase - $86,352

Seven schools comprise Wellesley's neighborhood-based elementary school system. The smallest has 12 sections and about 250 students, while the largest has 19 sections and nearly 400 students. Under longstanding SC policy, elementary school class-size guidelines are 18-22 students for grades K-1, and 22-24 students for grades 2-5.

There is considerable variability in the impact of any one year's enrollment changes on staffing levels and budgets, depending not only on the absolute size of the year's enrollment growth, but also on the distribution of students across schools, grades, academic interests, and learning skills. That distribution has a significant impact on staffing and class sizes within individual schools. This means that in certain years, even small overall enrollment changes will affect class size or hiring, whereas larger enrollment shifts in other years will not affect class sizes or

[9] In October of each year, the School Department releases an enrollment report that studies enrollment trends and projects numbers for each grade level (K-12) running 10 years into the future. Each year's budget is built using the October actual and projected enrollment numbers. Enrollment can change during the year, and the School Committee does report updated numbers from time to time. For our purposes throughout this analysis, we are using the October enrollment report numbers that inform the budget decisions.

the overall number of elementary sections. Actual experience in FY12 and projected distribution of students in FY13 demonstrates this dynamic.

In FY13, elementary school enrollment is expected to decline by 12 students from 2,342 to 2,330. However, due to the projected distribution in students across the schools, the number of elementary school sections *increases* from 113 to 114. Enrollment-related increases in the elementary schools total $86,352: 0.4 FTE psychologists ($23,027) to provide an increase in 0.2 staffing levels at two schools to meet anticipated caseload; 0.1FTE fitness staffing ($5,757) to support the increase in sections; and the additional elementary section ($57,568)[10].

In planning for FY12, the SD projected that district-wide elementary enrollment would decline by 81 students, from 2,365 to 2,284. With this enrollment drop, the SD expected to reduce the number of elementary school sections from 113 to 111. However, actual FY12 elementary enrollment was 2,342, 58 students higher than expected, with the Kindergarten enrollment alone accounting for +34 of the variance. The impact of the overall enrollment surge was not evenly distributed across the district. Four schools experienced a swing between projected and actual enrollment of six students or less. However, three schools enrolled significantly more students than expected: Hunnewell (+17), Sprague (+24) and Upham (+19). Accordingly, to maintain as many Kindergarten and 1st Grade sections as possible at guideline, the SD was not able to realize the net reduction of two elementary sections as originally projected during the FY12 budget process.

Within this structure there are limits on the extent to which the Schools can control costs through enrollment management. For example, although average class size system-wide was 20.7 in FY12, the average section size at Fiske was 19.8, whereas the average section size at Sprague was 22.3. Five of the 14 sections at Hunnewell exceeded guideline, as did two of the 19 at Sprague and one of the 15 at Hardy. No classes at Bates, Fiske, Schofield or Upham were over guideline.

Reflecting the priority the Schools place on keeping lower grades at guideline, no Kindergarten or 1st Grade section in any school exceeded guideline in FY12, whereas two sections in each of Grades 2, 4 and 5 were over, as was one in Grade 3. The seven sections that were over guideline were only over by a collective 11 students. As for the remaining 106 sections, 63 were at guideline, and 43 were under (by a collective 92 students). FY11 was similar, with 11 sections over guideline, 63 at guideline, and 39 below guideline.

Multi-grade classes have in the past been one way to address uneven enrollment shifts. Recently, however, there has been limited use of multi-grades. The SD cites that they are difficult to coordinate and to staff effectively. In FY12, there are two multi-grade classes at the Kindergarten-1st Grade level, there are none at the Grade 2 – 5 level.

The Schools' experience in FY12 underscores the dynamic and difficult process of elementary enrollment management in a system with small neighborhood schools, as opposed to aggregate elementary enrollment. Absent redistricting (which last took place in 2002 when Sprague reopened), enrollment shifts that disproportionately affect one school are not spread across the whole district. The problem is compounded when the shifts are unexpected, which has been the case more often than not. Enrollment projection is not an exact science – the rates of student in-migration and out-migration change due to a variety of factors. After years of steady increases,

[10] $57,568 is the salary of a teacher with five years of teaching experience and a Masters degree. In projecting hiring costs of new teachers, the School Department uses either fractions or multiples of this number. Actual salary expense experience will vary based on the specific position and the composition of the applicant pool.

elementary school enrollment peaked in FY09 and has been declining since. From FY09, when elementary enrollment peaked, through FY13, enrollment is projected to decline by 140 students, while the number of elementary sections will decrease by three, from 117 to 114. However, as the chart below illustrates, in any given year, there are wide swings in elementary enrollment:

	Actual Elementary Enrollment	***Change from prior year Proj/Actual***	***Actual Sections***	***Average section size***
FY08	2,396	+21 / **+84**	115	20.8
FY09	2,470	+20 / **+74**	117	21.1
FY10	2,409	-4 / **-61**	116	20.8
FY11	2,365	-17 / **-44**	113	20.9
FY12	2,342	-81 / **-23**	113	20.7
FY13	2,330 (proj)	-12	114	20.4

Although the rate of decline in sections appears to lag behind the rate of decline in enrollment, the reality is that average class size has remained fairly consistent over the past five years despite significant enrollment fluctuations. To some extent, given the lack of predictability in any given year's enrollment, the SD frequently appears to be catching up with the prior year's numbers. However, longer term trends still indicate that enrollment is still declining, and that sections will be gradually declining, too.

Middle School Enrollment Cost Increase - $63,325

Actual Middle School enrollment was 1,171 in FY12, 12 students fewer than the projected 1,183. In FY13, enrollment is expected to increase by five students to 1,176. Class size guidelines at the Middle School are 22 students per section in core classes. In FY12, Grade 6 sections averaged 22.8 students and Grade 7 sections averaged 21.1 students (19.5 for language instruction sections). Grade 8 sections in core classes ranged from 20.1 students in science to 25.5 in honors algebra.

Although the 8th Grade will increase by only one student, the 7th Grade will increase by 18 students and the 6th Grade will decrease by 14. To accommodate the increased enrollment in Grade 7, the Schools are adding two elective classes: .2 FTE in drama and .2 FTE in art (totaling $23,027). A specialized Grade 8 science section (.2 FTE - $11,513) is being added to help students with special needs who are struggling to access the regular 8th Grade science curriculum. Additionally, the budget includes a .5 FTE increase in instructional technology to manage the technology that will be coming to the Middle School from the old High School to support teachers in integrating technology into the classroom environment. This $28,784 expenditure will bring total Middle School technology support to 1.0 FTE. In sum, Middle School staffing will increase by a total of 1.1 FTE.

High School Enrollment Cost Increase - $264,861

High School enrollment, projected to increase from 1,291 in FY11 by 51 to 1,342 in FY12, actually climbed by 62 students to 1,353. Grade 9 was four students smaller than expected,

Grade 10 was nine students larger, Grade 11 was eight students larger and Grade 12 one student smaller. In FY13, High School enrollment is projected to increase by 19 students to 1,372. Enrollment will be up in Grade 9 (by 20 students) and Grade 11 (by 72), but down in Grade 10 (by 30 students) and Grade 12 (by 44).

The class-size guideline for the High School is 22 students for core academic Honors (Level 1) and Advanced College Preparatory (Level 2) classes, and 15 for College Preparatory (Level 3) classes.

High School staffing will increase by 4.97 FTEs. There will be: a .40 FTE increase in each of English, Languages, Mathematics and Social Studies professional staff (totaling 1.6 FTE at $92,109) and a .50 FTE increase in Sciences ($28,784). The unexpected increase in enrollment in FY12 pushed several already tight sections above guideline; in contrast to the elementary schools, 45% of High School honors/advanced college prep sections exceeded the guideline in FY12. Outside the core classes, to accommodate increased enrollment the budget also includes a .4 FTE increase in visual arts ($23,027), a .4 FTE increase in performing arts ($23,027); a .2 FTE increase in fitness ($11,513); and a .2 FTE increase to add a course on Food and Consumer Science ($11,514). A new learning center is being added at the High School to accommodate the needs of 8th Graders rising from the learning center at the Middle School. Finally, given the continuing increase in enrollment and the nature of the High School physical plant – especially with respect to student parking – a new student supervisor is being added part way through the year when the parking lot is ready for use (.67 FTE at $17,319).

PAWS Enrollment Cost Increase- $17,270

The Preschool at Wellesley Schools (PAWS) has relied on nursing support from Fiske, with which it shares a parking lot and driveway. However, the anticipated mix of students at the Pre-School next year will require a higher level of more constant nursing support. The budget includes $17,270 to fund a .3 FTE nurse.

Enrollment Projections

The Town's birth rate has fluctuated in recent years. As of October, 2012, the birth rate was 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 WPS is expected to peak system-wide in FY14 and then steadily decline for several years thereafter. As noted above, elementary school enrollment peaked in FY09. Middle School enrollment is expected to reach approximately 1200 students in FY15, after which enrollment is expected to decline. High School student enrollment is expected to peak at about 1,500 in FY18, after which point it too is projected to decline.

As noted above, some important enrollment factors are hard to predict. Increased activity in the housing market as the economy changes could bring in more families with school-age children. In fact, in both FY11 and FY12 Kindergarten enrollment was significantly higher than expected, suggesting that there has been an increase in families with pre-school age children moving into Town. Preliminary analysis by the SD also indicates that the rate of students returning from independent schools to the WPS has increased, possibly because the new High School opened in FY12. It will take some time for the full impact of these trends to be understood.

Enhancements **Cost Increase of: $252,808**

Whereas enrollment driven budget adjustments are responses to changes in enrollment, enhancements are additions to the educational program. These increases are included above, in the Personal Services budget lines.

Elementary – Cost Increase of $86,352

The FY13 budget includes funding for the addition of 1.5 FTE literacy intervention specialists ($86,352) to continue and expand a Grade Two literacy intervention program that has previously been funded with no-tax dollars.

In FY11, the SD committed federal stimulus funds to a pilot that addressed literacy issues in Grade Two. Through the pilot, 412 Grade Two students were assessed for literacy proficiency. Students scoring near or below the Grade Two level literacy benchmark established by the district were targeted for specific intervention techniques appropriate for each student. By the close of the FY11 school year, almost all of the students that had been below benchmark had been brought the district's Grade Two literacy benchmark by close of the school year, with 409 of the group of 412 reading at grade level.

With a termination of stimulus funds, the SD requested and received a grant to continue the program in FY12; they also reallocated Title I and other intervention resources internally to strengthen the program. This enabled the program to continue the Grade Two work, provide additional Grade Three literacy support, expand literacy intervention to Kindergarten, and introduce Math intervention in Grade Three. Mid-year data indicate that the FY12 program is succeeding at the same level as the FY11 pilot.

This program has two objectives. First, it should lead to increases in test scores. Second, by addressing literacy issues at an early age, it may lower special education costs by decreasing the number of students who are on Individual Education Plans. Farther down the road, the SD hope is that early intervention will decrease the number of College Preparatory (Level 3) classes at the High School, which would also lead to reduced costs.

Middle School – Cost Increase of $75,299

The budget includes a 1.0 FTE Math intervention specialist ($57,568) to support the 200 Middle School students who are currently not scoring *Proficient* on the Math MCAS. Additionally, a .2 FTE ($11,514) is being added to teach a Grade Eight Social Science current events elective. This will be the first academic core subject elective introduced into the Middle School curriculum. Additionally, the Schools expect that the addition of another elective will lead to a decrease in the number of Eighth Grade students who are in study halls.

To increase the range of co-curricular and athletic opportunities to the growing Middle School population, the Schools are adding two athletic teams: boys wrestling ($3,163) and girls volleyball ($3,055). Costs are net of fees paid by participating students.

High School – Cost Increase of $37,271

A section of Advanced Placement Computer Programming (.2 FTE, $11,513) is being added to accommodate students who are currently blocked out of this highly popular elective. An Introduction to Spanish I/II (.2 FTE, $11,513) class is also being added to address a concern in the college admissions process. Many colleges require a minimum of two years of language

study for admission. Students who struggle in this subject area have been inclined to opt out of languages, thereby jeopardizing college prospects. This course will be structured to allow students to proceed at different speeds, enabling more struggling students to achieve the goal of two years of language study.

Additional staffing is also included for junior varsity golf ($5,217) and skiing ($4,026) to enable more students to participate on these teams. Costs are net of fees paid by participating students.

The FY13 budget contains a $5,000 stipend for an Advisory Block Director to oversee the scheduling and implementation of a new student Advisory Block which effectively recreates some of the features of the home room structure that no longer exists at the High School. Each Advisory group will consist of 12 students and one teacher and will meet once a week. Among the issues to be covered in Advisory groups will be elements of the bully prevention curriculum that we are now required by state law to offer across all grade levels. The stipend covers the cost of scheduling and monitoring the Advisory program for the entire High School.

District-wide – Cost Increase of $53,885

The budget includes funding for a new position of Director of English Language Learning ("ELL") (.5 FTE, $33,885), to oversee ELL training for all teachers in the system. ELL students are those who do not speak English as a native or first language. ELL is highly regulated and requires extensive reporting; new ELL regulations are about to go into effect that will change training and assessment requirements. The Schools' Director of Curriculum and Instruction currently oversees the program. The new position would add more management level resources to manage the program and handle compliance and reporting requirements, which are particularly challenging for this group of students.

The FY13 budget also includes allowance for a possible $20,000 increase in Central Administration salaries in the event that additional resources are needed to attract suitable candidates for open positions.

SPECIAL EDUCATION

Special Education Budget Drivers[11]

State and Federal law mandates that Wellesley provide Special Education services to eligible students, beginning at age three and continuing until age twenty-two or high school graduation whichever occurs first. The law mandates that all Special Education children receive services that allow them to access and progress in public education; moreover, if a student's needs are such that a town cannot appropriately provide for them in a public setting, the law requires that the town find and pay for an out-of-district Special Education Placement.

The total Special Education portion of the general operating budget request is $17,269,842 a decrease of $384,312 from FY12. The Special Education budget is separated into two components: *Instructional Special Education* and *Special Tuition, Transportation and Inclusion* (STTI).

I. Instructional Special Education — Increase of $541,773

The Instructional Special Education portion of the budget includes services for the majority of Special Education students with moderate disabilities. The Special Education costs associated with these students are incremental to the cost per student of regular education and are included in the general education operating budget. The FY13 budget request for Instructional Special Education is $6,797,204, reflecting an increase of $541,773 from FY12.

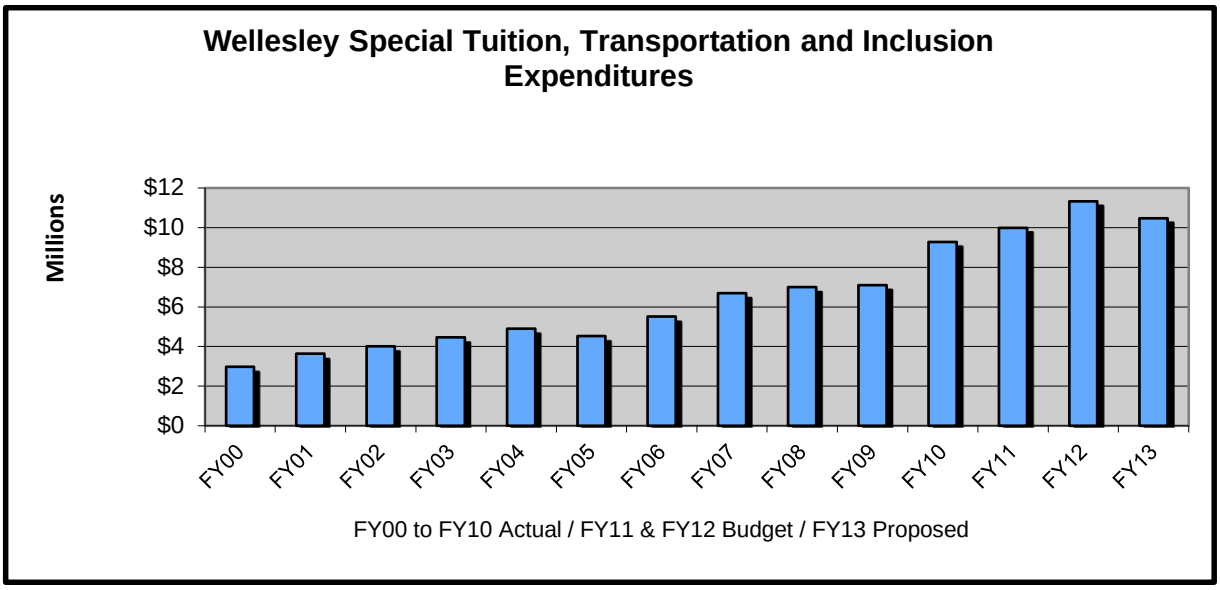
II. Special Tuition, Transportation and Inclusion (STTI) — Decrease of $845,490

STTI costs include all costs associated with educating those students with the most intensive special needs. These students receive services in one of two ways, through: 1) a WPS Schools *Inclusion Program* or 2) an *Out of District* (OOD) Placement. Wellesley has developed a number of Inclusion programs which are classes for students with a wide variety of intense special needs who spend large parts of their day in "substantially separate" classes from general education students.

OOD Placements are for Wellesley Special Education students whose needs cannot be met by services and programs offered in the public school setting. In order to provide these students with an appropriate program, the Wellesley Public Schools place these students in approved settings, such as collaboratives, private day, or private residential schools. Also included in the STTI portion of the budget are those students who elect to attend a vocational school. Vocational schools are not special education Placements but require a tuition expense outside of the WPS, hence are included in this category.

The FY13 budget request for STTI is $10,472,638 a decrease of $845,590 or 7.5% from FY12. The STTI portion of the school budget request represents 16.8% of the total FY13 school budget request.

[11] For a more detailed discussion of Special Education Programs, including a discussion of the state funded Circuit Breaker reimbursement mechanism, see the Appendix on page R-52.



The WPS are required to provide transportation for students who are placed in out-of-district programs, attend vocational schools, or require transportation to in-district programs not within their home school neighborhood. Transportation is also provided to students with disabilities who, due to their disability, are unable to get to school in the same manner as students without disabilities, e.g. walk or ride the regular school bus. In addition, the district is mandated to provide transportation to homeless children through the federal McKinney-Vento Homeless Act.

The STTI budget request is built upon information the SD currently has available, reasonable predictions based on information from early intervention services, knowledge of at-risk students, potential pending OOD Placements, and information from other districts regarding students who may move into Wellesley. STTI costs are challenging to predict due to possible changes in the level of need of individual students, the need to find Placements for students with unexpected issues, in-migration of students with special needs and children who turn three and require special services but had not been previously identified to the Town. Sometimes, evaluations of student needs take place during the school year but after the budget process leading to changes in Special Education programming costs that had not been reflected in the staffing or expense requirements for the upcoming year.

To build the FY13 STTI budget, it is anticipated that 192 students will be enrolled in Wellesley's in-district Inclusion programs, 58 students will be placed in OOD Placements through the Individual Education Plan (IEP) Team process. An additional 17 students are included in FY13 tuition costs due to settlement agreements or pending other Placement decisions. 143 students will receive special transportation services. By comparison, at this time last year, the Town budgeted for 180 (using the STTI chart below) Inclusion students, 79 out-of-district Placements (which does not include settlements) and 139 students to receive special transportation services.

i. Inclusion

The Inclusion budget request for FY13 is $5,275,047, including $4,799,897 for personal services and $475,150 for expenses, a decrease over FY12 of $568,407 or 9.7%. For FY12, the Inclusion budget request was $5,466,354 for personal services and $377,100 for expenses.

Inclusion programs carry significant costs to implement because of the highly individualized programs and specialized staff required. However, they provide the opportunity for students to remain in the WPS and are more cost-effective than sending students out of district. In FY11, a new district-wide therapeutic program was implemented at Hunnewell School for grades 3 to 5 and expanded to the primary grades in FY12. In FY13, the therapeutic program will be expanded to the Middle School and an additional program for 18 to 22 year olds will be implemented at the High School.

The net savings to the Town in FY13 of these two additional Inclusion programs is $268,980 and is realized through avoided OOD tuitions.

ii. Out-of-District Tuitions

The FY13 budget request for OOD tuitions totals $4,188,377[12], a decrease of $694,623 (14.2%) from the FY12 request. This decrease is a result of a reduction in the number of students being educated out-of-district and a small increase in the dollar value of the Circuit Breaker reimbursement. The FY13 budget assumes an increase in tuitions based on the information available to the SD in early February. The projected Circuit Breaker reimbursement rate for FY12 is 65% of qualifying expenses, which is lower than the 75% provided by the original circuit breaker law. Using the 65% reimbursement rate, the FY13 Circuit Breaker offset is projected to be $2,213,558 based on FY12 costs.

SPECIAL TUITION, TRANSPORTATION AND INCLUSION, FY09-FY13					
	FY09	**FY10**	**FY11**	**FY12**	**FY13**
	Actual	**Actual**	**Budget**	**Budget**	**Budget**
Number of Students					
Inclusion	167	168	171	180	192
Out-of-District	68	83	84	79	75 *
Transportation	158	153	143	139	143
Costs					
Personal Services (all)	3,253,916	3,957,043	5,133,608	5,672,299	5,293,134
Expesnses:					
Inclusion	445,195	501,728	316,650	377,100	475,150
Out-of District Tuition	5,762,130	5,606,718	5,516,212	7,030,248	6,401,935
Less: Circuit Breaker	(2,157,003)	(658,792)	(1,088,419)	(2,147,248)	(2,213,558)
Less: ARRA Funds	(685,484)	(742,492)	(325,000)	(95,081)	-
Transportation	478,781	459,598	432,361	480,810	515,977
Total Net Costs	**7,097,535**	**9,123,803**	**9,985,412**	**11,318,128**	**10,472,638**

**Includes students that are Out of District plus Settlements and Other Placements*

[12] Reflects a net tuitions number after including Circuit Breaker offset of $2,213,558.

iii. Special Transportation

The transportation portion of the FY13 STTI budget is $1,009,214, comprised of $493,237 in personal services costs and $515,977 in expenses, totaling to an increase of $40,440, or 4.2% over the FY12 budget request. The special transportation program consists of 13 Town-owned vans which provide 88%of the transportation for Wellesley's special needs and vocational school students. The SD contracts with outside vendors for services to meet remaining transportation needs and maintenance costs. Lease-to-purchase contracts for replacement of three seven-year-old vans with mileage between 90,000 and 100,000 miles are included in the FY13 budget.

FY13 Budget for Special Education

The FY13 budget includes a total cost for Special Education of $17,269,842 which represents approximately 27.6% of the proposed school budget. Within the FY13 Special Education figure is a $6,797,204 cost for Instructional Special Education and $10,472,638 for STTI.

Controlling STTI costs has been helped to some extent by the efforts of the SD to educate more students with intense special needs within the WPS through a growing Inclusion Program, where the cost of educating these students is generally significantly lower than Placement in OOD programs. Also, important to note is the mandate from Special Education federal law, IDEA, that requires school districts to educate students in the Least Restrictive Environment (LRE). LRE is defined as provision of an appropriate education, to the greatest extent appropriate, with nondisabled peers. As the Inclusion program grows, and larger cohorts of students identified, 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 school district intensifies, the costs will continue to rise.

In the area of special transportation costs, Wellesley has been most successful in managing 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.

In FY09, the WPS underwent an outside assessment of Special Education programs by the firm of Consulting Partners, Inc. FY10 also saw 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 FY12 and FY13 budgets include a retainer for a Special Education 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 Special Education attorney on spending, the SD feels the attorney has provided district personnel with an enhanced knowledge of Special Education mandates and regulations and believes that the Wellesley schools will continue to benefit from this ongoing expenditure.

Summary – STTI

Wellesley continues to provide appropriate programs and services for the educational, emotional, and physical needs of students in its Special Education community but the long term cost trend to the Schools and the Town continues to increase. The SD has undertaken several successful efforts to slow the pace of the rate of growth in Special Education spending: the

development and expansion of the Inclusion program, the ownership 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 Special Education budget. In addition, the district is developing an effective Response to Intervention (RTI) program which provides support to students to avoid Special Education referrals. This program, which will expand in FY13, is projected to reduce the need for Special Education services.

As a result of the 2009 review by Consulting Partners, the SD, and in particular, the Director of Student Services, has committed to certain initiatives within the existing framework to see where changes may be possible: development of consistent program strands and continuum, analyze data on referrals for Special Education evaluations, analyze the OOD 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 SPECIAL EDUCATION programs in neighboring and peer towns for benchmarking purposes and comparison of services. The Massachusetts Department of Elementary and Secondary Education will conduct a Special Education program review in the 2011-2012 academic year.

Special Education is a complex, highly regulated legal mandate and, as a result, Special Education budgets are difficult to project. As costs have increased the federal funding has not increased at the same rate with the incremental burden falling to cities and towns.

Additional Observations – School Budget

Looking Back – FY12

While fiscal year 2012 has presented formidable challenges for the School Department, it is useful to look carefully at the acknowledged deficiencies cited just one year ago in the 2011 "Reports to the Annual Town Meeting". Advisory seeks to recognize where notable progress was made against several important deficiencies. The AC made the following observations last year (Supplement 2; March 24, 2011; pages 10-11; *verbatim excerpts below in italics*); an updated status is provided below for each item.

> *1. From Supplement 2, March 24, 2011: A clear and transparent budget presentation is essential for the School Committee as well as the Advisory Committee to have a full understanding of the budget. The School Committee should request a budget presentation from the School Department that is self-explanatory, one that "ties out" top to bottom with little difficulty and provides data from prior years so year-to-year comparison to actual numbers is straightforward and less follow-up questioning is necessary.*
>
> Update March, 2012 - The FY13 budget was presented with far greater transparency and collaborative effort than in past years, yet there is much more to accomplish in this regard. The SBO and School Committee members worked to manually provide the various levels of detail required to understand elements of the budget and year-to-year changes. The budget document itself was not an integrated self-contained model so that "what-if" scenarios, or even agreed upon adjustments, could be entered centrally into a single budget tool and then shared among all stakeholders. Consequently, the FY13 process did not completely accomplish the goal of a process that clearly reconciles top-to-bottom, across all school facilities and across all cost elements. However, the SBO, the SC and AC, have all committed to work to make further progress in this regard in the next budget cycle. There is

also optimism that the new Director of the SBO (to be hired) will be instrumental in that continued improvement.

2. From Supplement 2, March 24, 2011: We recommend the School Department implement a routine long-term planning process spanning five years as a standard operating practice and work with the Board of Selectmen on the development of the Town Wide Financial Plan. As the largest portion of the Town budget, the School Department's ability to plan for and model even highly uncertain events and cost drivers of the future is essential.

Update March, 2012 - Much work remains to improve the Schools' long-term planning processes as inputs to the five-year Town Wide Financial Plan (TWFP) earned little attention, given the difficult FY13 process. Particularly conspicuous in their omission were: estimation of the impact of the forthcoming Teacher's contract to become effective in FY14; potential expense scenarios in consideration of contracting elementary school enrollment; and possible capital implications of the 2012 school facilities assessment. Advisory understands the public sensitivity regarding all of these issues, but in the absence of estimates from those who understand the topics best (the SD and SC), major trends or shifts in capital and operating expenses may be completely omitted or distorted within the Town's long term planning process. The School's annual budget cycle must routinely take up long-term planning issues and should actively include for consideration the difficult issues with potentially significant fiscal impacts.

3. From Supplement 2, March 24, 2011: The School Department does a commendable job in studying enrollment trends and anticipating growth and requirements to increase physical capacity in view of growing populations. Advisory believes that the Schools should now effectively bring this expertise to bear on planning for the opposite dynamic: how to proactively plan for the consequences of declining elementary enrollments, such as the reallocation of resources and the timing and financial implications of redistricting or a possible school closure.

Update March, 2012 - The SC has agreed to convene a formal process (including representatives from Advisory Committee) post-ATM to consider and plan for the consequences of continued declining elementary enrollments, such as the reallocation of educational resources, the implications of redistricting or a possible school closure. Advisory's goal would be to take such planning disciplines into account during each cycle of the Schools' routine long-term planning process.

4. From Supplement 2, March 24, 2011: The growing complexities and the size and scope of the school budget along with the ongoing need for continuous improvements in financial management processes indicate the need to evaluate the business office organization as it relates to how it supports the Town Budget process. Advisory believes additional high level professional resources would help alleviate the persistent pressures in this department, particularly in the time crunched budget season when responsiveness to inquiries is of increased importance. Given the significance of the School budget, the advancement of the Schools financial management processes is vital to the Town's continued long-term strengths in quality education and sound fiscal health.

Update March, 2012 - The SC and SD have deftly managed this sensitive topic within the School Business Office through the FY13 process. Staff changes and consideration of process improvements are occurring at the time of this writing and the priority is clearly focused on re-casting the skill set within the School Business Office to place a higher priority on improved financial management for the District. It has been agreed however, that

specific long-term organizational and hiring decisions will be left to finalize until the new Superintendent is in place.

5. From Supplement 2, March 24, 2011: Members of Advisory have also expressed concerns around the Schools cash capital and facilities maintenance budgets, specifically regarding the Schools' commitment to maintaining the physical assets on a dedicated, annual basis. The findings of the MLP audit of the Middle School and the study of the elementary modular classrooms indicate lack of maintenance at several of the school buildings. Underfunding facilities maintenance over an extended period may result in more frequent capital renovation programs, funded via debt issuance, property tax overrides or free cash. Advisory encourages the School Committee to continue moving towards budgets that will balance the schools' physical assets with growth in operating expenses. We support the School Committee decision to push forward to FY12 the comprehensive study of the condition of all the elementary schools as well as the Middle School and see this as a major step toward a long-term facilities maintenance plan.

Update March, 2012 - The SC and Superintendents' office actively supported the Town-wide effort to study the option of centralizing Facilities Maintenance and the related cash capital planning. Subsequent to the completed recommendations from the ad hoc committee studying those options, the SC has endorsed the motion which will be considered at the 2012 ATM to implement the centralized model. It is clear that the Schools' will work diligently to make the new centralized Facilities Maintenance model successful.

6. From Supplement 2, March 24, 2011: Many Advisory members believe that there must be some changes in timing and approach in order for the School budget process to work more effectively and smoothly. Advisory recognizes the excellence of the Wellesley Public Schools and the efforts it takes to maintain that level. Advisory is responsible for thoroughly understanding all aspects of the departmental budgets as part of its responsibility to make recommendations to Town Meeting. Recognizing the difficulties of maintaining the Schools' level of excellence in challenging financial times when scrutiny of all expenditures is extremely high, Advisory is seeking better communication and cooperation of all those involved in the budget process going forward.

Update March, 2012 - Out of necessity, participants in the FY12 budget process were forced to prepare, discuss and approve the budget within a delayed and compressed timeframe. In retrospect, the FY12 budget product represented substantial improvement over prior years but more remains to be accomplished to evolve to an optimal budget cycle. Advisory believes the specific topic of budget timing should be addressed only after the process enhancements and improved budget tools discussed above have been defined and accepted by key stakeholders.

Looking Forward 1 – Post Annual Town Meeting (ATM) Commitments

The FY13 budget process for the Schools, including reconstruction of the FY12 spending projections, yielded a prudent high quality budget, but also revealed several important areas requiring follow-up after the completion of the 2012 ATM. The Advisory Committee has recommended and the School Committee has agreed that the following initiatives will be pursued beginning late spring or early summer, 2012. They are listed in order of estimated urgency.

1. Estimate of FY12 Turn-back: As discussed previously, FY12 results year-to-date indicate that a significant level of turn-back is anticipated from the School budget. Favorability in STTI

spending appears to outweigh the unfavorable spending in Personal Services due to unanticipated headcount requirements. The post-ATM commitment is for the School Business Office, School Committee, Advisory Committee and Town Hall Finance staff to convene a session to review detailed year-to-date spending for the first 9 months of FY12, project final quarter spending for the year, and estimate a value for turn-back. Subsequent efforts by the SD should be applied to manage remaining spending for the balance of the year to realize the estimated turn-back.

2. Long-term Planning Options for Elementary Schools: With elementary enrollments declining since FY10 and those trends projected to continue, it becomes important for the Town's planning process to realistically and objectively consider options for contraction of elementary schools capacity. The Town's planning processes have effectively provided for increased enrollment in the past; an ability to adeptly plan for the opposite cycle is of equal importance to its fiscal health. The post-ATM commitment is for the SC to convene a formal process (including representatives from Advisory Committee) to consider and plan for the consequences of declining elementary enrollments, such as the reallocation of educational resources, the implications of redistricting or a possible school closure.

3. Budget Process Improvements: The compressed time frame following the departure of the SBO Director necessitated direct in-person processes and expedient analysis and decision-making. The result however, was improved transparency of the content of the SD's projections and an improved comprehension by those seeking to understand and support the schools plans for FY13. The post-ATM commitment is to find methods to institutionalize some of the more successful processes for future school budget cycles. The general improvement objectives of such a process remain the same as in prior cycles: Preparation of a budget document that is self-explanatory, "ties out" top-to-bottom with little difficulty, and provides data from prior years to facilitate year-to-year comparisons. Of course, such process improvements need to be considered within the context of new personnel in the Superintendent and Director of SBO roles.

4. Management of Spending vs. ATM Appropriation: In preparation for the FY13 budget cycle Advisory was surprised to learn of a significant level of unbudgeted spending for FY12 year-to-date. Specifically $665,009 in unplanned Personal Services spending had been committed shortly after the start of the new fiscal year. This variance was of broad scope in terms of the hiring commitments made, inclusive of 18.9 Teaching Aids, 2.0 Elementary sections, originally slated for reduction but retained, and 1.55 various FTE's spread across WHS and WMS. Most importantly, no public discussion took place either prior to, or immediately following these decisions. It is Advisory's recommendation that the School Committee reconsider the process by which it oversees School Department expenditures and permits unbudgeted spending commitments. The SC should contemplate ways to include advance public disclosure and discussion regarding such decisions in an efficient process so as not to delay important day-to-day decision-making. When advance disclosure is not possible or practical, Advisory believes that routine (suggested quarterly) reviews of actual spending to budget as part of the regular public SC meeting agenda could also be effective.

5. Response to Audit Activities: Two important reviews of the SBO and related processes were completed in FY12. The Town's Audit Committee commissioned a review of the "School Business Office and Selected Revenue Programs" by Powers & Sullivan which was completed in September, 2011. Subsequently the School Committee also commissioned the Massachusetts Association of School Business Offices (MASBO) to audit the SBO; this audit was completed in December, 2011. The Superintendent produced a written response to the Powers & Sullivan audit in October, articulating specific actions that could be taken in response to the findings. There has not, however been a similar written response crafted as a result of

the MASBO audit, which is understandable given that the results coincided in time with the disruption in SBO staffing. However, little has been completed in the way of implementing corrective actions in the case of both reviews. Advisory recommends that the School Committee prioritize findings from both audits and direct the Superintendent's Office to execute the appropriate corrective actions on an agreed upon schedule. The SC should also insist upon a regular (suggested monthly) report from the Superintendent's Office, updating the Committee and the community on specific progress made with regards to the corrective actions.

Looking Forward 2 – Sources of Uncertainty in FY13

As with any complex planning process, uncertainty as to possible future events and outcomes becomes an important consideration as the budget period unfolds. Prudent oversight necessitates that the School Department and School Committee define and monitor areas of the FY2013 budget which may present significant sources of uncertainty as the year unfolds. While the list that follows is not all-inclusive, Advisory has identified several items which warrant careful monitoring; we summarize those here for consideration:

1. New High School Operating Expenses: FY13 represents the first full year of operations of the new Wellesley High School, following its opening in February, 2012. Its design and construction provided for many energy conserving features and systems but it is a larger and more complex facility than the previous WHS. Certainly the staff and administration will be carefully monitoring overall operating expenses and specifically, the school's energy consumption during this first full year. It is particularly useful to note that plans in FY13 for the Town's centralized Facilities Maintenance Department include the addition of an Energy Manager to oversee conservation and management programs for all of the Town's buildings, inclusive of schools.

2. STTI Expenses: The Student Services department has an excellent knowledge of the factors driving expense in this area and the FY13 expenses are estimated using careful tracking of all students in the system and their specific educational needs. As in other years, the unplanned arrival or departure of students within the program can vary actual expenses from budget quite dramatically. The Director of Student Services continues to monitor those movements with care.

3. Changes in State Funding: As in all prior years, changes to the state's funding levels for the various educational programs would impact the SD ability to deliver the programs under the same Schools' appropriation requested here. Specific funding mechanisms such as Circuit Breaker reimbursement for Special Education or Chapter 70 for general funding of the town expenses could feasibly impact delivery of educational services.

Schools Cash Capital, Inclusive of Facilities Maintenance, FY13

The School Committee is requesting $1,573,804 in cash capital, including school-related facilities maintenance capital items. School cash capital is allocated as follows:

	FY10 Actuals	FY11 Appropriated	FY12 Budget	FY13 Request
Technology	$478, 029	$439,535	$610,637	$553,661
Furniture/Furnishings	60,077	43,314	28,870	$77,032
Equipment	64,170	6,560	2,090	$199,245
Instructional Equip./Materials	29,171	15,305	21,913	$20,267
Infrastructure/Interior Reconfiguration	35,161	65,000	35,000	$51,000
Safety	13,201	--	--	$61,349
Facilities				
Facilities/Equipment		70,200	13,258	$63,800
Facilities/Infrastructure	32,336		103,850	$217,383
Schools Study		129,782	200,000	
Maintenance	68,271	--	--	$264,475
Safety		33,765	10,000	$65,592
		10,000		
Total	**$780,415**	**$813,461**	**$1,025,618**	**$1,573,804**

Non-Facilities

Technology continues as the largest category of school cash capital spending, with a significant portion of the total ($553,053) funding replacement of aging computers and other equipment ($444,288). Almost two-thirds of this amount will go to replace desktops, which are on a seven-year replacement cycle, and laptops, which are on a five-year replacement cycle. An additional $108,021 will fund network hardware for system maintenance at the elementary schools and the middle school to support year two of the two-year plan to replace discontinued and unsupported equipment in conjunction with servers that are older than five years. Costs of additional new equipment at the elementary schools, middle school and the high school will total $109,373; this includes funds to support four elementary schools to increase laptops per cart from 18 to 24, 37 laptops and cart to implement the middle school math intervention program, reallocation and reinstallation of High School SMARTboards to other locations in the district and other equipment.

Furniture and furnishings are replaced as they are worn beyond repair on average every 15 to 25 years. This year's capital request for Furniture/Furnishings ($77,032) is lower than anticipated reflecting a reevaluation of the Middle School furniture replacement needs. Costs of replacement furniture at the elementary and Middle School will total $75,132; this includes funds for elementary school cafeteria tables, classroom chairs, student desks, library tables, stage curtain and replacement of shades/blinds at the middle school. The equipment and copier line ($199,245) funds replacements for copiers as needed. The planned replacement for the high school administration copiers and the district production center copier, which handles large jobs from throughout the district, was postponed from FY12 to FY13 budget. Nearly 80% of the FY13 requested amount is

allocated toward the replacement of the copiers for the High School and district production center copier deferred from FY12 to FY13.

The non-facilities safety line funds replacement of cold storage and satellite food delivery equipment for the elementary schools ($30,745) and Middle School ($25,604) recommended by the Board of Health of maintain appropriate food temperatures.

Facilities

The FY13 facilities capital budget includes the following sub categories within the cash capital budget:

Equipment	***$63,800***
Infrastructure	***$217,383***
Maintenance	***$264,475***
Safety	***$65,592***
Total – School Facilities	***$611,250***

Each year there is a need to either purchase new equipment or replace equipment that is no longer usable. The equipment line funds replacement of large equipment needed to properly maintain school buildings such as snow blowers, lawn mowers, floor care equipment, major power tools etc. The majority of this year's request ($63,800) will fund floor scrubbers ($48,000) for three elementary schools and the middle school and floor wax applicators ($4,800) for each of the elementary schools and middle school. For FY14 the capital request includes new and replacement equipment such as lawn mowers and leaf blowers.

The school infrastructure line funds projects required for construction and interior improvements within the schools. The FY13 request ($217,383) includes numerous new projects related to flooring, roofing, plumbing/HVAC, lighting, smoke detectors and miscellaneous construction. Some of the more significant FY13 requests are: year one of a multi-year toilet partition replacement project for the elementary schools ($40,000), carpet replacement at three elementary schools ($33,000), Plumbing/Heating/ Ventilation replacement work ($52,499) at PAWS and four elementary schools, smoke detector replacement ($8,300) at two elementary schools and construction of a platform ($28,000) in the Middle School auditorium to accommodate sound and lighting equipment.

There are projects of various sizes and costs in the FY13 maintenance line. It is expected that the district-wide buildings and grounds assessment to be completed in the spring of 2012 will identify additional projects for the subsequent years of the five-year plan. The FY13 noteworthy maintenance project requests ($264,475) for FY13 are: year one of a multi-year project to replace all older plumbing fixtures in the restrooms of the elementary schools ($69,700): removal and replacement of the service entry driveway at the middle school ($45,000); replacement of eight exterior doors at the middle school ($36,000); replacement of the three staircases for the modular classrooms at Hardy (2) and Hunnewell (1) ($18,000).

The facilities safety line funds: exterior lighting upgrades at two elementary schools ($18,000); improvements to another elementary school's front door security and parking lot pavements markings ($8,500); the addition of automated defibrillators systems district-wide ($29,092); and a contingency for environmental testing/ mitigation, most likely to be used for indoor air quality assessment.

EMPLOYEE BENEFITS

	FY11 Actual	FY12 Approp.	FY13 Request	FY12-13 Change
Group Insurance	13,543,200	14,588,300	15,436,184	5.8%
OPEB Liability Funding	3,000,000	3,000,000	3,000,000	0.0%
Retirement Contribution	1,732,000	2,630,273	3,209,844	22.0%
Workers' Compensation	225,363	242,627	360,584	48.6%
Unemployment Compensation	108,807	150,000	250,000	66.7%
Compensated Absences	27,729	90,000	90,000	0.0%
Non-Contributory Pensions	29,765	30,905	30,905	0.0%
EMPLOYEE BENEFITS	**18,666,864**	**20,732,105**	**22,377,517**	**7.9%**

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 many 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). This concern has been highlighted this year, as discussed in the request for supplemental funding in FY12 for Unemployment Compensation under Article 7.

In an effort to focus on the full cost of employment decisions, the Executive Director and the Finance Department have, for the second 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. However, at this time, there is not a systematic approach in place that couples hiring decisions to full cost analysis, both in the short and long terms.

Group Insurance

The Group Insurance budget covers the Town's share of FY13 health insurance premiums for active and retired employees. 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 Insurance benefits for active and retired Town employees continue to be a significant factor in the budget (an increase of $850,000, 5.8%) primarily as a result of increased enrollment. The budget reflects cost savings as a result of a 0% premium increase for the "Rate Saver" health insurance plans and the Town's efforts, pursuant to recent State legislation, to enroll retired employees in Medicare and Medicare Supplement plans instead of significantly more expensive "Legacy" plans.

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, the valuation of which on June 30, 20110 was $115.7 million. 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.

Pension/Retirement Contribution
The Town contributes to the Wellesley Contributory Retirement System (WCRS), a cost-sharing multi-employer defined benefit pension plan. Substantially all Town employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Plan members are required to contribute to the System at rates that range from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution.

From FY97 until FY09, the Town did not make contributions to the WCRS, because it was 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, the Retirement Board made the prudent decision to resume contributions to the system during FY10. The Board requested $1,000,000 in funding for FY10, $2,000,000 for FY11 and $3,000,000 for FY12. Despite the recovery in global financial markets since the downturn, a large unfunded accrued pension liability still exists, necessitating a $3,813,733 contribution for FY13 and higher contributions in future years to amortize this liability in addition to paying the yearly normal cost. The MLP, Water, Sewer, and the Wellesley Housing Authority each contribute their individual percentage shares of the pension costs, resulting in the net request from the Town for FY13 of $3,209,844.

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. The increase in FY13 funding is based on the level of anticipated claims.

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. Due to an unanticipated increase in claims in FY12, a supplemental appropriation of $200,000 is requested in Article 7. Because of the uncertainty surrounding personnel reductions in the School Department and other anticipated claims, the FY13 budget request is for $250,000.

Compensated Absences
The Compensated Absences budget provides funds to pay eligible employees primarily for 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 can be compensated for unused sick leave, subject to specific limitations, at their then-current rates of pay. For union

employees, the details of such compensation are provided for under the provisions of collective bargaining. Under limited circumstances in union contracts, employees may be paid for unused sick time. These arrangements have been negotiated to reduce the use of sick time where an employee's absence results in additional cost to the Town from overtime coverage because of staffing needs (police and fire). Non-union employees are not paid for unused sick leave.

The Bylaw requires non-union employees to use their annual vacation time in the year in which it is granted, although the Human Resources Board is authorized by the Bylaw to grant exceptions to this rule for individual requests. In the instances where an employee is allowed to carryover vacation time, typically not more than 10 days, the carried-forward time must be used in the following year. Only the contract covering Library employees has any provision for limited carryover of vacation time.

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 routine annual purchase of capital assets (such as equipment, furnishings, or minor construction projects) or of 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 Town boards and departments. As the table below indicates, however, this percentage has declined recently, and in FY13 is projected to remain well below 7% for the sixth year in a row. This lower level of spending in part reflects the pressures on cash capital spending in favor of funding operating budgets during the economic downturn. But it also reflects the Town’s policy of relatively rapid pay-down of principal, which produces declining interest expense over time, and the limited new inside-the-levy capital borrowings undertaken in recent years, as more capital projects have been funded with excluded debt. Cash capital and debt service on existing inside-the-levy debt is projected to increase by $138,854 in FY13 to $6,538,921.

As can be seen in the table, however, outside-the-levy debt service has risen rapidly over the past six years, both in absolute dollars and relative to aggregate revenue sources (Taxes plus Current Revenues). For FY13, outside-the-levy debt service will make up X% of total taxes, up considerably from the level of six years ago. Much of this borrowing has been associated with school projects, especially the new High School project. Outside-the-levy debt service will decline slightly by $10,377 in FY13 to $11,058,540.

Trends in Wellesley Capital Costs ($000s)

	FY08	FY09	FY10	FY11	FY12	FY13
Cash Capital	2,943	2,826	2,787	2,757	3,008	3,526
As % of Inside Levy Taxes	2.6%	2.8%	2.7%	2.6%	2.7%	3.0%
plus Current Revenue*						
Inside Levy Debt Service	4,010	4,120	3,639	3,591	3,392	3,109
as % of Inside Levy Taxes	4.2%	4.0%	3.6%	3.3%	3.0%	2.7%
plus Current Revenue						
Cash Capital + Inside Debt	6.8%	6.8%	6.3%	5.9%	5.7%	5.7%
as % of Inside Levy Taxes						
plus Current Revenue						
Outside Levy Debt Service	4,413	5,687	7,200	9,688	10,816	11,059
as % of Total Taxes	4.4%	5.6%	6.3%	8.2%	8.8%	8.6%
plus Current Revenue						
Total Debt Service	8,423	9,807	10,839	13,279	14,461	14,168
as % of Total Taxes	8.4%	9.0%	9.6%	11.2%	11.7%	11.1%
plus Current Revenue						
Total Capital Costs	11,366	12,633	13,626	16,036	17,469	17,568
as % of Total Taxes	11.3%	11.6%	12.1%	13.5%	14.1%	13.7%
plus Current Revenue						
Inside Levy Taxes	96,569	101,802	103,815	107,978	111,670	115,771
plus Current Revenue						
Total Taxes	100,312	108,653	112,119	118,732	123,529	128,008
plus Current Revenue						
Inside levy as % total taxes	96%	94%	93%	91%	90%	90%
*Current Revenue equals State Aid plus Local Revenue						

DEPARTMENT CASH CAPITAL

	FY11 Actual	FY12 Approp.	FY13 Request	FY12-13 Change
Public Works Capital	1,300,000	1,332,700	1,322,500	-0.8%
School Capital	569,714	898,510	962,554	5.6%
Facilities Capital	534,597	448,058	893,583	74.5%
Selectmen Capital	216,975	219,974	231,936	5.4%
Library Capital	34,215	34,000	40,500	19.1%
NRC Capital	50,500	75,000	75,000	0.0%
Morses Pond Capital	50,500	0	0	0.0%
DEPT CASH CAPITAL	**2,756,501**	**3,008,242**	**3,526,073**	**13.0%**

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 guideline for FY13 cash capital was for Departments to remain consistent with the projections provided at the 2011 ATM in the TWFP. In general, the cash capital requests met this guideline.

A detailed breakout of Capital spending by department can be found in the Report of the Board of Selectmen on the ***Five Year Capital Budgeting Program*** (page R-18) including the projections for the proposed FMD and School Department cash capital.

DEBT SERVICE

This budget provides funds to pay the FY13 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		
	FY12	**FY13**
Inside the Levy	**Tax Rate**	**Request**
Debt Service on Existing Debt	3,186,025	2,903,335
Projected New Debt Service	205,800	205,800
Total Inside Levy Debt Service	**3,391,825**	**3,109,135**
	FY11	**FY12**
Outside the Levy	**Tax Rate**	**Request**
Debt Service on Existing Debt	10,815,996	10,613,569
Projected New Debt Service	0	444,971
Arbitrage and Premium	252,921	0
Total Outside Levy Debt Service	**11,068,917**	**11,058,540**

New inside the levy debt is associated with motions under Articles 17, 18 and 21 of this Town Meeting. New outside the levy debt represents DPW Building construction and surface drainage.

RECEIPTS RESERVED FOR APPROPRIATIONS

Traffic and Parking

	FY11 Actual	FY12 Approp.	FY13 Request	FY12-13 Change
Traffic & Parking Operations	622,667	668,926	833,864	24.7%

Funds for Traffic and Parking expenditures are provided by parking meter receipts, which are deposited into the Town Traffic and Parking Fund. The operating budget for the Traffic Fines Processing Department, formerly under General Government, has been moved to this non-tax impact budget.

This budget funds traffic and engineering services, meter maintenance, snow removal, sanding services for the Town's parking lots, parking lot repair and maintenance and now the Traffic Fines Processing Department. One Parking Clerk, five Parking Attendants and one Meter/Sign Repair person are included in the budget in addition to one part-time Administrator.

CONCLUSION AND RECOMMENDATION – ARTICLE 8

The FY13 budget request for operations, cash capital and debt service inside the levy limit is an increase of 4.7% over the FY12 appropriation. Town Boards working with department management have provided thoughtful and well-supported budgets. The budget development process has enabled a thorough review of each department's business, the services provided and the prioritization of operating and capital needs.

On the Personal Services side, the FY13 budget meets the Town's contractual obligations under collective bargaining agreements, providing cost of living increases in the range of 1.0 to 1.5%. More significant increases are due to contractual provisions for additional compensation for longevity (steps) and educational achievement (lanes), particularly in the School Department, where 57% of the teaching staff are eligible for step increases averaging 4.2%. A 2% cost of living increase is provided for the Town's non-union, non-managerial staff, and a Merit Pay Plan is proposed to provide performance-based increases for managerial personnel.

All funding obligations have been met, including the projected funding toward the Pension liability and the continuing commitment to fund the OPEB liability. With the establishment and funding of the Facilities Maintenance Department, we will add this funding obligation to our operating budget base and expect that our capital obligations related to facilities maintenance will grow in the near-term before leveling off at approximately $2 million per year.

Primary Budget Drivers

School funding and Employee Benefits again are the largest drivers of the increase over FY12. The Schools budget is up $2,364,558 (4.2%), while the Employee Benefits is increasing by $1,645,412 (8.7%), largely driven by increased enrollment in group health insurance as well as a higher pension contribution. While these benefit expenses do not show up on departmental budgets, they are costs of employing people in those departments, now and in the past. Advisory agrees with the increased contribution to reduce our unfunded pension liability. Advisory also applauds the Town for taking early and important steps to bring Health Insurance and other benefit costs down to a lower trajectory. However, while Advisory supports reasonable cost-of-living salary increases and the effort to remain competitive in the marketplace, it is clear that the current rate of total salary increases is not sustainable in the long term without a commensurate increase in Town revenues. This imbalance is exacerbated when increases in other employment benefits, such as Health Insurance, Pension and OPEB, also outpace revenue generation. Advisory recommends that Town Departments diligently consider total employment benefits, real market trends and sustainable compensation as we head into a new year of collective bargaining in FY13.

The FY13 budget includes an increase of $873,500 for Facilities Maintenance, in order to appropriately staff and resource the new Facilities Maintenance Department (FMD) and to provide additional cash capital to begin funding maintenance at a more appropriate and necessary level. This represents a significant additional commitment of resources. Advisory supports the recommendation as presented. Further, Advisory supports the commitment of funds this year and into the future to ensure that we are prudently managing our Town assets so that they can provide the maximum value possible.

Use of Free Cash

The increased use of Reserves in FY13 deserves special attention. Although Free Cash has been used to balance the budget in the past, it has generally been used for unanticipated capital needs or to cover smaller operating shortfalls. Last year, approximately $1 million in Free Cash was used to balance the budget. This year, the FY13 budget is balanced with the use of

$2,912,757of Free Cash, eliminating the need for an override as previously anticipated in the TWFP. In the FY13 proposed budget, Free Cash is used to offset $948,500 in costs associated with improving facilities maintenance, including the net incremental costs for staff and expenses for the new Facilities Maintenance Department ($428,000), increased funding for facilities cash capital over FY12 ($445,500) and other proposed capital facilities improvement projects funded from Free Cash ($75,000 DPW Park & Highway Building).

The Town's current level of reserves is 10.1% of operating revenue (Stabilization Fund balance of $3 million plus $8.4 million in certified Free Cash). Use of reserves to balance the FY13 budget and to fund unanticipated FY12 unemployment compensation costs is expected to reduce reserves by $2.9 million. Anticipated generation of approximately $2.7 million in free cash this year is expected to result in a reserve level of approximately 9.7% on June 30, 2012. Advisory discussed this use of Free Cash as opposed to seeking an override under the provision of Proposition 2½ to balance the budget. In short, Advisory agrees with the decision of the Board of Selectmen not to seek an override. Central to this support is the following:

1) Town Reserves have been funded through taxpayer's dollars to support the obligations and expenditures of the Town, as well as provide for financial security. Advisory considers that any request for taxpayers' dollars, beyond the limits imposed by Proposition 2½, should be considered only after all reasonable options have been considered and determined not to be financially prudent.

   The Government Finance Officers Association (GFOA) recommends reserves of 5 to 15% of revenue. Given that the current level of Reserves is 10.1% of operating revenue and that the amount of Free Cash to be used to balance the FY13 budget is comparable to the amount expected to be returned to the General Fund at the end of FY12, Advisory concludes that the use of Free Cash as proposed is financially responsible and prudent.

2) The leadership transition in the School Administration and Business Office has been a challenge this year. While the transition posed potential hurdles for budget development, the transition team has worked tirelessly to develop the FY13 budget and Advisory is confident that the budget proposed accurately reflects the costs required to deliver the current level of education.

   However, robust projections of future school spending (including FY14 and beyond), have not yet been developed. Advisory feels that it is prudent to have a clear understanding of future trends, opportunities and obligations prior to seeking additional tax dollars. Such an understanding will be necessary if it was determined in the future that additional revenue is needed through override.

3) Advisory continues to have a positive assessment of the Town's general financial health, including the adequacy of Reserves, the significant progress we have made toward funding Pension and Other Post-employment Benefits (OPEB) liabilities and the plans we are recommending for asset management through the FMD. The use of Free Cash as proposed does not change this assessment.

Advisory recommends favorable action, 14 to 0.

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)**

Under this Article, the Board of Selectmen (BOS) request 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 BOS reviews the Town Clerk's salary and makes a recommendation to Town Meeting for an appropriate merit increase for the next fiscal year. They take into consideration any adjustments made to the Series 50 salary ranges under Article 4 as well as other factors. For FY13, the Human Resources Board has not recommended an across-the-board % salary increase for employees in this classification, but has recommended a Merit Pay Plan. The Town Clerk's present salary is $76,940. The Board of Selectmen recommends a 2% increase, to $78,478 for FY13. This increase is within the HRB's projected average increase of 2.5% pursuant to the Merit Pay Plan and is reasonable.

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 town's Stabilization Funds 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, 2012, for payment of the MLP operating and capital expenditures in FY13.

Overview

The 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 1,200 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 operations and maintenance services at the former Devens Army Base. The MLP's principal expense is the purchase of electricity which the MLP resells to customers. The MLP also owns and is responsible for the maintenance and improvement of the electric distribution system in the Town.

Revenues

The MLP projects FY13 operating revenue to be $32.5 million, an increase of $.05 million (0.1%) over the FY12 budget. The MLP also expects to generate $1.0 million in net non-

operating revenue in FY13. The MLP's electric rates are approximately 17% below rates paid in surrounding communities. The MLP expects rates to remain among the lowest in the area.

Operating Expenses

The MLP projects FY13 operating expenses of $29.9 million, an increase of $.02 million (0.1%) over the FY12 budget. Shown in the following table are the principal categories of MLP operating expenses for FY09 to FY13:

Operating Expense	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Approp	FY13 Proposed
Administrative & General	$602,500	$520,600	$572,300	$614,000	$671,000
Purchased Power	25,081,000	23,039,100	21,180,800	21,144,300	20,830,000
Transmission	2,178,000	3,081,800	3,552,200	3,885,200	3,990,000
Distribution	951,800	1,032,100	984,100	1,005,000	1,035,000
Customer Service	417,400	457,600	489,800	551,000	610,810
Depreciation	2,182,300	2,419,900	2,541,900	2,634,300	2,771,000
Total Operating Expense	$31,412,700	$30,551,100	$29,321,100	$29,883,800	$29,907,800

In addition to the operating expenses outlined above, the MLP's net income will continue to be used to fund the $1.0 million payment made to the Town (see Article 8, Motion 1). From FY09 through FY13 the MLP's operating expenses are projected to decrease by $1.5 million (reference table above), an annual average of about 1% for this five-year period. The MLP has created a layered and staggered energy portfolio which has been effective in reducing purchased power costs. Reduction in Forward Capacity Market costs has allowed the MLP to absorb increased transmission and energy costs. The MLP has attempted to reduce transmission costs by unifying other public power systems in New England and opposing various projects/rates at ISO-New England and the Federal Energy Regulatory Commission. Despite the MLP's intervention, transmission costs are up over 83% from FY09 to FY13. The MLP continues to successfully manage its "delivery expenses" within the distribution, customer service and general & administrative categories. The MLP's FY13 budget includes $122,218 to promote energy conservation in support of the Town's goal of reducing energy consumption by 10% by 2013. The MLP's delivery costs exceed FY12 by $147,000. Of this amount $67,000 is needed to cover additional health insurance and pension costs, $46,000 for tree trimming and $20,000 to comply with a federal reliability audit.

Capital Expenditures

The FY13 MLP capital budget is $4.7 million as follows:

Capital Budget	FY12	FY13
System Improvements	$1,687,472	$1,300,684
Replace G & W Switches	183,778	183,778
Replace Poles	140,885	0
Upgrade Transformers	273,490	481,803
Overhead	123,750	123,750
Underground	148,750	148,750
Substation Upgrade Contingency	0	1,500,000
Customer Related Work	337,500	375,000
Provide 400/600 AMP Service	224,800	224,800
Replace Vehicles	233,000	230,000
Maintain General Plant	49,000	49,000
Improve Technology	40,000	30,000
Street Lights	64,600	64,600
60kW Portable Generator	30,000	0
Total Capital Budget	$3,537,025	$4,712,165

The MLP's FY13 capital budget is $1.2 million above FY12 due to potential substation improvements ($1,500,000). The MLP's FY13 capital plan addresses the reliability, age and safety of the distribution infrastructure. These investments allow the MLP to provide Town residents and businesses with more reliable electric service. All of these capital projects will be paid from the MLP's operating profits and existing cash reserves.

Outlook
The MLP manages its financial position to maintain its Standard & Poor's "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 power in the energy market, a favorable credit rating is highly desirable. The MLP has continued to aggressively upgrade its distribution system without any borrowing. Once the building addition is completed the MLP will have net plant assets of $52.8 million with no debt. Equally important, based on the latest Five-Year Financial Forecast ("Forecast") the MLP does not anticipate any major capital projects until FY15. The overall good condition of the distribution infrastructure along with a power supply portfolio that is partially hedged through FY16 should allow the MLP to operate without major rate increases. The MLP's Forecast is projecting that future transmission increases will be offset by a continued reduction in energy and capacity costs. Based on these projections, Wellesley electric rates should remain among the lowest in New England.

Advisory believes the MLP's FY13 operating and capital budgets are appropriate.

Advisory recommends favorable action, 10 to 0.

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 (Water Fund) FY13 receipts and cash on hand as of June 30, 2012, for payment of the Water Division operating and capital expenditures in FY13, provided that the total amount of expenditures in FY13 shall not exceed $9,043,285.

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

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

The budget is designed to break-even on a cash flow basis in a "moderate" water usage year. Water usage is subject to unpredictable, weather-related variation, which can affect revenues and expenses. To offset this variability, the Water Division budget includes a substantial

contingency. Overall, cash and equivalents in the Water Fund at the end of FY13 are projected to be $1.7 million. Interest earned goes to the Town's General Fund.

FY13 Operating Budget

The following table shows the Water Fund's anticipated sources and uses of funds for FY13. The Water Fund's receipts in FY13 from rate-payers are projected to be $5.66 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 FY 2013; the projected revenue assumes a 3% rate increase effective July 1, 2012.

Operating expenses in FY13 are projected to be $4,350,000, which is an increase of $53,600 compared to the FY12 budget. Personal service costs are projected to be $1,616,000, an increase of $43,650, or 2.8%, while the net increase for expenses is projected to be $9,950, or 0.4%. Other (non-operating) charges are projected to increase by approximately $38,684 from FY12 estimates, or 3.9%, due to increased depreciation expense, partially offset by decreased interest expenses. Overall, total expenses are projected to be $5,369,251, an increase of 1.8% relative to FY12.

Water Enterprise Fund	**FY12 Plan**	**FY13 Plan**	**Change**
Sources			
Water Fund Receipts			
Water Charges	5,548,185	5,661,194	113,009
Other Charges	-	-	-
Subtotal - Operating Revenues	5,548,185	5,661,194	113,009
Other Cash Sources			
Depreciation	946,000	1,010,500	64,500
Non-Operating Income	220,000	220,000	-
Interest Received	5,000	Incl in revenue	(5,000)
Contribution in Aid of Construction	40,000	40,000	-
Loan Proceeds	200,000	1,935,000	1,735,000
Rate Stabilization	66,192	(218,790)	(284,982)
Contingency - From Available Cash	321,780	395,381	73,601
Subtotal - Other Cash Sources	1,798,972	3,382,091	1,583,119
Total Sources	**7,347,157**	**9,043,285**	**1,696,128**
Uses			
Operating Expenses	4,296,266	4,349,884	53,618
Non-Operating Expenses (Depreciation & Interest)	980,683	1,019,367	38,684
Other Non-Operating Expenses (House Service Connections)	220,000	220,000	-
Capital Expenses & Debt Obligations			
Capital Outlay	758,000	2,293,000	1,535,000
Expenditures of Contrib. in Aid of Construction	40,000	40,000	-
Debt (Principal)	730,428	725,653	(4,775)
Subtotal - Capital & Debt	1,528,428	3,058,653	1,530,225
Contingency	321,780	395,382	73,602
Total Uses	**7,347,157**	**9,043,285**	**1,696,128**

FY13 Projected Capital Budget
The Board of Public Works projects capital expenditures of $2,293,000 in FY13, including $1,600,000 for Morses Pond Wellfield Improvements which will be considered under Article 25 because the work will be funded through borrowing. The balance of the FY13 capital program includes $50,000 for water supply improvements; $350,000 for distribution system improvements; $50,000 for hydrants; $30,000 for meter maintenance; $133,000 for equipment maintenance and replacement; $70,000 for building maintenance; and $10,000 for GIS system mapping and modeling.

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 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, 12 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 (Sewer Fund) FY13 receipts and cash on hand as of June 30, 2012, for payment of the Sewer Division operating and capital expenditures in FY13, provided that the total amount of expenditures in FY13 shall not exceed $8,446,796.

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

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

FY13 Budget
The following table shows the Sewer Division's anticipated sources and uses of funds for FY13. As shown, the Sewer Fund's receipts in FY13 are projected to be $7,193,866. This includes an assumed rate increase of 5% as of July 1, 2012, which has not yet been approved by the BPW.

Sewer Enterprise Fund	FY12	FY13	Change
Sources			
Sewer Fund Receipts			
Sewer Charges	6, 471,725	6,683,866	212,141
Wellesley College	480,000	500,000	20,000
Other Charges	30,000	10,000	(20,000)
Subtotal - Operating Revenues	6,981,725	7,193,866	212,141
Other Cash Sources			
Depreciation	420,000	400,000	(20,000)
Non-Operating Income	50,000	50,000	-
Interest Received	10,000	Incl in revenue	(10,000)
Contribution in Aid of Construction	5,000	5,000	-
Grant Proceeds	110,455	171,000	60,545
Loan Proceeds	335,000	209,000	(126,000)
Rate Stabilization	97,292	(51,422)	(148,714)
Contingency - From Available Cash	484,340	469,352	(14,988)
Subtotal - Other Sources of Cash	1,512,087	1,252,930	(259,157)
Total Sources	**8,493,812**	**8,446,796**	**(47,016)**
Uses			
Operating Expenses - Non MWRA	1,287,071	1,292,385	5,314
Operating Expenses - MWRA Charges	5,043,767	5,173,300	129,533
	6,330,838	6,465,685	134,847
Non-Operating Expenses (Depreciation & Interest)	507,188	489,013	(18,175)
Other Non-Operating Expenses (House Service Connections)	50,000	50,000	-
Capital Expenses & Debt Obligations			
Capital Outlay	760,000	620,000	(140,000)
Expenditures of Contrib. in Aid of Construction	5,000	5,000	-
Debt (Principal)	356,446	347,746	(8,700)
Subtotal - Capital & Debt	1,121,446	972,746	(148,700)
Contingency	484,340	469,353	(14,987)
Total Uses	**8,493,812**	**8,446,796**	**(47,016)**

Operating expenses in FY13 are projected to be $6,465,685, an increase of $134,847 or 2.1% from FY12. This increase is driven primarily by an increase in MWRA charges of approximately $130,000, or approximately 2.6%. Non-MWRA operating costs increased $5,314 or 0.4%, due to an increase in personal services, mostly offset by a number of small expense adjustments.

MWRA charges constitute approximately 80% 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 $489,013, a decrease of $18,175 or 3.4%. The decrease reflects slight decreases in depreciation and interest.

Capital Budget
Capital outlays for FY13 are projected to be $620,000, a decrease of $140,000 or 18.4% from FY12. The FY13 capital program includes $340,000 for rehabilitation of sewer mains; $250,000 for ejector station improvements, $20,000 for building maintenance and equipment replacement, and $10,000 for GIS system mapping and modeling.

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

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

Advisory recommends favorable action, 12 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 the authorization/reauthorization of the following revolving funds pursuant to Section 53E1/2 of Chapter 44 of the General Laws, which requires that revolving funds be authorized or reauthorized annually by vote of Town Meeting. Revolving Funds may be used without appropriation and are established for particular uses by Town departments. These funds are sourced solely from the departmental receipts received in connection with the programs supported by the revolving funds, without any expense to the Town. The authorized expenditure limit for the Council on Aging Bus Fund has increased from $104,000 to $110,000 and the limit for the Branch Library Maintenance Fund has decreased from $75,000 to $8,000. 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 $200,000;

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

Turf Field Fund, said funds to be expended under the direction of the Department of Public Works, annual expenditures not to exceed $25,000;

Tree Bank, said funds to be expended under the direction of the Department of Public Works, annual expenditures not to exceed $75,000.

Council on Aging Bus Fund, said funds to be expended under the direction of the Council on Aging Department, annual expenditures not to exceed $110,000;

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 $35,000;

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 Department, annual expenditures not to exceed $20,000;

Branch Library Maintenance, said funds to be expended under the direction of the Library Department, annual expenditures not to exceed $8,000; 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. Advisory continues to support the management of these programs through revolving funds, as approved in 2006 and subsequent Town Meetings.

Advisory recommends favorable action, 14 to 0.

APPROPRIATIONS – SPECIAL CAPITAL PROJECTS

ARTICLE 15. To see what sum of money the Town will raise and appropriate, or otherwise provide, for pedestrian safety improvements related to the reconstruction of the Rockland Street Bridge; to determine whether such sum shall be raised by taxation, through borrowing and/or by transfer from available funds; 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 and other renovations of the Warren Building (90 Washington Street), and for the construction, reconstruction, remodeling, rehabilitation and/or modernization of the same; and for other services in connection therewith; to determine whether such sum shall be raised by taxation, through borrowing and/or by transfer from available funds; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 17. To see what sum of money the Town will raise and appropriate or otherwise provide, for the purchase of a fire ladder truck and related equipment; to determine whether such sum shall be raised by taxation, through borrowing and/or by transfer from available funds; or take any other action relative thereto.

(Board of Selectmen)

Under this Article the Board of Selectmen (BOS) seeks an appropriation and authorization for the Town to borrow $605,000 for the purpose of acquiring a new tower platform fire truck to replace an existing tower platform truck that is at the end of its useful life.

Overview

The Fire Department is recommending the purchase of a new tower platform fire truck in FY13 for approximately $930,000. This expenditure has been included in the Five Year Capital Plan for several years. This type of fire truck has repeatedly proven its value both in increasing the safety and productivity of firefighters and in protecting the citizens of Wellesley. The value of the truck is especially high given the numerous multi-story college dormitories in the Town. The existing tower platform truck has been used at numerous incidents in both commercial and residential applications for fire suppression, rescue operations and medical evacuation from second and third floors. Without the platform these operations would have placed the firefighters and civilians at significantly increased risk. The Town's existing tower platform truck (Ladder II) is at the end of its useful life and has experienced increased maintenance costs and lack of availability.

Functionality of the Tower Platform Ladder Truck

The platform design enables rapid extrication of multiple people from buildings. The platform has fire stream capabilities to conduct firefighting operations while changing its position. It also carries equipment necessary to support the mission of rescue, ventilation, forcible entry, salvage and extrication.

Firefighters can operate the entire platform from within the basket that carries them to the roof. They can perform ventilation, move the platform to a position adjacent to a window and operate there to extinguish a fire. Air supplies furnished to the basket allow firefighters to operate in the immediate vicinity of the platform without wearing a heavy breathing pack. In addition, the platform provides both a master water supply and hand lines that enable firefighters to get water to the fire more quickly and easily. In short, the platform tower truck provides a stable work platform that is far safer than an aerial ladder, and it provides an environment that dramatically increases productivity. This can mean less property damage in a fire and more importantly, a more significant opportunity to rescue those in need.

Current Status of Ladder II

Ladder II is a primary response apparatus. It is a 1996 KME 102' tower platform stationed at Wellesley Fire Department headquarters. The primary mission of Ladder II is for rescue operations, to provide a mobile fire escape for building evacuation, and significant master stream applications for fire containment. The college dormitories pose the largest life safety challenge in our community. Both colleges have updated building safety systems and are very diligent about campus safety practices. Ladder II provides a mobile means of egress for rescue operations and is a necessary piece of our apparatus fleet.

The National Fire Protection Association, the national fire standard-setting organization, states the effective life of apparatus in a normal operation should not exceed 20 years. As a general policy this is the stated goal of the Wellesley Fire Department, but like all recommendations the time frame can be compressed or extended as conditions warrant with the usage and maintenance issues. A replacement cycle of 15 years is a more realistic expectation for fire apparatus longevity.

The Board of Selectmen and Fire Chief use a 15-year replacement schedule for planning purposes. The actual replacement for each piece of apparatus is determined on a case-by-case basis and over the past few years the Wellesley Fire Department has recommended FY13 for the replacement.

Ladder II has been a matter of concern due to its diminishing reliability and expensive maintenance history. The present aerial device on Ladder II is nearing the end of its useful life cycle as a frontline piece of equipment and new problems continue to arise, some caused by age of the unit, some by a lack of available parts and poor design of this particular apparatus. Annual maintenance costs, not including preventive maintenance such as changing oil, filters and tires, averaged $3,700 from FY05-FY07 and $5,200 from FY08-FY10. In FY11 the maintenance cost was $6,573 and has been $6,110 so far in FY12. Further, during this year's independent inspection, an annual maintenance requirement, it was noted by the inspector that this unit will need repairs costing at least $18,000 to pass inspection in the future.

There have also been a number of significant financial expenses incurred due to the necessity of repairs being done by an independent vendor representing the manufacturer. The delay in the turnaround and repair of this vehicle has been extensive.

New Tower Purchase Process and Cost

The Fire Department approach to the purchase and acquisition of a new tower unit has been to utilize a collective purchasing program that is Chapter 30B procurement compliant and has been developed by the Metropolitan Area Planning Council (MAPC) and the Fire Chiefs Association of Massachusetts (FCAM). This program is a state sanctioned collective bid process that maximizes the purchasing power of the 101 communities involved. This process

reduces the long delays associated with the design and the production of request for proposals for bid specifications, and it results in better pricing and delivery time of the vehicle.

There are six manufacturers participating in the program to purchase fire trucks. E-One Fire Apparatus is a manufacturer with an excellent service record and reliable products that are utilized in many adjacent communities. The Fire Chiefs in those communities strongly recommend this particular vendor. The apparatus the Fire Department has chosen is an E-One 95' Tower Platform from Greenwood Emergency Vehicles with a local service center located in Foxboro, Massachusetts.

Cost and Funding
The Fire Department has projected replacement of the tower platform apparatus in the capital planning process and anticipated the expense of a new unit to be approximately $900,000. As of October 2011, inquiry into the pricing of quality apparatus manufacturers has provided a figure closer to $997,000. The manufacturers have all stated that they have experienced recent cost increases due to federally mandated modifications of the engine systems to meet federal emissions guidelines.

By participating in the FCAM program described above, the Fire Department has received a quote of $930,000. This quote still needs to be sent for review by the MAPC for verification. In addition, the Department has received a bid of $75,000 for Ladder II, our current 1996 tower platform.

Further, due to the benefit of this particular apparatus to the life safety challenges of campus buildings, the colleges in Town will contribute to the funding. The Town has obtained a combined preliminary funding commitment from the colleges of approximately $250,000. Thus, the town's cost to acquire the new fire truck would be $605,000. It is anticipated that this amount would be borrowed.

FCAM Quote for purchase	$930,000
Dealer bid for trade-in of Ladder II	(75,000)
Colleges' contribution	(250,000)
Net cost to the Town	**$605,000**

Advisory Considerations
In evaluating the replacement of our current tower platform truck, Advisory considered the need for the apparatus and the benefits it brings to the Town in terms of fire safety and rescue operations. Advisory also evaluated the condition of the current truck and the increasing maintenance costs and downtime. Finally, by participating in the FCAM Apparatus Purchasing Program and by receiving PILOT commitments from the colleges, the Town has significantly lowered the net cost of the tower platform truck.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 13 to 0.

ARTICLE 18. To see what sum of money the Town will raise and appropriate, or otherwise provide, in addition to the amount appropriated under motion 1 of Article 20 of the Warrant for the 2011 Annual Town Meeting, to the Board of Public Works for engineering services, for plans and specifications, for construction, reconstruction, remodeling, rehabilitation and/or modernization of a new DPW recycled materials loading structure; to determine whether such sum 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)

Under this article the Board of Public Works (BPW) seeks an appropriation and authorization for the Town to borrow an additional $220,000 for the replacement of the existing Recycling and Disposal Facility (RDF) transfer building with a covered recycled materials loading structure. The 2011 ATM approved an appropriation of $400,000 for the project based on preliminary cost estimates that have since been revised.

The transfer building, constructed in 1972, is used to store loose recyclable materials, safeguard the RDF's vehicles and equipment when the facility is closed and is a critical component of the RDF's Business Initiatives program. In total, this program has generated an average of $100,000 in new net revenues for the Town's General Fund since its inception in FY07. The building is in poor condition and needs extensive repairs to fix the leaking roof as well as corroded metal side panels and structural support beams. The current engineering estimate for the repairs is $375,000. The cost of these repairs was estimated by the BPW to be well over $100,000 at 2011 ATM based on estimates that have since been refined to include additional foundation work and updated by the Weston & Sampson based on the cost of similar current projects. The current estimate does not include design costs.

The BPW proposes to demolish the existing transfer building and replace it with a fabric covered recycled materials loading structure which would also provide cover for the adjacent outdoor wood recycling area. The fabric cover of the new structure would have an estimated usable life of 20 years. The foundation and metal supports should last indefinitely. If approved, the project will be bid this summer and completed during the fall of 2012. The BPW's engineering consultant Weston & Sampson has now completed a detailed engineering estimate that indicates that the actual construction costs will be $620,000, an increase of $220,000 over the amount appropriated for this project last year. The additional cost is due to the need for more extensive foundation work because of soil conditions as well as additional storm water drainage system work because of observed high groundwater discovered in the design phase of this project. The Department of Public Works (DPW) received an appropriation of $25,000 for design work for this project in its FY10 capital budget, but chose not to proceed with design until construction funding was approved by 2011 ATM. It was then assumed that this would be a simple and straight forward project utilizing the existing foundation that currently supports a structure.

The BPW estimates that the proposed new structure will increase efficiency and provide substantially more capacity for handling of recycled materials by allowing the RDF to efficiently load loose recycled materials into100 cubic yard trailers. Currently they either are limited to 50 cubic yard containers for inside loading. They have begun to load outside using 100 cubic yard containers, a process that is slow, subject to the weather, and frequently leads to wind-blown litter throughout the facility. Net revenue could increase both from greater quantities of materials processed and sold as well as lower handling costs.

The RDF's Business Initiatives program, which has generates $25,000-$30,000 per year in net revenues from loose materials seeks to increase the volume of loose recyclable materials it

processes. The BPW reports that there currently exists a supply of recycled materials which the RDF's Business Initiatives program is unable to accept due to capacity constraints. This supply comes primarily from neighboring communities who lack the facilities, equipment and marketing expertise to process it themselves. The new structure will eliminate these constraints for the foreseeable future. The BPW estimates that the new structure will enable increased revenue of $50,000 to $80,000 per year, which would result in a project payback in 8 to 12 years based on estimated annual debt service of $69,720. The improved efficiency of the new building will allow the RDF to handle more material at a lower cost per ton and handle the additional material with the existing staff. There is some risk, however, that the available supply of recyclables will find alternative markets and the price achievable for recyclables will decrease.

Business Initiatives - RDF Recycled Materials Loading Structure

	Current Structure			New Structure (2012 Rates)		
	2009 - Actual *	2011 - Actual **	Maximum Capacity (2012 Rates)			
Loose Material Tonnage per year	**772**	**524**	**800**	**800**	**1,500**	**2,000**
Revenue Per Year	**44,775**	**48,831**	**$ 65,600**	**$ 65,600**	**$ 123,000**	**$ 164,000**
Average Revenue per Ton	58	93	82	82	82	82
Costs						
Trailers per year	64	21	32	32	60	80
Labor Hours per Trailer	5.04	10.25	10.25	4.17	4.17	4.17
Total Hours per Year	324	215	328	133	250	333
Overtime Cost Per Labor Hour	$ 33	$ 36	$ 37	$ 37	$ 37	$ 37
Labor ($ per Year)	$ 10,810	$ 7,692	$ 12,029	$ 4,890	$ 9,169	$ 12,225
Total Material Cost Per Year	$ 6,784	$ 7,965	$ 8,000	$ 8,000	$ 15,000	$ 20,000
Equipment Cost Per Year	$ 2,162	$ 1,538	$ 2,406	$ 978	$ 1,834	$ 2,445
Total Costs Per Year	**$ 19,756**	**$ 17,196**	**$ 22,435**	**$ 13,868**	**$ 26,003**	**$ 34,670**
Net Revenue	**$ 25,019**	**$ 31,635**	**$ 43,165**	**$ 51,732**	**$ 96,998**	**$ 129,330**
Revenue Increase (over maximum capacity of current structure)					**$ 53,833**	**$ 86,165**

* FY09 using 50yd Compactors
** FY11 using 100yd Trailers

Covering the wood recycling area which is currently outside is expected to allow more efficient handling during the winter season and other periods of inclement weather. Massachusetts DEP regulations require that all commercial wood waste be separated from other commercial trash and recycled materials. Additionally, covering of wood waste will reduce disposal cost because the weight will not include the absorbed rain or snow; estimated annual savings are expected to be $10,000.

In light of the increased cost estimate for the new structure, the BPW re-visited the option of repairing the existing transfer building although this option would not provide cover for the recycled materials loading area and wood recycling area. The engineering estimate for the necessary repairs is $375,000 while the projected cost of the new structure is $620,000. In reviewing the costs and benefits of this project, the BPW determined that the original project to replace the transfer building and construct a covered loading area is still beneficial to the Town, even at the higher cost.

Advisory Considerations

Advisory sees three options with regard to this proposal. They are to build a new structure, repair the existing structure, or to defer the project to a later year.

Building a new structure will provide two major benefits. The first is that it will bring the loading area and recycled wood area under cover. This will provide for a more efficient operation during the winter and other periods of inclement weather. It will also provide a small cost savings. The second benefit is that it will allow for the expansion of the Business Initiatives program by increasing the capacity for handling recycled materials and the ability to load 100 cubic yard trailers. While there is no assurance that the increased capacity will result in increased revenue, the BPW feels confident that they can generate sufficient additional revenue to cover a substantial portion of the debt service. Once the debt is paid off, the additional revenue would accrue directly to the town.

Repairing the existing structure will allow the RDF to continue its existing programs as they have in the past. However, it would not provide the benefits of the new structure. Although it would require a smaller capital investment, it would not generate any additional revenue to help defray this cost. The annual debt service for this option would be about $43,000.

The current building was built in 1972 and is nearing the end of its useful life. In a tight budget climate, postponing this project is an option. If this option is taken, the building will continue to deteriorate. The building has required repairs on a regular basis. In FY10, the sprinkler system required repairs costing $35,000.

Both repairing the existing building and deferring the project will incur opportunity costs associated with whatever revenues might have been generated by the Business Initiatives program.

Some on Advisory expressed concern that the incremental investment of $220,000 above the previously approved $400,000 is not adequately supported by a well-developed business plan including pricing and volume risk of the various recyclable streams. However, the majority of Advisory agrees that the capital investment has been well supported and is reasonable and appropriate.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 10 to 2.

ARTICLE 19. To see what sum of money the Town will raise and appropriate, or otherwise provide, for the cost of engineering design services, including preparation of bid documents, for construction, reconstruction, remodeling, rehabilitation and/or modernization of the HVAC systems of the Department of Public Works Park/Highway Building; to determine whether such sum 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 an appropriation of $75,000 to the Permanent Building Committee for the preparation of detailed design documents for repairs and improvements to the HVAC system for the Department of Public Work's Park and Highway Building.

The Park/Highway Building's heating, ventilation and air conditioning (HVAC) system has had many operational problems in recent years. The boilers that provide heat to the offices and locker room areas are over 60 years old and both failed last winter. One boiler is inoperable

and the other boiler was patched together on a temporary basis. Some of the unit heaters in the garage areas were replaced in 1986 and will be assessed to determine their efficiency and overall condition. In addition to ongoing mechanical problems, building ventilation (particularly in the fleet maintenance garage and welder's shop areas) is inadequate. Also, air conditioning relies on inefficient window units in several locations.

An appropriation of $75,000 would fund the preparation of design documents and bid specifications for the project. The 5-year Capital Plan includes a placeholder of $1,000,000 in FY14 to carry out the rehabilitation work. A more exact construction estimate will be available once the design work is completed.

Advisory believes that the improvements to the Park and Highway Building HVAC system are needed and that this appropriation to the PBC for design is appropriate.

Advisory recommends favorable action, 13 to 0.

ARTICLE 20. To see what sum of money the Town will raise and appropriate, or otherwise provide, to the Board of Public Works, for street, sidewalk and/or drainage construction, rehabilitation and/or reconstruction of the Wales Street Bridge; to determine whether such sum 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)

Advisory expects no motion under this Article.

ARTICLE 21. To see what sum of money the Town will raise and appropriate, or otherwise provide, to the Board of Public Works, for street, sidewalk and/or drainage construction, rehabilitation and/or reconstruction of Bacon Street; to determine whether such sum 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 an appropriation and authorization for the Town to borrow $480,000 for the design and reconstruction of Bacon Street from Central Street (Route 135) to the Natick town line. In addition to the new roadway surface, new storm water drainage improvements will be constructed including a new 12-inch storm drain and deep sump catch basins. The storm drainage improvements will discharge to the Commonwealth of Massachusetts drainage system on Central Street.

This section of roadway handles a large volume of traffic and has required numerous repairs over the years because of the poor pavement condition and inadequate drainage.

A State Highway permit will be required for the work on Central Street. Additionally, the project will be constructed under the Bacon Street railroad bridge that serves CSX, Amtrak and the MBTA. For this portion of the work a permit will be required from the owner of the rail line.

If this project is approved, the Department of Public Works (DPW) will develop construction plans and specifications to solicit bids in late Calendar Year 2012. The actual construction will begin late in FY13 (late spring 2013) once permits are in hand.

The DPW has an ongoing program of reconstructing major connector streets as individual capital projects and the Town's Five Year Capital Improvement Plan has anticipated Bacon Street reconstruction as a debt capital project.

Advisory supports the DPW's planning process for scheduling major road reconstruction over a period of years and agrees that the Bacon Street project is necessary and this borrowing is appropriate.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 12 to 0.

ARTICLE 22. To act on the report of the Community Preservation Committee on the fiscal year 2013 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 (CPC Report)* on page R-44. Please refer to the CPC Report for a more complete understanding of the Community Preservation Act and the proposals CPC recommends for approval.

Based on estimated FY12 revenues of $1,248,901, the CPC requests an appropriation of $60,776 for administrative purposes and a transfer of $374,670 to designated reserves. In addition, CPC requests that $330,000 be appropriated from the Community Housing Reserve for a grant to the Wellesley Housing Development Corporation (WHDC).

Favorable action under this Article would have no tax impact but would reduce the balance in the Community Preservation Fund available for future projects. The net available fund balance, assuming appropriations recommended in this Article are approved, is projected to be approximately $7,232,746 as of June 30, 2012.

It is important to note that the CPA Financial Plan for FY13 includes "placeholder appropriations" for projects that could arise during FY13 totaling $4,275,000 for planning purposes. Expenditure of these amounts would be subject to future Town Meeting approval.

Administrative Expenses and Appropriations to Reserves

1. **Administrative Expenses.** The Community Preservation Act (CPA) permits the appropriation of up to 5% of estimated annual revenues in the Community Preservation Fund for administrative purposes. The CPC has requested an appropriation of $60,776 (5% of estimated FY12 revenues) for this purpose. 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 FY13 annual revenues, the CPC has requested that $124,890 (10% of estimated FY13 revenues) from the Community Preservation Fund be reserved for each of these three purposes.

Advisory recommends favorable action, 12 to 0.

Grant to Wellesley Housing Development Corporation

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 CPC recommends that $330,000 be appropriated from the Community Preservation Fund's Community Housing Reserve as an equity grant to the WHDC. The WHDC continues to seek new opportunities to purchase additional affordable units. In addition, the WHDC wishes to have the necessary funds available to purchase existing affordability-restricted units if and when they are placed on the market.

When an affordability-restricted unit is offered for sale, the owner is required to notify the WHDC who then 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. A June 2009 LDS Consulting Group Affordable Housing Market Study (a WHDC project funded by the Planning Board as recommended in the Town's Comprehensive Plan) showed an unmet housing need of 770 family units and 676 elderly units in Wellesley. 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.

Use of Prior Funds

- Appropriations to the WHDC in FY06 through FY10 have totaled $850,000.
- In FY11, the WHDC purchased a two-family home on Peck Avenue and a one-family home at 6 Mellon Road (both of which have now been resold as affordability-restricted units) for a net use of funds of $697,920 (for 3 units), leaving a reserve balance of $152,080.
- The FY12 appropriation was $450,000, bringing the reserve balance to $602,080.
- Of this balance, the WHDC has reserved $232,400 for the potential re-purchase of an *existing* affordable unit, leaving $369,680 available for *new* affordable units.

Request for Funds

This appropriation of $330,000 would bring the WHDC's reserve available for new affordable units to approximately $699,680 (comparable to the total paid for 3 units in FY11), while also retaining the reserve of $232,400 for repurchase of existing affordability-restricted units, if necessary.

Advisory recommends favorable action, 12 to 0.

ARTICLE 23. 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 exterior renovations of the Hills Branch Library (210 Washington Street), and for the construction, reconstruction, remodeling, rehabilitation and/or modernization of the same; and for other services in connection therewith; to determine whether such sum shall be raised by taxation, through borrowing and/or by transfer from available funds; or take any other action relative thereto.

(Board of Selectmen & Board of Library Trustees)

Advisory expects no motion.

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. Some easements are required by the Town to access private property to maintain, repair or replace water, sewer or drain lines, electrical conduits or electrical transformers, or for the construction of new sidewalks. In other instances, easements are requested by landowners seeking to get utility services to their property. Before any easement is presented to Town Meeting, it is reviewed and approved by Town Counsel and the Town's Engineering Department, and is then executed and recorded at the Registry of Deeds. The approval of Town Meeting is the final step required for action on an easement.

The following easements are ready to be presented at Town Meeting:

- 442-452 Washington Street – Confirmatory Drainage Easement.
- Linden Street relative to Linden Square – There are a total of seven utility easements and two pedestrian easements being granted to the Town of Wellesley. In addition, there are four existing utility easements that are no longer required and will be abandoned.
- 27 Washington Street – Confirmation of Easement Relocation.

The following easements may be ready to be presented to Town Meeting, but they are in the final stages of the approval process:

- 984-990 and 990R Worcester Street – Utility and Access Easement (Abandon and Relocate).
- Cochituate Aqueduct (National Grid) – This easement consists of a natural gas easement located on Town owned land at the Cochituate Aqueduct property located near the Cedar Street and Walnut Street intersection.
- 60 White Oak Road – Drainage Easement (Abandon and Relocate).
- 34 Eisenhower Circle – Utility Easement (Abandon).
- 42 Eisenhower Circle – Utility Easement (Abandon and Relocate).

None of the easements described herein involve any expense to the Town. It is possible that additional easements will be presented to Town Meeting.

Advisory recommends favorable action, 12 to 0.

ARTICLE 25. To see what sum of money the Town will raise and appropriate, or otherwise provide, to the Board of Public Works for water wellfield 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 Water Enterprise Fund to borrow $1,600,000 for the installation of three new water wells and the modification of one existing water well to increase the water supply at the Morses Pond Wellfield.

In May 2009 the Water Division contracted with engineering consultant Wright-Pierce to perform an evaluation of options to supplement the water supply at the Morses Pond Wellfield. From this evaluation it was determined that the best option was a four well system consisting of three new wells plus modifications to an existing well. In June 2011 Wright-Pierce began the design of the replacement wells and related upgrades to the pump station and treatment plant. This final design is now 90% complete, with a construction cost estimate of $1,600,000.

The Morses Pond Wellfield has historically been the Town's largest source of local water, providing 45% of the local supply. However, this output has decreased in recent years as the wells have aged, and the reduced yield has required additional reliance on more expensive MWRA water. Once on-line, the proposed wellfield improvement project is expected to increase local yield and reduce MWRA water use by 200mg per year, for an annual savings, net of debt service costs, of $400,000 per year.

Advisory believes that the payback on this project is very high, and the improvements are important for the long-term health of the Town's water system.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 12 to 0.

ARTICLE 26. To see if the Town will vote to authorize the Board of Selectmen to petition the General Court for special legislation authorizing said Board to negotiate 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, notwithstanding public bidding procurement laws which are ill-suited to the circumstances; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 27. To see if the Town will vote to approve amendments, as recommended by the Board of Selectmen, to 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; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

AMEND ZONING BYLAW

ARTICLE 28. To see if the Town will vote to amend the Zoning Bylaw SECTION XIVB. FLOOD PLAIN OR WATERSHED PROTECTION DISTRICTS. and Zoning Map, to meet the new requirements of the Federal Emergency Management Agency (FEMA) and to ensure compliance with the requirements of the National Flood Insurance Program; or take any other action relative thereto.

(Planning Board)

The Planning Board seeks to amend the Zoning Bylaw, SECTION XIVB. FLOOD PLAIN OR WATERSHED PROTECTION DISTRICTS and to amend the Zoning Map to establish a Special Flood Hazard Area, effective July 17, 2012, to meet the requirements of the Federal Emergency Management Agency (FEMA) and to comply with the requirements of the National Flood Insurance Program. The motions expected under this article are described in more detail in the Report of the Planning Board, at pages R-48-49.

In the 1970s the Town adopted and amended the Flood Plain or Watershed Protection District Zoning Bylaw which established 100-year base flood elevations for bodies of water in Town and restricts new construction within flood plains. In 1979, FEMA issued a Flood Insurance Rate Map (FIRM) that identified the Special Flood Hazard Areas, which are the areas subject to inundation by the base (1% annual chance) flood. Recently, FEMA completed a re-evaluation of the flood hazards on a county-wide basis. The new maps and data behind the maps reflect this re-evaluation of current flood risks, replacing information that is up to 30 years old. As part of the adoption process, communities must link the FIRM with their local flood plain restrictions, which, in Wellesley, are governed by the Zoning Bylaw. As a condition of continued eligibility in the National Flood Insurance Program, the Town must show evidence of adoption of the required flood plain management regulations within six (6) months of issuance of final plans by FEMA (which occurred January 17, 2012).

The proposed amendments to the existing Zoning Bylaw are based on a FEMA model Flood Plain Bylaw and include the addition of definitions applicable to the new map format, the establishment of the new district boundaries and base flood elevation data, and a new provision for notification of watercourse alterations. Structures constructed before 1974 will remain exempt from meeting the requirements of the district.

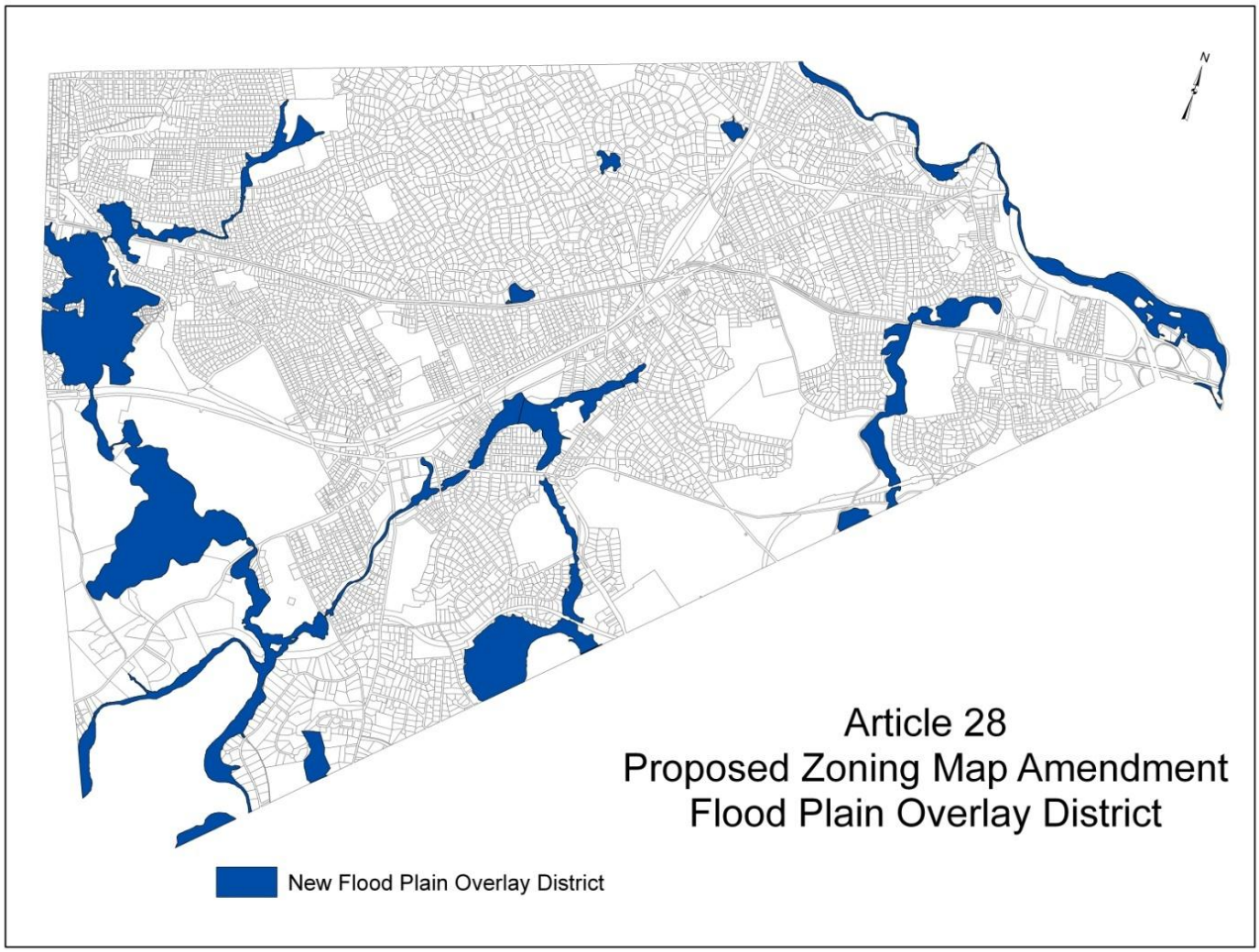
The Zoning Map amendment would adopt the base flood elevations for the 100-year storm as provided in FEMA's revised FIRM, modifying existing Flood Plain Zoning District boundaries by incorporating the FIRM map into Wellesley's pre-existing map. This proposal would not modify the existing zoning restrictions.

Advisory recognizes that failure to enact the necessary regulations and related map amendments will result in the Town's suspension from participation in the National Flood Insurance Program. Property owners would be prevented from obtaining or renewing flood insurance policies under this program, impacting their ability to obtain mortgage financing.

Passage requires a 2/3 vote.

On the Zoning Bylaw amendment:
Advisory recommends favorable action, 12 to 0.

On the Zoning Map Amendment:
Advisory recommends favorable action, 12 to 0.



ARTICLE 29. To see if the Town will vote to amend the Zoning Bylaw SECTION XVIA. PROJECT APPROVAL. to amend the language pertaining to fees and expenses payable by an applicant; or take any other action relative thereto.

(Planning Board)

This Article seeks an amendment to the Zoning Bylaw, SECTION XVIA. PROJECT APPROVAL.,3. Special Permit for Projects of Significant Impact, to clarify the responsibility of the applicant to pay for peer review costs associated with any required post-development reviews for approved Projects of Significant Impact (PSI). The phrase "funded by the Applicant," would be stricken from the first line of the second paragraph. At the end of the same paragraph, the following sentence would be added: "Should post development traffic counts, review of plans, mitigation proposals or any other peer review or related professional services be required, the applicant shall bear the cost thereof**."** The relevant paragraph, as amended would read as follows:

> Post development traffic counts, ~~funded by the Applicant,~~ may be required at the discretion of the Planning Board, at reasonable intervals over a period not to exceed twelve (12) months, and commencing no sooner than three months after commencement of Project operation. The purpose of this monitoring is to review the accuracy of PSI traffic projections. If at least two consecutive traffic counts no less than six months apart reflect that site-related daily traffic is more than 10 percent (10%) above the projected volume, then the Applicant shall undertake an evaluation to identify any specific circumstances requiring further action or mitigation. **Should post development traffic counts, review of plans, mitigation proposals or any other peer review or related professional services be required, the applicant shall bear the cost thereof.**

In recent years costs to the Town for its traffic engineer to review required additional traffic studies or mitigation plans have escalated due to the complexity of the projects and their location, many on Route 9. Generally, if costs for required peer review exceed the amount of the original PSI application submittal fee, the Planning Board requires the applicant to pay the balance due before a building permit or certificate of occupancy is issued. Many PSI decisions require post-development traffic counts to assess the effectiveness of traffic mitigation measures that were based on pre-development estimates. However, post-development traffic counts and the related expenses occur *after* permits have been issued. This amendment eliminates any ambiguity that PSI applicants remain obligated to cover the costs of required post development peer review.

Advisory believes that this amendment appropriately eliminates ambiguity as to the obligation of PSI applicants to pay for peer review of required post-development studies and any mitigation plans and proposals.

Passage requires a 2/3 vote.

Advisory recommends favorable action, 12 to 0.

AMEND TOWN BYLAW

ARTICLE 30. To see if the Town will vote to impose a municipal charges lien on real property located within the Town to secure reimbursement to the Town for its expenses incurred in correcting any particular encroachment onto town-owned land, as authorized by G.L. c. 40, §58; to amend the Town Bylaws **ARTICLE 49. POLICE REGULATIONS**, for said purpose if necessary; or take any other action relative thereto.

(Encroachment Committee)

Through this warrant article, the Ad Hoc Encroachment Committee (the "Committee") seeks Town Meeting approval granting the Board of Selectmen (BOS) authorization to impose municipal charges liens on real property owned by abutters to Town land for costs incurred by the Town in correcting encroachments onto Town land.

The Committee was formed in 2010 to address concerns regarding encroachments and dumping on Town land. A report of the Committee is included as an Appendix to this Report on page R-29. The Committee recommended a Policy for correcting encroachments on Town land, which has been approved by all Town Boards with jurisdiction over public land as described in the report. This article seeks to give the BOS the authority to impose a municipal lien as a tool in a multi-step encroachment correction process.

The Town Boards have adopted an Encroachment Correction Procedure that would be followed in identifying and attempting to resolve encroachments. After identifying an encroachment, the Town Board with jurisdiction over the property being encroached upon would first notify the encroaching property owner and attempt to resolve the encroachment. A municipal lien would be considered only in cases where the property owner is unwilling or unable to correct the encroachment or pay the costs of correction. All municipal liens under this new authority would require approval by the BOS after a public hearing. The Committee anticipates that instances when a Town Board would seek a municipal lien are very rare, as the experience of the Committee has been that property owners are usually very cooperative in resolving encroachments.

There are two motions expected under this Article. The first would grant the Town the authority to impose municipal charges liens in the circumstances described above, and the second would amend the Town By-laws to require BOS approval of any such municipal charges lien.

Advisory supports the efforts of Town boards to eliminate encroachments from the property over which they have jurisdiction and believes that the ability to impose a municipal lien in limited cases where the encroaching property owner is unwilling or unable to correct an encroachment is a reasonable means of accomplishing this goal. There was a concern expressed that legitimate disputes could arise as to whether an encroachment exists and a preference that the Town pursue existing remedies in court, thereby providing a higher level of due process before an independent, disinterested body. However, the majority of Advisory felt that the Encroachment Correction Procedure, together with the requirement for a public hearing before the Board of Selectman, provides sufficient due process, and expects that the Board of Selectman will act judiciously in deciding whether to impose a lien.

Advisory recommends favorable action, 11 to 1.

CITIZEN PETITIONS

ARTICLE 31. To see if the Town will vote to amend the Town Bylaws **ARTICLE 49. POLICE REGULATIONS**, to restrict the commercial use of gasoline powered, motorized portable machines that blow leaves, dirt, and other debris off sidewalks, driveways, lawns, or other horizontal surfaces; a copy of the current draft of the proposed bylaw being proposed on file in the office of the Town Clerk; or take any other action relative thereto.

(Citizen Petition)

This Article is a citizens petition requesting adoption of an amendment to the Town Bylaws to restrict the commercial use of "gasoline powered, motorized portable machines whose primary purpose is to blow leaves, dirt, and other debris off sidewalks, driveways, lawns, or other surfaces" (leaf blowers) on private property used for residential purposes as defined in the Zoning Bylaws. The text of the proposed Bylaw is as follows:

Restrictions on Certain Commercial Activity. *No person shall undertake or perform any outdoor commercial activity involving the use of gasoline powered, motorized portable machines whose primary purpose is to blow leaves, dirt, and other debris off sidewalks, driveways, lawns, or other surfaces, on any private property in the Town being used for residential purposes as defined in the Zoning Bylaws.*

The proposed Bylaw would prohibit the use of leaf blowers, as defined, by landscapers or other contractors hired to do outdoor work on residential property. The proposed Bylaw would not restrict the use of leaf blowers on land not used for residential purposes or the use of other types of leaf blowers, such as those powered by electricity. Individual residential property owners' personal use of leaf blowers on their own property would not be restricted.

The citizen who proposes this Bylaw cites negative impacts on air quality and noise concerns in residential neighborhoods as the rational for restricting the use of leaf blowers, as defined. The Town currently has a Bylaw that restricts the times of day in which leaf blowers and other yard maintenance equipment may be used, thereby limiting noise impacts early in the morning, in the evening and on Sunday. The citizen who has proposed the Bylaw under this Article believes that further restrictions on leaf blowers are necessary.

The penalty for violation of the Bylaw, pursuant to Article 49.34, would be fifty ($50) for each offense and would be enforced by the Police.

Advisory Considerations

Advisory observes that there has been little public discussion of the proposed Bylaw and no discernible public process offered to educate residents or to hear their concerns.

Advisory acknowledges that the Town has an interest in addressing issues of noise and air quality. Advisory has not, however, been able to assess the impact on noise levels and air quality that leaf blowers impose or the extent and nature of public concern about those impacts. Advisory questions whether the proposed Bylaw would achieve its stated goal as the broad exemption of non-residential property, homeowners, and the Town would allow significant continued leaf blower use.

Advisory recognizes that a large number of homeowners contract with landscapers or other commercial service providers to remove leaves and debris from their yards, particularly in the autumn and spring months of the year. Most, if not all, commercial landscapers and service providers use the types of leaf blowers for which commercial use would be prohibited by this

Bylaw. The proponent has not provided, and Advisory has not been able to determine what reasonable alternatives for leaf removal are available or what the incremental costs to homeowners would be for those services. Advisory is concerned that the alternatives that commercial service providers use may have impacts that have not been anticipated.

Advisory believes that Town Meeting's decision making process would be best served if a review and action on the proposed Bylaw was deferred to allow a full and open public process in which the benefits and costs of adoption may be carefully weighed. The process could additionally be enhanced by the informed input of interested Town Boards and Committees.

Advisory recommends unfavorable action, 14 to 0.

GENERAL

ARTICLE 32. 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; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 33. 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 therefor; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 34. 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, 2011; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 35. 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 36. 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 37. 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, 13 to 0.

Town-Wide Financial Plan for 2012 Annual Town Meeting
Submitted by the Board of Selectmen

March 7, 2012

Dear Town Meeting Members:

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 (FY12), the proposed budget for FY13, and projected financial information for the years FY14-17.

Overview

The Board of Selectmen will present a balanced budget for FY13 at the upcoming Annual Town Meeting (see Exhibit A). This budget assumes the use of $2.9 million of reserves, in lieu of a Proposition 2½ override as projected at Town Meeting last Spring. In light of the leadership transition in the School Department, the current economic climate and the healthy condition of the Town's financial reserves, the Board decided to use a combination of further budget reductions and greater use of reserves to eliminate the deficit and defer an override request to next year.

As previously discussed at Town Meeting, the pace of municipal spending growth, particularly on education and employee benefits, continues to outpace the growth in revenues. Modest and/or zero percent general wage increases in recent collective bargaining settlements, and restructuring of employee health insurance benefits have moderated the impact of this structural deficit. FY13 will be the sixth consecutive year without an operating budget override. (Wellesley voters approved six overrides during the period FY01-FY07.) However, the increased level of reserves required to balance the FY13 budget further emphasizes the need for an override in FY14.

The most significant capital appropriations envisioned in the Town's Five Year Capital Budget Program (included elsewhere in the Advisory book) include:

- Fuller Brook Park
- Senior Center
- Morses Pond dredging
- St. James
- School facilities renovation work to be forthcoming from the ongoing school facilities assessment being performed by Symmes Maini & McKee Associates

No action will be taken on these matters at the upcoming Annual Town Meeting. However, estimates regarding the timing and cost of these and other projects, as available, are presented later in this report or in the Capital Budget Program.

A key issue to be considered at Town Meeting concerns the recommendations of the Ad Hoc Facilities Maintenance Committee appointed at the 2011 Annual Town Meeting. Under Article 6, the Committee will recommend the establishment of a Town-wide facilities maintenance department led by a facilities professional reporting to the Executive Director of General Government Services. In addition, the Committee will express its support for the hiring of additional personnel to support an adequate maintenance program. The FY13 budget presented later in this report separately identifies the financial impact of these additions.

Looking forward, we are projecting deficits in the range of $4.9 – 9.5 million in each of the years FY14-17, before consideration of any override(s). The assumptions underlying these projections are discussed later in this report. We will continue to explore opportunities for revenue enhancement and cost efficiencies; it is also possible that State aid, local revenue and other variables will evolve more favorably than assumed. However, the magnitude of the deficits clearly suggests some form of override or major cuts in services will be required in these years.

We are continuing to refine the TWFP, as summarized in this report and will provide further updates on these matters through the start of Town Meeting. Town Meeting feedback on the issues discussed in this report is critical to our ongoing planning process.

Key Financial Planning Issues

As in prior years, the key issues impacting the Town's financial planning include:

- Uncertainty regarding future levels of State aid
- Growth in personnel costs
- Continuing increases in employee benefit costs
- Facilities maintenance needs
- High School construction and related borrowing costs
- Funding of future capital projects

A short discussion of each of these items follows.

Uncertainty regarding future levels of State aid

State aid ($8.6 million) comprises approximately 6.6% of the Town's total sources of funds. The largest component is Chapter 70 Aid for Education. The proposed FY13 State budget recently submitted by Governor Patrick level-funds Aid for Education, and the latest signals from the State Legislature appear to be consistent with this position. Accordingly, we have assumed level funding in FY13.

Growth in personnel costs

The largest single item in the year-over-year growth of the Town budget is the cost of pay increases for existing employees. The vast majority of Town employees are unionized, and as such, their increases are the subject of collective bargaining. Eleven of the Town's twelve union contracts are settled at least through June 30, 2013. (Only the Library Association contract remains unsettled.) The settled contracts provide for modest general wage increases in FY13. Of greater significance to the FY13 budget, however, are the cost of "step" increases for employees who have not yet reached the top step and "lane" increases for teachers as they achieve additional academic degrees.

The following table illustrates the key variables for a sample of the Town's union contracts.

	Patrolmen	Superior Officers	Firefighters	DPW Production	Teachers
Budgeted positions	32	9	53	80	459
Steps	4	1	4	6	16
Average step value	5.6%	N/A	5-6%	5.3%	4.2%
% of employees on steps	16%	N/A	15%	.6%	57%
FY13 Contract increase	1%	1%	1.5%	1.5%	1%
FY13 Budget increase	1.4%	1.4%	2.5%	2.2%	4.9%

For those departments with a lower percentage of employees continuing to earn step increases (i.e., "on steps") there is a relatively close correlation between the FY13 contract increase and the FY13 budget increase. In the case of the School Department, the higher percentage of employees on steps contributes to the bigger difference between the same two variables. Looking forward, the profile of the School workforce and the structure of the Teachers contract will continue to be major drivers in the Town's annual budget growth. Information regarding projections for the period FY14-17 is presented later in this report.

Continuing increases in employee benefit costs

Employee benefit costs total $22.3 million in FY13 (17% of the Town's total budget) and are the fastest growing component of the budget. The principal components of this cost are:

- Health insurance premium costs for active and retired employees - $13.9 million
- Pension plan contribution - $3.2 million
- Other Postemployment Benefits (OPEB) - $3 million

Health insurance: The budgeted health insurance costs for FY13 reflect a 0% premium rate increase for employees and retirees enrolled in the "Rate Saver" plans and rate increases ranging from 9.1% - 14.7% for those enrolled in the Legacy plans. Thus, the premium rates for the Rate Saver plans will be in the range of 22% - 28% lower than those for the Legacy plans in FY13. The only Town subscribers who remain enrolled in the Legacy plans are retirees who were grandfathered against the Section 18 election approved at the 2006 Annual Town Meeting. As required by the recent State health insurance legislation, the Town is working to transfer those retirees who are eligible for Medicare Part A onto Medicare supplement plans. An assumed amount of savings relating to these transfers has been incorporated in the FY13 budget request.

Pension: The Town maintains a defined benefit pension plan for retired employees other than teachers (teachers participate in a similar plan operated by the State). The benefits provided by the plan are identical to those offered by other cities and towns in Massachusetts. Municipal employees in Massachusetts are not eligible for Social Security as a result of their employment with a municipality. Thus, the pension benefit is provided in lieu of a retirement allowance provided under Social Security. Unlike a defined benefit pension plan in the private sector, municipal employees contribute toward the cost of their pension. Any municipal employee hired after 1996 is required to contribute 9% of pay plus 2% of pay over $30,000 to the plan. Employee contributions to the Town of Wellesley's pension plan during calendar 2011 totaled

$2.9 million. During the years FY97-FY09 when the pension liability was fully funded, the Town made no contributions to the pension plan.

OPEB: The Town is obligated to subsidize a portion of the health insurance premiums for retirees. Eligible retirees are required to enroll in Medicare and the Town pays 50% of the cost of a Medicare supplement plan and 50% of the Medicare Part B premium.

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

	Pension	OPEB
Valuation date	1/1/10	7/1/10
Accrued liability	$ 149,447,086	$ 125,582,343
Actuarial value of assets	129,514,453	11,133,131
Unfunded liability	$ 19,932,633	$ 114,449,212

A new actuarial valuation of the pension liability is being performed as of 1/1/12, and we expect to report the results of that valuation at Town Meeting. The Retirement Board is considering reducing the assumed rate of return used in the valuation (8% in 1/1/10 valuation), which will increase the liability.

The actuarial funding schedule (January 1, 2010 valuation) for the pension plan requires the Town to continue increasing the annual pension contribution for the next several years. This increase in funding is intended to return the plan to a fully-funded status by approximately 2030. The $3.2 million contribution for FY13 (excluding contributions by the Sewer, Water and Municipal Light Plant enterprise funds) is still lower than the pension contributions made during the late 1980's and early 1990's.

The Town has established an actuarial funding schedule for the OPEB liability, which provides for increasing amortization payments intended to fully fund the liability over a 30 year period. The funding schedule requires the Town to contribute $3 million each year in addition to the increasing pay-as-you-go costs. Despite this funding, the unfunded OPEB liability will continue to grow until 2019. Any decision to diminish the level of OPEB funding in the near-term would exacerbate the projected growth of these costs in future years. It should also be noted that the pending transfer of retired subscribers from Legacy plans to Medicare supplement plans (see preceding Health insurance discussion) will decrease the unfunded liability.

Facilities maintenance needs

At the 2011 Annual Town Meeting, a new Ad Hoc Facilities Maintenance Committee was appointed to study the need for changes in the Town's approach to facilities maintenance. The Committee has completed its work, and is recommending the establishment of a Town-wide facilities maintenance department led by a facilities professional reporting to the Executive Director of General Government Services. In addition, the Committee is recommending that 11.5 additional personnel (full-time equivalents) be hired to bring staffing levels in line with industry benchmarks and execute a more rigorous maintenance program. The FY12 budget previously included funding for two of these positions, but pending resolution of the Committee's work, these two positions were not filled.

The following table summarizes the proposed increase in personnel:

Full-time equivalents (FTE)	Current Staffing	Additional Resources	FY13 Budget
Management & Admin.	3	3	6
Tradespeople	5	3	8
Custodians			
- School	35	5.5	40.5
- Town	8.8		8.8
	51.8	11.5	63.3

Town Meeting will consider the organizational consolidation of facilities maintenance under Article 6, which will include a motion to transfer responsibility for "general charge and superintendence of school buildings" to the new Facilities Maintenance department. The proposed increase in the facilities maintenance budget will be considered under Article 8. In the meantime, planning for this transition is ongoing.

As discussed in prior years, the Town's recurring level of facilities maintenance capital remains well below credible benchmarks in this area. Pending the hiring of additional management personnel and the results of the assessment of the school buildings currently being performed by Symmes Maini & McKee Associates, we have adjusted the level of facilities maintenance capital investment for FY15 – FY17 seen in the Five Year Capital Budget Program, to bring it closer to an appropriate benchmark.

High School construction and related borrowing costs

The new High School building is largely complete and the most significant work remaining is to demolish the old building and complete the site work. Spending to-date on the project totals $86.5 million and reimbursements from the Massachusetts School Building Authority (MSBA) total $30.9 million (the total cost incurred to-date includes certain costs not eligible for MSBA reimbursement, such as the purchase of the Seaver Street properties).

The third round of borrowing for the project ($22 million) closed in April 2011 and we anticipate the fourth and final round of borrowing will take place in fiscal 2013. The weighted average interest rate on the borrowings to-date is approximately 3.7%, which compares favorably to the 4.5% rate used in our original projections. The PBC currently projects total project cost to be approximately $14.6 million below the original appropriation. This savings will reduce the level of MSBA reimbursement on the project, and our latest estimates suggest the Town's net project cost will be in the range of $9 - 11 million below budget (not including related interest costs). We believe the Town will also save almost $19 million in interest charges compared with the original projection. This is being achieved through level principal amortization, lower interest rates, and shorter borrowing terms. The debt service cost for the project is currently projected to peak in FY14, and decline each year thereafter. The budgeted FY13 and projected FY14 debt service cost related to the High School project are $5.7 million and $6.3 million, respectively.

Funding of future capital projects
We continue to assume the following two projects will be funded via debt exclusions, subject to favorable action at Town Meeting:

- Senior Center ($4.3 million) – While no action on the Senior Center is planned for the 2012 Annual Town Meeting, to illustrate the potential impact of this project, we have rolled forward the most recent cost estimate for the standalone Senior Center at the former American Legion site.

  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. Following the failed attempt to acquire the adjacent property at 494 Washington Street in the spring of 2010, completion of the design work was placed on hold, while the Selectmen and Council on Aging further explore site options. This work is ongoing.

- Fuller Brook Park – Considerable planning has been done on the Fuller Brook Park Preservation Project. No appropriation of funds will be sought for this project at the 2012 Annual Town Meeting. As seen in the Five Year Capital Budget Program, the total cost of this potential project is currently estimated to be $5.4 million, with $3.6 million of the cost to be funded with CPA funds, and the balance ($1.8 million) to be funded by the Town.

In addition, significant planning work has been done on the following project:

- St. James – In anticipation of a potential end to the vigil and the Archdiocese's decision to divest this property, the Town has developed a preliminary proposal to acquire the property and redevelop it for recreational purposes. If a Town bid were accepted, the cost of acquiring the property would be primarily funded by Community Preservation Act (CPA) funds and the subsequent construction of recreational facilities (initial plans call for a playing field, skating rink and swimming pool) would be funded through a mixture of public and private funds.

The FY13 Budget

At the 2011 Annual Town Meeting, we projected deficits of $4.3 million and $6.2 million in FY13 and FY14, respectively, and suggested an override of $5 million in FY13 to offset these deficits. A modest increase in State aid and a focused effort on constraining budget growth has enabled us to reduce the projected FY13 deficit by $1.3 million. In light of the leadership transition in the School Department, the current economic climate and the healthy condition of the Town's financial reserves, the Board chose to use reserves to offset this deficit and defer an override request to the following year.

The proposed FY13 budget is summarized in the following table (a more complete FY13 Sources & Uses is presented on Exhibit A):

	FY12 Budget	FY13 Request	$ Inc/(Dec)	% Inc/(Dec)
Sources of Funds				
Taxes	$ 93,179,781	$ 96,959,276	$ 3,779,495	4.1%
State Aid	8,592,729	8,592,729	-	0.0%
Local Revenue	9,897,975	10,219,003	321,028	3.2%
Free Cash	1,041,064	2,912,757	1,871,693	179.8%
Other Sources	2,006,136	1,616,760	(389,376)	-19.4%
Exclusions & Exemptions	12,479,945	12,858,540	378,595	3.0%
Total Sources	$ 127,197,630	$ 133,159,065	$ 5,961,435	4.7%
Uses of Funds				
School	$ 55,750,605	$ 58,115,123	$ 2,364,518	4.2%
Facility Maintenance	5,317,618	6,200,673	883,055	16.6%
Other Town Departments	24,832,178	25,503,269	671,091	2.7%
Employee Benefits	18,932,105	20,577,517	1,645,412	8.7%
Cash Capital	3,008,242	3,526,073	517,831	17.2%
Debt Service (inside Levy)	3,391,825	3,109,135	(282,690)	-8.3%
Other Uses	3,485,112	3,268,735	(216,377)	-6.2%
Exclusions & Exemptions	12,479,945	12,858,540	378,595	3.0%
Total Uses	$ 127,197,630	$ 133,159,065	$ 5,961,435	4.7%
Surplus/(Deficit)	$ -	$ -		

Sources of Funds: The 4.1% increase in Taxes reflects the allowed growth in the levy limit (2.5%) and $1.45 million of new levy growth. The 3.2% increase in Local Revenue reflects modest increases in excise taxes, permit fees and recycling revenue. The significant increase in the use of Free Cash (further details provided later in this report) is attributable to the decision to defer an override request to next year. The decrease in Other Sources is due to reductions in non-recurring sources. The increase in Exclusions and Exemptions primarily reflects the increased level of debt service associated with the High School project.

Uses of Funds: The 4.2% increase in the total School budget primarily reflects the cost associated with contractual step and lane increases. The 16.6% increase in Facilities Maintenance is attributable to the proposal to add personnel discussed earlier. The 2.7% increase in Other Town Departments reflects contractual wage increases for union employees, wage increases for non-union employees to be considered under Article 4 and increases in property and liability insurance premiums. The 8.7% increase in Employee Benefits is primarily due to increased enrollment in the Town's health insurance plans, higher reserve requirements related to worker's compensation and a $0.6 million increase in pension funding (excluding enterprise funds). Facilities maintenance accounts for $334,000 (68%) of the increase in Cash Capital. Debt Service inside-the-levy is down as a result of the continuing pay-down of related debt. Other Uses include CPA fund requests and other self-funding items, as well as provisions for state and county assessments and property tax abatements.

The Town is also proposing to fund a $200,000 supplemental FY12 appropriation to the Unemployment Trust Fund (Article 7) from Free Cash, to pay for higher than anticipated unemployment costs.

Debt Capital

The Town's Five-Year Capital Budget Program is presented elsewhere in this book. The following debt capital projects will be considered at the 2012 Annual Town Meeting:

- Fire ladder truck replacement, net of contributions by Babson and Wellesley College - $605,000 (Article 17)
- DPW recycled materials structure - $220,000 (Article 18)
- Bacon Street reconstruction - $480,000 (Article 21)

The debt service cost for these projects will first impact the Town budget in FY14.

Reserves

Mindful of the need to maintain sufficient financial reserves to support the Town's favorable AAA bond rating, we continue to carefully monitor the level of revenues and expenses versus budget, and the resulting impact on reserve levels.

Of particular concern are the balances in the Town's Stabilization Fund (a separate reserve fund) and the balance of Free Cash. 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, 2011 was $3 million and we are making no requests for appropriations from this fund. The level of Free Cash, as certified by the DOR, was $8.4 million as of July 1, 2011.

The following chart summarizes the changes in Free Cash for the years FY04-11:

Free Cash	FY06	FY07	FY08	FY09	FY10	FY11
Beginning of year	$ 2,771,548	$ 4,028,225	$ 6,786,366	$10,692,354	$ 9,145,674	$ 9,471,751
Uses	(160,000)	(1,712,593)	(2,475,512)	(4,007,626)	(982,734)	(3,715,184)
Net Free Cash generated	1,416,677	4,470,734	6,381,500	2,460,946	1,308,811	2,682,503
End of year	$ 4,028,225	$ 6,786,366	$10,692,354	$ 9,145,674	$ 9,471,751	$ 8,439,070

Free Cash is "generated" by revenues in excess of budget, budget "turn-back" (amounts budgeted but not spent), and other timing differences. The Town's ability to generate Free Cash has enabled the rebuilding of the Town's financial reserves, and funded a number of operating and capital investments, as seen in the "Uses" quantified above. Thus, the prospects for generating additional Free Cash in FY12 is an important factor in our evaluation of the proposed use of these reserves to balance the FY13 budget.

The following chart summarizes our projection of Free Cash at June 30, 2012:

Free Cash at 6/30/11	$ 8,439,070
Anticipated FY12 uses	(200,000)
Anticipated FY13 uses	
- Facilities maint. capital	(893,583)
- Park & Hwy HVAC design	(75,000)
- Balance FY13 budget	(1,944,174)
Total FY13 uses	$ (2,912,757)
Anticipated generation	
- Chapter 90 deficit	900,000
- Excess revenue	200,000
- Budget turn-back	1,550,000
Projected Free Cash at 6/30/12	$ 7,976,313

(Note: Amounts appropriated at the 2012 Annual Town Meeting for expenditure during FY13 reduce the amount of Free Cash at June 30, 2012.)

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%. Based on the above projection, Wellesley's reserves at June 30, 2012 would be approximately 9.7%.

Wellesley's reserve levels are complemented by the Town's proactive funding of the pension and Other Postemployment Benefits (OPEB) liabilities. 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 FY14-17

For purposes of projecting the Town's Sources and Uses of funds for the years FY14-17, we have used the assumptions summarized in the following table:

	FY14	FY15	FY16	FY17
Revenue growth				
State aid	1.0%	1.0%	1.0%	1.0%
Local revenue	2.0%	2.0%	2.0%	2.0%
Spending growth				
Schools				
- General education	5.0%	5.0%	5.0%	5.0%
- STTI	5.0%	5.0%	5.0%	5.0%
Other Town Depts.	2.5%	2.5%	2.5%	2.5%
Health insurance	6.0%	6.0%	6.0%	6.0%

The assumptions regarding the growth in School spending are the most impactful. For discussion purposes only, we have assumed 5% growth in such spending for the entire period.

Pending completion of the transition in School Department leadership, we will await further guidance from the School Committee on this assumption. It should also be noted that a number of these assumptions are contingent on the outcome of future collective bargaining.

In addition, we have assumed:

- Annual growth in property tax revenues – 2.5% plus $1.4 million of new growth
- Pension funding – increasing to $4.1, $5, $5, and $5.2 million in FY14-17, respectively

Based on these assumptions and assuming no overrides, the projected deficits for the years FY14-17 are summarized as follows:

	FY14	FY15	FY16	FY17
Projected deficit	$ (4,860,656)	$ (7,048,270)	$ (8,318,000)	$ (9,504,855)

We will continue to refine these projections over the next few weeks and will provide an update at Town Meeting. Ultimately, the projected deficits underscore the need for further planning in order to balance service expectations against taxpayers' willingness to pay. They also provide a clear context for the collective bargaining that will take place starting next fall with several of the Town's large unions. Reducing or eliminating these deficits without an override would require some combination of the following:

- Lower rates of spending growth achieved through:
  - Service or staff reductions
  - Structural change in union salary or wage schedules; e.g.: a reduction in the number or value of "steps"
  - Operational efficiencies from outsourcing and/or consolidation
  - Further energy conservation measures
  - Deferral of planned capital projects

- Further growth in revenues; e.g.:
  - New and/or increased permit fees
  - Incremental payments in lieu of taxes (PILOT's)

Absent a significant reduction in the pace of spending growth, an override will be required next year. For initial discussion purposes only, the Board has discussed the possibility of $5 million override in FY14 as one element of a broader plan for addressing the deficits.

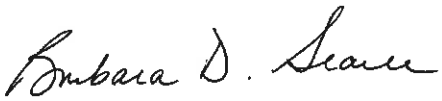
The following table illustrates the impact of a $5 million override in FY14 on the median tax bill (i.e., the tax bill for a home valued at $835,000):

Median Tax Bill	FY13	FY14
Prior fiscal year	$ 9,585	$ 9,859
2.5% increase	240	246
Increase (decrease) in excluded debt service	35	(7)
Override	-	456
	9,859	10,555
% Increase	2.9%	7.1%

This Town-Wide Financial Plan is a work-in-progress and will be revised prior to presentation at Town Meeting. As in prior years, we will provide further updates on these matters through the start of 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,



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

Exhibits:
A – FY13 Summary Sources & Uses of Funds
B – FY13 Detail Sources & Uses of Funds

TOWN OF WELLESLEY- SOURCES AND USES OF FUNDS

Exhibit A

	FY2012 Tax Rate	FY2013 Request	% Change
*** SOURCES OF FUNDS ***			
Tax & Other Current Revenues			
Within Levy Limits			
Real Estate & Per. Prop. Tax	93,179,781	96,959,276	4%
From the Commonwealth	8,592,729	8,592,729	0%
Local Revenue	9,897,975	10,219,003	3%
Sub-Total (Tax & Cur. Rev.)	111,670,485	115,771,008	4%
Outside Levy Limits			
Real Estate & Pers.Prop.Tax	10,058,107	10,436,702	4%
OPEB	1,800,000	1,800,000	0%
Available Funds			
Parking Meter Receipts	585,636	851,314	45%
Appropriated/Reserved CPA Surcharge	890,500	765,446	-14%
Free Cash- balance budget	1,041,064	2,837,757	173%
Free Cash- Park Hwy HVAC	-	75,000	100%
School Construction Aid & Set-Asides	621,838	621,838	0%
Unencumbered/Transfers from other funds	530,000	-	-100%
Sub-Total (Available Funds)	3,669,038	5,151,355	40%
TOTAL SOURCES OF FUNDS	**127,197,630**	**133,159,065**	5%

	FY2012 Request	FY2013 Request	% Change
*** USE OF FUNDS ***			
Personal Services (Non-School)	18,385,569	19,033,119	4%
Expenses (Non-School)	6,446,609	6,470,150	0%
Subtotal (Non-School)	24,832,178	25,503,269	3%
Personal Services (Facilities Maintenance)	2,720,412	3,105,601	14%
Expenses (Facilities Maintenance)	2,597,206	3,095,072	19%
Subtotal (Facilities Maintenance)	5,317,618	6,200,673	17%
Personal Services (School)	48,078,248	51,006,508	6%
Expenses (School)	7,672,357	7,108,615	-7%
Subtotal (School)	55,750,605	58,115,123	4%
Sub-Total (Pers. Srvcs.& Exp)	85,900,401	89,819,065	5%
Capital & Debt:			
Within Levy Limits			
Capital/Extraord./Special Items	3,008,242	3,526,073	17%
Debt Service	3,391,825	3,109,135	-8%
Sub-Total (Within Levy Limits)	6,400,067	6,635,208	4%
Outside Levy Limits			
Debt Service	10,815,996	11,058,540	2%
SUB-TOTAL (CAPITAL & DEBT)	17,216,063	17,693,748	3%
Employee Benefits:			
Ins./Group Ins., etc.	15,101,832	16,167,873	7%
Pension Contribution	2,630,273	3,209,844	22%
OPEB Liability Fund	3,000,000	3,000,000	0%
Sub-Total (Shared Costs)	20,732,105	22,377,517	8%
SUB-TOTAL (OPERATIONS)	123,848,569	129,890,330	5%
Special Items:			
Traffic & Parking Management	668,926	833,864	25%
Appropriated/Reserved CPA Surcharge	890,500	765,446	-14%
Arbitrage and premium	252,921		
State & County Assessments	1,101,712	1,154,023	5%
Property Tax Abatements	435,002	440,402	1%
Free Cash- FM Capital, Park Hwy, Warren Floor, Hills Branch	-	75,000	100%
Sub-Total (Special Items)	3,349,061	3,268,735	-2%
TOTAL USE OF FUNDS	**127,197,630**	**133,159,065**	5%
TOTAL SOURCE OF FUNDS	**127,197,630**	**133,159,065**	5%
SURPLUS (DEFICIT)	-	-	

Exhibit B

TOWN OF WELLESLEY - TOWN MEETING APPROVED ALLOCATION OF FUNDS

SOURCES OF FUNDS	FY 2012	FY 2013	$ Change	% Change
Real Estate & Personal Property Tax				
Within the Levy Limit	93,179,781	96,959,276	3,779,495	4.1%
Outside the Levy Limit - OPEB	1,800,000	1,800,000	0	
Outside the Levy Limit	10,058,107	10,436,702	378,595	3.8%
Subtotal	105,037,888	109,195,978	4,158,090	4.0%
From the Commonwealth				
Chapter 70 Aid	7,202,028	7,202,028	0	0.0%
Lottery Aid	1,016,492	1,016,492	0	0.0%
Regional Public Libraries	270,000	270,000	0	0.0%
Other Aid	104,209	104,209	0	0.0%
School Construction	621,838	621,838	0	0.0%
Local Revenue				
Motor Vehicle Excise	4,136,051	4,176,000	39,949	1.0%
Licenses and Permits	1,400,000	1,500,000	100,000	7.1%
MLP Payment In Lieu of Taxes	1,000,000	1,000,000	0	0.0%
Interest Earnings	456,870	500,000	43,130	9.4%
RDF Revenue	700,000	800,000	100,000	14.3%
Fines& forfeits	550,000	575,000	25,000	4.5%
Recreation	100,000	100,000	0	0.0%
Meals Tax	400,000	450,000	50,000	12.5%
Pilot Payments	400,000	400,000	0	0.0%
Other Local Revenues	755,054	718,003	(37,051)	-4.9%
Other Sources				
Parking Meter Receipts	585,636	851,314	265,678	
Free Cash to balance budget	1,041,064	2,837,757	1,796,693	
Free Cash - Park Hwy design		75,000		
Appropriated CPA Surcharge	890,500	765,446	(125,054)	-14.0%
School lunch, Police detail, (fire grant in 2010)	530,000	-	(530,000)	-100.0%
	127,197,630	*133,159,065*	*5,961,435*	*4.7%*

3/13/2012 2:25 PM

Exhibit B

USES OF FUNDS	FY12 USE OF FUNDS (Tax Rate)			FY13 USE OF FUNDS (Request)			CHANGE - FY12 to FY13			
Funding Item	FY12 Pers Srvs	FY12 Expenses	FY12 Total Ops	FY13 Pers Srvs	FY13 Expenses	FY13 Total Ops	Variance Pers Srvs	Variance Expenses	Variance Total - $	Variance Total - %
GENERAL GOVERNMENT										
Board of Selectmen - Administration										
Executive Director's Office	369,338	30,250	399,588	402,331	30,250	432,581	32,993	0	32,993	8.3%
Sustainable Energy	19,033	6,000	25,033	18,960	6,000	24,960	(73)	0	(73)	-0.3%
Central Administrative Services	0	37,500	37,500	0	23,500	23,500	0	(14,000)	(14,000)	-37.3%
Finance Department	348,355	9,125	357,480	346,875	9,125	356,000	(1,480)	0	(1,480)	-0.4%
Network & Information Systems	449,993	214,127	664,120	445,368	214,127	659,495	(4,625)	0	(4,625)	-0.7%
Treasurer & Collector	251,964	122,150	374,114	256,414	122,150	378,564	4,450	0	4,450	1.2%
Parking Fines Processing	Integrated with Traffic & Parking Operations			Integrated with Traffic & Parking Operations						
Town Report	0	4,000	4,000	0	4,000	4,000	0	0	0	0.0%
Board of Selectmen - Human Services										
Council on Aging	161,015	129,325	290,340	169,530	134,318	303,848	8,515	4,993	13,508	4.7%
Fair Housing Committee	0	200	200	0	200	200	0	0	0	0.0%
West Suburban Veterans District	0	85,280	85,280	0	85,818	85,818	0	538	538	0.6%
Youth Commission	71,392	17,190	88,582	71,147	17,190	88,337	(245)	0	(245)	-0.3%
Board of Selectmen - Maintenance Services										
Facilities Maintenance	2,720,412	2,597,206	5,317,618	2,863,918	2,908,747	5,772,665	143,506	311,541	455,047	8.6%
Facilities Maintenance - Additional Resources	0	0	0	241,683	186,325	428,008	241,683	186,325	428,008	100.0%
Board of Selectmen - Other Services										
Housing Development Corporation	0	3,500	3,500	0	3,500	3,500	0	0	0	0.0%
Historical Commission	0	750	750	0	750	750	0	0	0	0.0%
Historical District Commission	0	250	250	0	250	250	0	0	0	0.0%
Memorial Day	0	2,500	2,500	0	2,500	2,500		0	0	0.0%
Celebrations Committee	0	4,700	4,700	0	4,700	4,700	0	0	0	0.0%
Zoning Board of Appeals	47,402	7,115	54,517	47,220	7,115	54,335	(182)	0	(182)	-0.3%
Board of Selectmen - Shared Services										
Law	0	272,360	272,360	0	272,360	272,360	0	0	0	0.0%
Audit Committee	0	56,250	56,250	0	56,250	56,250	0	0	0	0.0%
Risk Management	0	322,000	322,000	0	407,000	407,000	0	85,000	85,000	26.4%
Street Lighting	0	226,318	226,318	0	225,300	225,300	0	(1,018)	(1,018)	-0.4%
Subtotal - Board of Selectmen - General Government	***4,438,904***	***4,148,096***	***8,587,000***	***4,863,446***	***4,721,475***	***9,584,921***	***424,542***	***573,379***	***997,921***	***11.6%***
Other General Government										
Town Clerk/Election & Registration	226,608	44,250	270,858	249,002	50,300	299,302	22,394	6,050	28,444	10.5%
Board of Assessors	241,711	81,450	323,161	242,717	81,950	324,667	1,006	500	1,506	0.5%
Planning Board	210,968	42,100	253,068	211,092	42,600	253,692	124	500	624	0.2%
Advisory Committee	8,782	14,000	22,782	8,782	14,000	22,782	0	0	0	0.0%
Reserve Fund	0	175,000	175,000	0	175,000	175,000	0	0	0	0.0%
Permanent Building Committee	9,641	5,900	15,541	12,641	6,450	19,091	3,000	550	3,550	22.8%
Human Resources Board	265,449	20,150	285,599	265,359	19,650	285,009	(90)	(500)	(590)	-0.2%
HR Salary adjustments	9,800	0	9,800	150,000	0	150,000	NA	NA	NA	NA
Subtotal - Other General Government	***972,959***	***382,850***	***1,355,809***	***1,139,593***	***389,950***	***1,529,543***	***26,434***	***7,100***	***33,534***	***2.5%***
GENERAL GOVERNMENT TOTAL	**5,411,863**	**4,530,946**	**9,942,809**	**6,003,039**	**5,111,425**	**11,114,464**	**450,976**	**580,479**	**1,031,455**	**10.4%**

3/13/2012 2:25 PM

Exhibit B

USES OF FUNDS	FY12 USE OF FUNDS (Tax Rate)			FY13 USE OF FUNDS (Request)			CHANGE - FY12 to FY13			
Funding Item	FY12 Pers Srvs	FY12 Expenses	FY12 Total Ops	FY13 Pers Srvs	FY13 Expenses	FY13 Total Ops	Variance Pers Srvs	Variance Expenses	Variance Total - $	Variance Total - %
PUBLIC SAFETY - BOARD OF SELECTMEN										
Police Department	4,588,291	618,126	5,206,417	4,663,783	619,903	5,283,686	75,492	1,777	77,269	1.5%
Injured on Duty	see Risk Management Dept 945			see Risk Management Dept 945						
Special School Police	98,006	2,897	100,903	98,998	2,897	101,895	992	0	992	1.0%
Fire Department	4,228,587	260,112	4,488,699	4,449,186	260,112	4,709,298	220,599	0	220,599	4.9%
Radio Masterbox	86,275	27,544	113,819	90,584	0	90,584	4,309	(27,544)	(23,235)	-20.4%
Building Department	380,869	26,350	407,219	408,645	26,350	434,995	27,776	0	27,776	6.8%
Emergency Medical Services	0	80,000	80,000	0	0	0	0	(80,000)	(80,000)	-100.0%
Sealer of Weights & Measures	15,660	2,800	18,460	15,660	2,800	18,460	0	0	0	0.0%
PUBLIC SAFETY TOTAL - BOARD OF SELECTMEN	**9,397,688**	**1,017,829**	**10,415,517**	**9,726,856**	**912,062**	**10,638,918**	**329,168**	**(105,767)**	**223,401**	**2.1%**
DEPARTMENT OF PUBLIC WORKS										
Engineering	464,231	79,788	544,019	467,190	79,788	546,978	2,959	0	2,959	0.5%
Highway	973,668	446,202	1,419,870	994,154	446,202	1,440,356	20,486	0	20,486	1.4%
Fleet Maintenance	129,007	56,462	185,469	130,942	56,462	187,404	1,935	0	1,935	1.0%
Park	1,025,218	271,477	1,296,695	1,040,997	271,477	1,312,474	15,779	0	15,779	1.2%
Recycling & Disposal	884,152	1,214,938	2,099,090	933,723	1,260,893	2,194,616	49,571	45,955	95,526	4.6%
Management	323,318	52,913	376,231	324,603	52,913	377,516	1,285	0	1,285	0.3%
Winter Maintenance	0	348,703	348,703	0	348,703	348,703	0	0	0	0.0%
PUBLIC WORKS TOTAL	**3,799,594**	**2,470,483**	**6,270,077**	**3,891,609**	**2,516,438**	**6,408,047**	**92,015**	**45,955**	**137,970**	**2.2%**
WELLESLEY FREE LIBRARY										
Library Trustees	1,551,951	428,257	1,980,208	1,570,946	429,998	2,000,944	18,995	1,741	20,736	1.0%
Regional Services (Non-Tax Impact)	156,888	113,112	270,000	157,889	112,111	270,000	1,001	(1,001)	0	0.0%
LIBRARY TOTAL	**1,708,839**	**541,369**	**2,250,208**	**1,728,835**	**542,109**	**2,270,944**	**19,996**	**740**	**20,736**	**0.9%**
RECREATION										
Recreation Commission	272,037	23,800	295,837	273,692	23,800	297,492	1,655	0	1,655	0.6%
RECREATION TOTAL	**272,037**	**23,800**	**295,837**	**273,692**	**23,800**	**297,492**	**1,655**	**0**	**1,655**	**0.6%**
HEALTH										
Board of Health	336,424	66,838	403,262	336,135	66,838	402,973	(289)	0	(289)	-0.1%
Mental Health Services		213,555	213,555	0	213,555	213,555	0	0	0	0.0%
HEALTH TOTAL	**336,424**	**280,393**	**616,817**	**336,135**	**280,393**	**616,528**	**(289)**	**0**	**(289)**	**0.0%**
NATURAL RESOURCES										
Natural Resources Commission	179,536	18,625	198,161	178,554	18,625	197,179	(982)	0	(982)	-0.5%
Morses Pond Project - (NRC, DPW, Rec)		160,370	160,370	0	160,370	160,370	0	0	0	0.0%
NATURAL RESOURCES TOTAL	**179,536**	**178,995**	**358,531**	**178,554**	**178,995**	**357,549**	**(982)**	**0**	**(982)**	**-0.3%**
NON-SCHOOL TOTAL	**21,105,981**	**9,043,815**	**30,149,796**	**22,138,720**	**9,565,222**	**31,703,942**	**892,539**	**521,407**	**1,413,946**	**4.7%**

3/13/2012 2:25 PM

Exhibit B

USES OF FUNDS	FY12 USE OF FUNDS (Tax Rate)			FY13 USE OF FUNDS (Request)			CHANGE - FY12 to FY13			
Funding Item	FY12 Pers Srvs	FY12 Expenses	FY12 Total Ops	FY13 Pers Srvs	FY13 Expenses	FY13 Total Ops	Variance Pers Srvs	Variance Expenses	Variance Total - $	Variance Total - %
WELLESLEY PUBLIC SCHOOLS										
Instruction	40,953,971	1,528,402	42,482,373	44,138,715	1,458,511	45,597,226	3,184,744	(69,891)	3,114,853	7.3%
Administration	876,313	155,100	1,031,413	891,418	147,700	1,039,118	15,105	(7,400)	7,705	0.7%
Operations	670,746	247,945	918,691	683,241	322,900	1,006,141	12,495	74,955	87,450	9.5%
Special Tuition/Transportation/Inclusion	5,577,218	5,740,910	11,318,128	5,293,134	5,179,504	10,472,638	(284,084)	(561,406)	(845,490)	-7.5%
SCHOOL TOTAL	$ 48,078,248	7,672,357	$ 55,750,605	51,006,508	7,108,615	58,115,123	2,928,260	(563,742)	2,364,518	4.2%
EMPLOYEE BENEFITS										
Group Insurance	0	14,588,300	14,588,300	0	15,436,184	15,436,184	0	847,884	847,884	5.8%
OPEB Liability Fund	0	3,000,000	3,000,000	0	3,000,000	3,000,000	0	0	0	0.0%
Retirement Contribution	0	2,630,273	2,630,273	0	3,209,844	3,209,844	0	579,571	579,571	22.0%
Workers' Compensation	0	242,627	242,627	0	360,584	360,584	0	117,957	117,957	48.6%
Unemployment Compensation	0	150,000	150,000	0	250,000	250,000	0	100,000	100,000	66.7%
Compensated Absences	0	90,000	90,000	0	90,000	90,000	0	0	0	0.0%
Non-Contributory Pensions	0	30,905	30,905	0	30,905	30,905	0	0	0	0.0%
EMPLOYEE BENEFITS TOTAL	0	20,732,105	20,732,105	0	22,377,517	22,377,517	0	1,645,412	1,645,412	7.9%
ALL PERSONAL SERVICES & EXPENSES	69,184,229	37,448,277	106,632,506	73,145,228	39,051,354	112,196,582	3,960,999	1,603,077	5,564,076	5.2%

Exhibit B

USES OF FUNDS	FY12 USE OF FUNDS (Tax Rate)			FY13 USE OF FUNDS (Request)			CHANGE - FY12 to FY13			
Funding Item	FY12 Pers Srvs	FY12 Expenses	FY12 Total Ops	FY13 Pers Srvs	FY13 Expenses	FY13 Total Ops	Variance Pers Srvs	Variance Expenses	Variance Total - $	Variance Total - %
CAPITAL & DEBT										
Departmental Cash Capital										
Public Works Capital	0	1,332,700	1,332,700	0	1,322,500	1,322,500	0	(10,200)	(10,200)	-0.8%
School Capital	0	898,510	898,510	0	962,554	962,554	0	64,044	64,044	7.1%
Facilities Capital - School	0	127,108	127,108	0	611,250	611,250	0	484,142	484,142	380.9%
Facilities Capital - Town	0	320,950	320,950	0	282,333	282,333	0	(38,617)	(38,617)	-12.0%
Selectmen Capital	0	219,974	219,974	0	231,936	231,936	0	11,962	11,962	5.4%
Library Capital	0	34,000	34,000	0	40,500	40,500	0	6,500	6,500	19.1%
NRC Capital	0	75,000	75,000	0	75,000	75,000	0	0	0	0.0%
Morses Pond Capital	0	0	0	0	0	0	0	0	0	0.0%
Subtotal - Cash Capital	0	3,008,242	3,008,242	0	3,526,073	3,526,073	0	517,831	517,831	17.2%
Debt Service										
Current Inside Levy Debt Service - Issued	0	3,186,025	3,186,025	0	2,903,335	2,903,335	0	(282,690)	(282,690)	-8.9%
New Debt Service - Inside Levy	0	205,800	205,800	0	205,800	205,800	0	0	0	0.0%
Current Outside Levy Debt Service - Issued		10,815,996	10,815,996	0	10,613,569	10,613,569	0	(202,427)	(202,427)	-1.9%
New Debt Service - Outside Levy	0	0	0	0	444,971	444,971	0	444,971	444,971	
Arbitrage and premium	0	252,921	252,921	0	0	0	NA	NA	NA	NA
Subtotal - Debt Service	0	14,460,742	14,460,742	0	14,167,675	14,167,675	0	(293,067)	(293,067)	-2.0%
CAPITAL & DEBT TOTAL		17,468,984	17,468,984	0	17,693,748	17,693,748	0	224,764	224,764	1.3%
SPECIAL ITEMS										
Receipts Reserved for Appropriation										
Traffic & Parking Operations	204,956	463,970	668,926	229,014	604,850	833,864	24,058	140,880	164,938	24.7%
Traffic & Parking Maintenance Capital	0	0	0	0	0	0	0	0	0	
Community Preservation Appropriated	0	890,500	890,500	0	765,446	765,446	0	(125,054)	(125,054)	-14.0%
Free Cash - Park Hwy Design	0	0	0	0	75,000	75,000	0	75,000	75,000	
Property Tax Abatements	0	435,002	435,002	0	440,402	440,402	0	5,400	5,400	1.2%
State & County Assessments	0	1,101,712	1,101,712	0	1,154,023	1,154,023	0	52,311	52,311	4.7%
SPECIAL ITEMS TOTAL	204,956	2,891,184	3,096,140	229,014	3,039,721	3,268,735	24,058	148,537	172,595	5.6%
TOTAL USES OF FUNDS			127,197,630			133,159,065			5,961,435	4.7%
TOTAL SOURCES OF FUNDS			127,197,630			133,159,065			5,961,435	4.7%
SURPLUS (DEFICIT)			*0*			*0*				

3/13/2012 2:25 PM

Report of the Board of Selectmen on the
Five Year Capital Budgeting Program

March 7, 2012

Town of Wellesley Capital Overview

As part of the annual budget process, boards and departments submit detailed information for capital requests for the upcoming fiscal year, along with identifying capital requirements for the following four fiscal years. The Board of Selectmen, through the Executive Director, gains an understanding of individual board needs and facilitates the discussions about funding the current budget, as well as the longer term Town-Wide Financial Plan (TWFP). Projects 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 tax levy, and debt capital exclusions. Following are the capital project requests for FY13 (i.e. the year ended June 30, 2013) by funding source:

FY13 Recommended Capital Projects by Funding Source

Department	Project	Amount
	Cash Capital:	
Fire	Master box, radio system equipment, rescue tools & breathing system	149,500
Police	Digital headquarters & heavy duty shredder	55,436
NIS	Server & system/software upgrades	27,000
Library	Computers, server & card payment system	40,500
NRC	Tree planting, trail improvements & sidewalk/path repairs	75,000
DPW	Vehicles & street improvements	1,322,500
Schools	Technology, general equipment & interior improvements	962,554
Facilities-Town	Roof repairs, carpet/flooring, temperature controls & renovations	282,333
Facilities-School	Roof, flooring, plumbing & heating ventilation	611,250
	Total Cash Capital	**$ 3,526,073**
	Other Funding Sources:	
DPW	DPW Street Resurfacing (Chapter 90 Funds)	1,274,000
DPW	Park/Hwy Building HVAC Rehab Design (Free Cash)	75,000
PBC	Hills Branch Library Chimney (Free Cash)	TBD
PBC	Warren Building Floors (Free Cash)	TBD
	Total Other Sources	**$ 1,349,000**
	Debt Capital Inside Levy:	
Fire	Fire Ladder Truck, net college contributions (Article 17)	605,000
DPW	DPW Recycled Materials Structure (Article 18)	220,000
DPW	Bacon Street Reconstruction (Article 21)	480,000
	Total Borrowed Inside Levy	**$ 1,305,000**
	Grand Total	**$ 6,180,073**

The attached Exhibit A is a Summary and Detail Schedule of prior year Capital authorizations and a five year schedule of Capital requests for FY13 – FY17.

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 FY13

The Board of Public Works has recommended a FY13 cash capital budget of $1,322,500. Highlights of the DPW FY13 capital requests are as follows:

- Replacement or refurbishment of thirteen vehicles including Highway Maintenance trucks, Park Maintenance trucks and other equipment - $803,000.
- Restoring approximately 1.5 miles of sidewalks, including crosswalk and ramps improvements- $205,000.
- Hunnewell Field Playground Improvements - $155,000.

DPW FY14 – FY17

The Board of Public Works will continue to fund street improvements in the out years, with the goal of resurfacing 9-10 miles per year with a combination of cash capital and chapter 90 funds. The other major cash capital expense for DPW is the periodic scheduled replacement of 130 vehicles and 200 pieces of equipment.

School FY13 – FY17

The School Committee requests a $962,554 capital budget for FY13. The School capital request for FY13-17 includes an average of $560,000 per year for Technology. These technology needs are based on a seven year replacement cycle for desktop computers and a five year replacement cycle for laptops. Also included is an average spending request of $120,000 per year for furnishings and/or furniture.

Facilities Maintenance FY13

Combined capital budget request of facilities maintenance for all Town and School buildings is $893,583 for FY13.

Other Sources of Funding

Fuller Brook Park - The Natural Resources Commission (NRC) is requesting funds to implement Fuller Brook Park Preservation Plan, which is a project to remedy erosion and disrepair of pathways, bridges, and brooks in the Fuller Brook Park. This project has been included in the NRC's Capital Plan since FY04. The total project cost is estimated at $5.4 million. This funding request is being submitted as follows:

- Implement Fuller Brook Plan in FY15 – $3.6 million funded by CPC and with remaining balance of $1.8 million to be funded as a debt exclusion (see last page).

DPW Street Maintenance and Resurfacing – The Board of Public Works is requesting $1,274,000 in FY13 for street maintenance and resurfacing. This funding request is being submitted as follows:

- In addition to funds allocated in cash capital for street resurfacing, the Town anticipates using $574,000 of Chapter 90 monies to resurface 4-5 miles of street.
- Street resurfacing on Washington Street, one of the Town's major connector streets, for $700,000 to be funded by Chapter 90.

Park/Highway Building HVAC – The Board of Public Works is requesting $75,000 in FY13 to conduct a study for the rehabilitation of their existing HVAC system. A detailed study will provide recommendations for the HVAC system to address deficiencies in a planned manner rather than as an emergency repair. The costs to carry out the rehabilitation in FY14 will be funded as a debt exclusion.

Warren Building Floors – Renovations to the Warren Recreation Building were completed in 2004, however some issues have arisen since. Interior flooring and other renovations are needed. The Selectmen in collaboration with the Permanent Building Committee (PBC) anticipate seeking an appropriation for the costs associated with the renovation work at an upcoming Fall Special Town Meeting.

Hills Branch Library Chimney – Minor repairs to the Hills Branch Library Chimney were started in November 2011. Since then, it has been determined that additional repairs need to be addressed. Engineers and Historical Consultants have prepared repair recommendations and estimates. The Board of Selectmen in collaboration with the Board of Library Trustees anticipate seeking an appropriation from free cash for the costs of the repairs at an upcoming Fall Special Town Meeting.

Debt Capital inside the Levy FY13-FY17

The Town borrows for larger (capitalized) assets having a useful life of 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. As in the past, Babson College and Wellesley College will contribute to the FY13 purchase of the Ladder Truck, thereby reducing the amount to be borrowed.:

- 1996 Fire Ladder truck – $605,000 (net of contributions totaling $250,000 from Babson College and Wellesley College) FY13
- 1998 Fire Engine - $600,000 in FY15

DPW borrowing capital request includes the following:

- Additional funds to complete RDF recycled materials loading area - $220,000 FY13.
- Park & Highway Building Roof and HVAC Rehabilitation - $1.2 million between FY14 & FY16.
- Street Rehabilitations of Bacon, Grove & Cliff roads and Wales Street Bridge- $4.2 million from FY13– FY17

Debt Capital Exclusion FY13-FY17

Some very large capital projects outstrip the Town's taxing authority. The Town has recently undertaken a series of significant initiatives: a Middle School upgrade, Elementary School 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 towards its Other Post Employment Benefits (OPEB) liability.

The most significant borrowing requests in the next several years include the proposed new Senior Center, rebidding the Morses Pond Dredging project, Fuller Brook Park Preservation Project, and the possible purchase of the St. James property. No appropriation of tax-impact funds will be sought for these projects at the 2012 Annual Town Meeting.

Senior Center – 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. Following the failed attempt to acquire the adjacent property at 494 Washington Street in the Spring of 2010, completion of the design work was placed on hold, while the Selectmen and Council on Aging further explore site options. This work is ongoing.

St. James – In anticipation of the Archdiocese's decision to divest this property, the Town has interest in acquiring the property and redeveloping it for recreational purposes. The cost of acquiring the property would be primarily funded by CPA funds. Subsequent construction of recreational facilities would be funded through a combination of public and private funds.

Morses Pond Dredging – The $650,000 appropriated at the 2007 Annual Town Meeting (Article 21) was not adequate to complete the dredging of the pond. The project will be rebid. The projected cost of the FY14 request is $980,000.

School Building Assessment – An assessment of the school buildings is currently being performed by Symmes Maini & McKee Associates. Pending their findings, the Town will evaluate the scope and timing of required work.

Fuller Brook Park Preservation Project – In addition to a FY2015 request of $3.6 million in Community Preservation Act (CPA) funds, a debt exclusion may be requested in the amount of $1.8 million that same year.

Exhibit A

Town of Wellesley
FY2013- FY2017 Capital Improvement Plan
Summary Schedule

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2013-2017 Total
Cash Capital	$ 2,987,410	$ 2,756,501	$ 3,008,242	$ 3,526,073	$ 4,064,386	$ 3,709,847	$ 3,512,504	$ 3,894,261	**$ 18,707,071**
Free Cash	638,000	2,525,000	-	75,000	-	-	-	175,000	**$ 250,000**
CPC Funding	-	250,000	-	-	-	3,600,000	-	-	**$ 3,600,000**
Chapter 90	-	-	1,000,000	1,274,000	726,000	600,000	600,000	600,000	**$ 3,800,000**
Debt Capital Inside Levy	-	-	1,020,000	1,305,000	1,550,000	2,000,000	1,925,000	1,075,000	**$ 7,855,000**
Debt Capital Exclusion	-	-	3,596,000	-	5,242,000	1,800,000	-	-	**$ 7,042,000**
Grand Total	**$ 3,625,410**	**$ 5,531,501**	**$ 8,624,242**	**$ 6,180,073**	**$ 11,582,386**	**$ 11,709,847**	**$ 6,037,504**	**$ 5,744,261**	**$ 41,254,071**

Exhibit A

Town of Wellesley
FY2013- FY2017 Capital Improvement Plan
Detail Summary Schedule

Department	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2013-2017 Total
Cash Capital:							
Executive Director/COA	3,500	-	10,000	-	-	-	**10,000**
Fire	145,500	149,500	115,000	81,750	96,000	115,000	**557,250**
Network Information Systems	-	27,000	45,000	45,000	56,000	-	**173,000**
Police	70,974	55,436	69,553	85,630	89,843	50,000	**350,462**
Library	34,000	40,500	38,000	36,000	65,000	28,000	**207,500**
Morses Pond	-	-	101,020	55,202	124,261	45,200	**325,683**
Natural Resources Commission	75,000	75,000	95,000	200,000	220,000	120,000	**710,000**
Department of Public Works (DPW)	1,332,700	1,322,500	1,524,000	1,761,000	1,924,000	2,408,900	**8,940,400**
Schools	898,510	962,554	925,472	927,163	785,558	874,812	**4,475,559**
Facilities Maintenance - School	127,108	611,250	811,292	315,300	120,250	220,000	**2,078,092**
Facilities Maintenance - Town	320,950	282,333	330,049	202,802	31,592	32,349	**879,125**
Total Cash Capital	**$ 3,008,242**	**$ 3,526,073**	**$ 4,064,386**	**$ 3,709,847**	**$ 3,512,504**	**$ 3,894,261**	**$ 18,707,071**
Other Funding Sources:							
DPW Street Resurfacing (Chapter 90 Funds)	1,000,000	1,274,000	726,000	600,000	600,000	600,000	**3,800,000**
Park/Hwy Building HVAC Rehab Design (Free Cash)	-	75,000	-	-	-	-	**75,000**
Hills Branch Library Chimney (Free Cash)	-	TBD	-	-	-	-	-
Warren Building Floors (Free Cash)	-	TBD	-	-	-	-	-
NRC -Fuller Brook (CPC funds)	-	-	-	3,600,000	-	-	**3,600,000**
Hunnewell Field Master Plan Design (Free Cash)	-	-	-	-	-	175,000	**175,000**
Total Other Sources	**$ 1,000,000**	**$ 1,349,000**	**$ 726,000**	**$ 4,200,000**	**$ 600,000**	**$ 775,000**	**$ 7,650,000**
Debt Capital Inside Levy:							
Fire Ladder Truck	-	605,000	-	600,000	-	-	**1,205,000**
DPW- Facility Renovations	400,000	220,000	1,000,000	-	175,000	900,000	**2,295,000**
DPW- Street Rehabilitations	620,000	480,000	550,000	1,400,000	1,750,000	-	**4,180,000**
Hunnewell Field Restroom Facility	-	-	-	-	-	175,000	**175,000**
Total Borrowed Inside Levy	**$ 1,020,000**	**$ 1,305,000**	**$ 1,550,000**	**$ 2,000,000**	**$ 1,925,000**	**$ 1,075,000**	**$ 7,855,000**
Debt Capital Exclusion:							
DPW Administrative Building	3,596,000	-	-	-	-	-	-
Senior Center	-	-	4,262,000	-	-	-	**4,262,000**
Morses Pond Dredging	-	-	980,000	-	-	-	**980,000**
Saint James	-	-	TBD	-	-	-	-
School Building Assessment	-	-	TBD	-	-	-	-
NRC - Fuller Brook	-	-	-	1,800,000	-	-	**1,800,000**
Total Capital Exclusion	**$ 3,596,000**	**$ -**	**$ 5,242,000**	**$ 1,800,000**	**$ -**	**$ -**	**$ 7,042,000**
Grand Total	**$ 8,624,242**	**$ 6,180,073**	**$ 11,582,386**	**$ 11,709,847**	**$ 6,037,504**	**$ 5,744,261**	**$ 41,254,071**

R-23

Exhibit A

Town of Wellesley
FY2013- FY2017 Capital Improvement Plan
Board of Selectmen Department Schedule

Capital Project	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY13-17 Total
NIS							
- MUNIS Informix to SQL Server	-	15,000	-	-	-	-	
- Citrix Upgrade	-	12,000	-	-	-	-	
- Microsoft Office License Upgrades	-	-	20,000	20,000	20,000	-	
- Server Upgrade	-	-	25,000	25,000	-	-	
- Aerial Photography and Contours	-	-	-	-	36,000	-	
	-	27,000	45,000	45,000	56,000	-	$ 173,000
Police							
- Mobile and portable radio replacement	36,761	-	-	-	-	-	
- Emergency Notification System	14,250	-	-	-	-	-	
- Microsoft Office 2010 Upgrade	12,883	-	-	-	-	-	
- IMC Forms/Attachment Tools	7,080	-	-	-		-	
- Server Replacement	-	-	-	10,494	-	-	
- Digital Headquarters	-	49,832	-	-	-	-	
- Heavy Duty Shredder	-	5,604	-	-	-	-	
- Weapon Replacement	-	-	49,710	-	-	-	
- Automated License Plate Reader	-	-	19,843	-	19,843	-	
- MILO Interactive Range system	-	-	-	57,405	-	-	
- Network Switch Replacement	-	-	-	17,731	-	-	
- Cruise Video Recording System	-	-	-	-	70,000	-	
- Electronic Control Devices	-	-	-	-	-	50,000	
	70,974	55,436	69,553	85,630	89,843	50,000	$ 350,462
Fire							
- Replace command vehicle(s)	36,000	-	50,000	-	41,000	-	
- Apparatus Lift System	46,000	-	-	-	-	-	
- Engine Rehabilitation	23,000	-	-	-	30,000	-	
- Radio Master Boxes	40,500	40,500	-	-	-	-	
- Radio System Equipment	-	26,000	25,000	-	-	-	
- Phone System	-	14,000	-	-	-	-	
- Copy Machine	-	7,000	-	-	-	-	
- Hydraulic Rescue Tools	-	28,000	-	-	-	-	
- Security System	-	-	15,000	-	-	-	
- Fire Hose Equipment	-	9,000	-	9,000	-	-	
- Scott Air-Pak	-	25,000	25,000	25,000	25,000	-	
- Air bottle cascade system	-	-	-	47,750	-	-	
- Fire Turnout Gear	-	-	-	-	-	115,000	
	145,500	149,500	115,000	81,750	96,000	115,000	$ 557,250
Council on Aging							
- Copier	3,500	-	-	-	-	-	
- Online Registration Database	-	-	10,000	-	-	-	
	3,500	-	10,000	-	-	-	$ 10,000
BOS Subtotal	$ 219,974	$ 231,936	$ 239,553	$ 212,380	$ 241,843	$ 165,000	$ 1,090,712
Facilities-Town	320,950	282,333	330,049	202,802	31,592	32,349	$ 879,125
Total Cash	**$ 540,924**	**$ 514,269**	**$ 569,602**	**$ 415,182**	**$ 273,435**	**$ 197,349**	**$ 1,969,837**
Fire							
- Replace Fire Engine Vehicle(s)	-	605,000	-	600,000	-	-	$ 1,205,000
Total Borrowed	$ -	$ 605,000	$ -	$ 600,000	$ -	$ -	$ 1,205,000
Grand Total Selectmen	**$ 540,924**	**$ 1,119,269**	**$ 569,602**	**$ 1,015,182**	**$ 273,435**	**$ 197,349**	**$ 3,174,837**

Exhibit A

Town of Wellesley
Fiscal Years 2013 - 2017
Summary Departmental Capital Budget Request

Department: FACILITIES MAINTENANCE (Town)
Dept #: 192

		Expenditures per Fiscal Year					
Project Reference #:	Project Description	FY2013	FY2014	FY2015	FY2016	FY2017	5 Year Total
FM1-13	Annual Roof Monitoring	11,025	11,576	12,155	12,763	13,328	60,847
TH1-13	Town Hall Reconfigure Treasurer/Clerk Offices	25,000					25,000
TH2-13	Town Hall Parking Lot/Water-Sewer Improvements	50,000					50,000
TH3-13	Town Hall Lower Level Reconfiguration	10,000	30,000				40,000
TH4-14	Town Hall Screens/Storms		15,000				15,000
TH5-14	Town Hall Electronic Card Access		25,000				25,000
TH6-14	Town Hall Restroom Upgrades		15,000				15,000
TH7-14	Town Hall Great Hall Renovations		10,000	75,000			85,000
ML1-13	Main Library Carpeting	15,000	10,000	10,000	10,000	10,000	55,000
ML2-13	Main Library Vacuum Replacement	7,000					7,000
ML3-13	Main Library Masonry Repair/Rebuild	30,000					30,000
ML4-13	Main Library Recondition Parking Lot	10,000	100,000				110,000
ML5-13	Main Library Temperature Controls System Upgrade	15,000					15,000
ML6-15	Main Library Relamping of Parking Lot			25,000			25,000
WR2-14	Warren Generator		40,000				40,000
PD1-13	Police Station Roof	11,000					11,000
PD2-13	Police Station Flooring	3,308	3,473	3,647	3,829	4,021	18,278
PD3-13	Police Station Driveway Widening	25,000					25,000
PD4-13	Police Station Carport	10,000					10,000
PD5-13	Police Station "Green" Fixtures	10,000	5,000	5,000	5,000	5,000	30,000
PD6-13	Police Station Metasys Controls	50,000					50,000
PD7-14	Police Station Entrance Bollard Replacement		25,000				25,000
PD8-14	Police Station Window Replacement		15,000				15,000
PD9-14	Police Station Access Booking Area/Fingerprinting		25,000				25,000
PD10-15	Police Station Ductwork Cleaning/Repairs			12,000			12,000
PD11-15	Police Station Generator Major Repair/Replace			60,000			60,000
PD12-16	Police Station BCI Floor Expansion				TBD		-
	Total Capital Requests	**282,333**	**330,049**	**202,802**	**31,592**	**32,349**	**879,125**

Exhibit A

Town of Wellesley
FY2013- FY2017 Capital Improvement Plan
NRC, Morses Pond & Library Departments

	Capital Project	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY13-17 Total
Natural Resources	Tree Planting	30,000	30,000	30,000	30,000	30,000	30,000	150,000
	Trail System Improvements	5,000	5,000	5,000	5,000	5,000	5,000	25,000
	Park Sidewalk/Paths Emergency Repairs	30,000	30,000	30,000	30,000	30,000	30,000	150,000
	IPM Turf Plan Implementation	10,000	10,000	10,000	10,000	10,000	10,000	50,000
	Encroachment Boundary Markers	-	-	5,000	5,000	5,000	5,000	20,000
	Morses Pond Shore Erosion Study	-	-	15,000	-	-	-	15,000
	Ice Skating Rink Assessment & Design Plan	-	-	-	10,000	-	-	10,000
	Comprehensive Pond Management	-	-	-	100,000	-	-	100,000
	Kelley Tennis Court Assess. & Design Plan	-	-	-	10,000	-	-	10,000
	Kelley Tennis Court Renovation	-	-	-	-	100,000	-	100,000
	Abbott Pond Restoration Study	-	-	-	-	40,000	-	40,000
	State Street Pond Restoration Study	-	-	-	-	-	40,000	40,000
	Subtotal	75,000	75,000	95,000	200,000	220,000	120,000	710,000
	Fuller Brook - CPC Funds		-	-	3,600,000	-	-	3,600,000
	Total Natural Resources	**$ 75,000**	**$ 75,000**	**$ 95,000**	**$ 3,800,000**	**$ 220,000**	**$ 120,000**	**$ 4,310,000**
Watershed Education Program:	Web Design/Education	-	-	10,000	4,162	4,200	4,200	22,562
	Education Program Development	-	-	5,000	5,000	5,000	5,000	20,000
	Bylaw review	-	-	25,000	-	-	-	25,000
Stormwater Mgt:	Design, permitting, other support	-	-	20,000	10,000	10,000	10,000	50,000
	Construction/Demo & Monitoring of LID	-	-	25,000	25,000	25,000	25,000	100,000
Plant control:	Design, permitting, other support	-	-	10,000	-	-	-	10,000
	Hand Harvesting Support	-	-	5,000	-	-	-	5,000
	Monitoring	-	-	1,020	1,040	1,061	1,000	4,121
Select Planting:	Design, permitting, other support	-	-	-	10,000	-	-	10,000
	Planting	-	-	-	-	75,000	-	75,000
	Monitoring	-	-	-	-	4,000	-	4,000
	Subtotal	$ -	$ -	$ 101,020	$ 55,202	$ 124,261	$ 45,200	$ 325,683
	Morses Pond Dredging	-	-	980,000	-	-	-	980,000
	Total Morses Pond	-	-	1,081,020	55,202	124,261	45,200	1,305,683
Library	Computer Replacement	20,000	20,000	20,000	20,000	32,000	20,000	112,000
	Servers	8,000	8,000	8,000	8,000	8,000	8,000	40,000
	Replace Wireless Access	6,000	-	-	-	-	-	-
	Card Payment System and Readers for Copier	-	12,500	-	-	-	-	12,500
	Replacement of Furnishings	-	-	5,000	-	-	-	5,000
	Replace Switches	-	-	5,000	5,000	-	-	10,000
	Replace Back-up Tape Drive	-	-	-	3,000	-	-	3,000
	Replace Internal Phone System	-	-	-	-	25,000	-	25,000
	Total Library	**$ 34,000**	**$ 40,500**	**$ 38,000**	**$ 36,000**	**$ 65,000**	**$ 28,000**	**$ 207,500**
Permanet Building Committee	Hills Branch Library Chimney (Free Cash)	-	TBD	-	-	-	-	-
	Warren Building Floors (Free Cash)	-	TBD	-	-	-	-	-
	Total Permanent Building Committee	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Exhibit A

Town of Wellesley
FY2013- FY2017 Capital Improvement Plan
School Department

Division	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2013-2017 Total
Instructional	21,913	20,267	44,500	40,375	36,000	36,000	177,142
Equipment (Copiers,etc)	2,090	199,245	87,044	63,347	113,267	75,220	538,123
Furniture/Furnishings	28,870	77,032	152,000	138,000	130,000	120,000	617,032
Infrastructure (Renovations,Interior Improvements)	235,000	51,000	35,000	35,000	59,000	35,000	215,000
Safety	-	61,349	15,200	15,000	15,000	15,000	121,549
Technology	610,637	553,661	591,728	635,441	432,291	593,592	2,806,713
Total School Capital	898,510	962,554	925,472	927,163	785,558	874,812	4,475,559

Facilities Maintenance:	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2013-2017 Total
Infrastructure	103,850	217,383	499,600	204,300	55,250	42,500	1,019,033
Maintenance	-	264,475	200,000	38,000	30,000	37,500	569,975
Safety	10,000	65,592	39,092	10,000	10,000	85,000	209,684
Vehicle/Equipment	13,258	63,800	72,600	63,000	25,000	55,000	279,400
School Facilites Capital	127,108	611,250	811,292	315,300	120,250	220,000	2,078,092

Exhibit A

Town of Wellesley
FY2013- FY2017 Capital Improvement Plan
Department of Public Works

Capital Project	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2013-2017 Total
Cash Capital:							
Street Improvement	398,200	86,000	639,000	565,000	565,000	570,000	2,425,000
Sidewalk Restoration	40,000	205,000	80,000	160,000	160,000	160,000	765,000
Private Ways	20,000	20,000	20,000	20,000	20,000	20,000	100,000
Catch Basin Rehabilitation	12,000	12,000	-	-	200,000	200,000	412,000
Reeds Pond Outlet Design/Repair	-	6,000	-	-	-	-	6,000
DPW/RDF Facilities Improvements	22,500	22,500	22,500	22,500	25,000	25,000	117,500
Other Improvements	15,000	13,000	5,000	13,000	13,000	13,000	57,000
Vehicle/Equipment Procurement	560,000	803,000	615,500	783,500	824,000	990,900	4,016,900
Athletic/Playground Improvements	265,000	155,000	142,000	137,000	117,000	180,000	731,000
Park/Highway Washbay for Small Equipment	-	-	-	60,000	-	-	60,000
DPW Fuel Depot Rehabilitation	-	-	-	-	-	250,000	250,000
Total Cash	1,332,700	1,322,500	1,524,000	1,761,000	1,924,000	2,408,900	8,940,400
Other Funding Sources:							
DPW Building Study (Free cash)	-	-	-	-	-	-	-
DPW Salt Shed (chapter 90 funds)	-	-	-	-	-	-	-
DPW Street Resurfacing (chapter 90 funds)	300,000	574,000	26,000	600,000	600,000	600,000	2,400,000
Street Resurfacing - Washington Street (chapter 90 funds)	700,000	700,000	700,000	-	-	-	1,400,000
Total Other:	1,000,000	1,274,000	726,000	600,000	600,000	600,000	3,800,000
Debt Capital Inside Levy:							
Street Rehabilitation - Kingsbury Street	620,000	-	-	-	-	-	-
Street Rehabilitation - Bacon Street	-	480,000	-	-	-	-	480,000
Street Rehabilitation - Cliff Road	-	-	150,000	1,250,000	-	-	1,400,000
Street Rehabilitation - Grove Street	-	-	-	150,000	1,750,000	-	1,900,000
Wales Street Bridge Reconstruction	-	-	400,000	-	-	-	400,000
Hunnewell Field Restroom Facility	-	-	-	-	-	175,000	175,000
RDF Recycled Materials Loading Structure	400,000	220,000	-	-	-	-	220,000
Park/Hwy Building Roof	-	-	-	-	175,000	-	175,000
Park/Hwy Building HVAC Rehab	-	-	1,000,000	-	-	-	1,000,000
DPW Yard Facilities Renovation	-	-	-	-	-	900,000	900,000
Total Borrowed	1,020,000	700,000	1,550,000	1,400,000	1,925,000	1,075,000	6,650,000
Debt Capital Exclusion:							
Public Works- DPW Administration Building	3,596,000	-	-	-	-	-	-
Free Cash:							
Park/Hwy Building HVAC Rehab Design	-	75,000	-	-	-	-	75,000
Park/Hwy Building HVAC Rehab Design	-	-	-	-	-	175,000	175,000
Total Free Cash	-	75,000	-	-	-	175,000	250,000
Grand Total DPW	6,948,700	3,371,500	3,800,000	3,761,000	4,449,000	4,258,900	19,640,400

Report of the Ad Hoc Encroachment Committee

Over the past few years, the Wellesley Trails Committee has observed a large number of encroachments and dumping along Town trails and the aqueduct. In November, 2010, the members approached the Board of Selectmen and the Natural Resources Commission (NRC) about their concerns.

After a site walk with representatives from the Selectmen, School Committee, NRC and the Trails Committee, an Ad Hoc Encroachment Committee was formed with representation from Boards that have jurisdiction over various Town lands. The Committee included Katherine Babson, Board of Selectmen, Suzy Littlefield, School Committee, Mary Ann Cluggish, Library Trustees, Bill Charlton, Board of Public Works, Ursula King, Natural Resources Commission, and Miguel Lessing, Wellesley Trails Committee, with support from Janet Bowser, NRC Executive Director, Al Robinson, Town Counsel, and Terry Connolly, Deputy Director in the Selectmen's Office.

Two distinct types of encroachment issues were identified: First, encroachment expanding an abutter's property onto public land thereby giving the appearance of claiming the land for the abutter's own which then prevents the public from using it, and secondly, dumping on public land.

Examples of encroachments include permanent structures such as walls and sprinkler systems or semi-permanent structures such as garden sheds, swing sets and the planting of shrubs and lawns. Dumping usually includes trash, construction debris, yard waste, tree trunks, leaves and grass clippings.

The Encroachment Committee's earliest decision was that there was a need for a uniform Town policy and procedures to address these issues. The Committee's goals were to eliminate inconsistencies in dealing with encroachment and dumping issues, create citizen awareness of the problem, provide an easy way for citizens to report encroachments, and provide Town Boards with a standard procedure to follow once a problem was identified.

The Committee first reviewed the NRC's existing policy on encroachments. The Committee then consulted with Board of Selectmen, NRC and DPW staffs to gather information how different departments have handled encroachment issues in the past. With information in hand, a uniform Town Encroachment Policy with enforcement procedures was drafted and was reviewed by Town Counsel.

The Committee also decided there was a strong need to classify the levels of encroachments since there is the potential for a significant use of staff resources and costs associated with enforcing the policy. Classifications will enable the Town to determine priorities and better manage the use of resources. To this end, the Committee proposed to categorize encroachments on Town land into the following three types:

Level I: Encroachments that have little or no impact on Town property.

Level II: Encroachments that impose significant intrusions on Town land, i.e., structures, landscaping, or significant dumping

Level III: Encroachments that pose potential safety, health or other hazardous conditions

The first priority for all Boards will be addressing Level III encroachments: those that pose a hazard to the public. Boards will work with the resident to correct the concerns in order to protect public safety. As Level III encroachments are eliminated, Boards can then turn to Level II encroachments and make a judgment as to how each situation should be addressed. Boards will reach out to residents where there are known encroachments by letter and personal contact.

The Committee also plans an initial outreach campaign to better inform the public about the issues of encroachment and dumping. Included in this outreach effort will be annual letters to all abutters of Town land informing them of encroachment and dumping policies.

Each Board with Town land under their jurisdiction has reviewed and discussed the new policy and also the process for correcting encroachment issues. The process has been iterative with both Board and staff input. Each Board accepted and voted approval once the Board was completely satisfied and comfortable with both the Policy and the Procedures.

In the past, with only rare exceptions, landowners have been very cooperative and worked with the Town to eliminate encroachments. To handle those rare exceptions, the Committee will ask the Annual Town Meeting to authorize the Selectmen to place a municipal lien charge on a property if the landowner refuses or is unable to correct the encroachment and the Town must absorb the costs to eliminate the problem.

There are various fines and penalties that could be used as punitive measures for correction if a landowner chooses not to comply. However, working with Town Counsel, the Encroachment Committee decided that the most effective approach in cases of hardship or other instances of when the Town itself must eliminate the encroachment would be a lien placed on the property for the cost of the cleanup. This approach ensures that the encroachment will truly be eliminated, since the Committee believes that punitive fines may not necessarily remove the problem. Further, the Committee believes that the simple threat of a potential lien may be all that is necessary to get an encroachment eliminated.

The result of this Committee's work is that the Town of Wellesley now has a uniform Town Encroachment Policy with enforcement procedures that are fair and beneficial to all Town residents. The Policy and Procedures will be added to the Town website so that citizens can easily review it along with a means of reporting encroachments.

Respectfully submitted,

Ad Hoc Encroachment Committee

Ad Hoc Facilities Maintenance Committee
Report to 2012 Annual Town Meeting
February 29, 2012

Town Meeting members at the 2011 Annual Town Meeting for the Town of Wellesley, MA, voted in favor of a motion to authorize the appointment of an Ad Hoc Facilities Maintenance Committee (the Committee). The following are excerpts of David Himmelberger's comments when he introduced the motion and the approved motion that outlines the charge of the Committee.

Excerpts of Introductory Comments

Mr. David Himmelberger introduced the motion with comments that pointed to the need for the creation of such a Committee. Some of these comments are included below:

"A consultant retained by the Town in 2009 to review efforts at consolidation found multiple glaring problems including, multiple bosses, redundancies in payroll and purchasing, a restricted labor force as between Union/non-union workers, a lack of a detailed plan to move the department forward, a lack of consensus about the structure and reporting structure of the department ..."

"Recent energy audits performed at Town Hall and the Middle School during the fall of 2010 revealed the depth and consequences of our failure to have a thoughtful, coherent and comprehensive facilities maintenance program. ... At both buildings, the Audits found that normal preventative maintenance had not been performed for many years, and during verbal discussions with staff it was learned that money savings were a key reason given as to why complete preventative maintenance was not performed on a scheduled basis."

"There is universal agreement that we must be less reactive and more proactive in our approach to facilities maintenance. As a town, we simply can no longer afford to be derelict in our stewardship of our buildings, and we need a structure that ensures adequate maintenance, with transparent accountability to Town Meeting."

"In many respects, the foregoing comments about costs demonstrate and prove the very need for a new methodology of addressing facilities maintenance. For too long, our current structure has forced individual boards and committees to choose between allocating ever scarce fiscal resources between core missions such as education or other governmental services and building maintenance, with building maintenance invariably coming out on the short end. It is time that we recognize that this is an inherently unworkable model and liberate our senior management from oversight and budgeting of maintenance issues, freeing them to focus upon the missions for which they have been hired in the first place."

It was not the role of the Committee to validate Mr. Himmelberger's comments. However, in the course of its work the Committee found nothing that would suggest that the above comments do not paint an accurate picture of the problem.

Motion to Authorize Ad Hoc Facilities Maintenance Committee

VOTED, unanimously, *that the Moderator appoint an ad hoc committee to conduct an overview of the Town's buildings and current facility maintenance practices, evaluate best practices for facility maintenance, and make recommendations for future maintenance practices. The Committee shall consist of seven to nine members, one of whom shall be a member of the School Committee or its designee, as approved by the Moderator. The Committee shall report back to Town Meeting no later than the 2012 Annual Town Meeting, with recommendations for a management and operating structure to best meet both the short-term and long-term maintenance needs of all of the Town's buildings.*

As part of its evaluation, the Committee shall review the best practices in other communities and major institutional or commercial properties with comparable systems and physical demands.

Prior to the formation of any recommendations on staffing, reporting structure, and maintenance programming, the Committee shall confer with and solicit input from all elected boards and committees currently responsible for maintaining any Town building.

The committee's report shall include:

- *a recommended structure and staffing and reporting relationships;*
- *a plan as to how ongoing and preventative maintenance should be provided in the future;*
- *a timetable for implementing the plan; and to the extent possible, projected costs and savings associated with the recommended model and its implementation.*

Members of Ad Hoc Facilities Maintenance Committee

The Committee appointed by Peg Metzger, Moderator, included a cross section of experience in town government, industry and construction. The following town residents were asked to serve as members of the Ad Hoc Facilities Maintenance Committee:

Tom Goemaat (Construction Professional) – Chairman
Scott Hansen (Construction and Finance Professional) – Secretary
Diane Campbell – School Committee Representative
Sarah Norwood (Permanent Building Committee, former Advisory Committee)
Gilbert Dailey (Commercial Real Estate Professional)
Heather Sawitsky (former Town Moderator and former Chair of Advisory Committee)
Micah O'Neil (Construction Professional)
Phil Laughlin (Human Resources Vice Chair, former Advisory Committee Vice Chair)
Robert Di Giandomenico (Utilities, Mechanical and Electrical Systems Professional)

Meetings of Ad Hoc Facilities Maintenance Committee

The Committee first met on May 23, 2011, and held a total of 28 regular two hour meetings from May 2011 through February 2012. During the course of the year the Committee met with numerous maintenance and government officials from neighboring towns, industry professionals and Board/Committee members and management team members from many Town of Wellesley departments. Meetings were also frequently attended by members of the Advisory Committee, Selectman's Office, School Committee and other areas of town government. Minutes of the Committee meetings that record the full attendance as well as topics discussed and handouts distributed have been filed with Kathleen Nagle, Town Clerk. The following is a list of the meetings that included outside guests for the purpose of gathering

input from town departments and learning about how other towns handle their facilities maintenance.

Regular Meetings that Included Outside Guests:

June 22, -- Wellesley School Department; Bella Wong, Ruth Quinn Berdell, Suzanne Littlefield
June 29, -- Wellesley Selectman's Office; Hans Larsen, Christopher Ketchen
July 13, -- Turner Facilities Management Solutions; discussion of facilities management software
July 27, -- Wellesley Selectman's Office; Hans Larsen, Barbara Searle
August 24, – Andover Facilities Manager; Joe Piantedosi
September 12, -- Recreation Director, Jan Kaseta (met with Diane Campbell and Heather Sawitsky)
September 14, -- Wellesley Library; Janice Coduri, Marla Robinson, Ann Howley
September 28, -- Wellesley DPW & MLP; Mike Pakstis, Dick Joyce, Debra Healy, Bill Charlton
October 4, -- Lexington Facilities Director; Patrick Goddard
October 26, -- Wellesley Schools Facilities Management; Joe McDonough, Hans Larsen
November 2, -- Wellesley Selectman's Office; Hans Larsen
November 16, -- Wellesley consolidated facilities concept discussion; Joe McDonough, Joe Murray
November 30, -- Timing Issues Discussion for Implementation; Joe McDonough, Joe Murray, Hans Larsen, Chris Ketchen
January 17, 2012, -- Attended Board of Public Works meeting (Tom Goemaat and Phil Laughlin)
January 30, -- Wellesley Board of Selectmen
January 31, -- Wellesley School Committee
February 15, -- Wellesley Library Trustees, Recreation Department, Other interested Town committee members

Out-of-Town Due Diligence Meetings:

June 10, -- Cushman & Wakefield's Asset Services Group Managing Director; Luis Alvarado (G. Dailey & T. Goemaat meet in Boston)
August 4, -- Lexington Superintendent of Schools, Paul Ash (Diane Campbell meets in Lexington)
September 13, -- Needham Facilities Manager; Chip Laffee (M. O'Neil & S. Hansen meet in Needham)

Recommendation of Ad Hoc Facilities Maintenance Committee

The Committee recommends that the Town of Wellesley consolidate the facilities maintenance of all town and school buildings under a single, newly created and separately budgeted Facilities Maintenance Department (FMD). The Facilities Maintenance Department should be charged with managing all regular maintenance functions as well as developing a long term preventative maintenance plan for each town and school building. The FMD should include all maintenance personnel, including: custodians, contract workers, trades professionals and administrators. The FMD will be responsible for preparing an annual, stand alone, maintenance budget and submitting the budget for approval at Town Meeting. The budget should adequately fund all projects for an upcoming fiscal year and anticipate the capital requirements of preventative maintenance projects on a five year time horizon. The Facilities Maintenance Department should report to the Town's Executive Director, who reports to the Board of Selectmen (BOS). This Committee recommends that the consolidation take effect on July 1, 2012. Additional details of the recommendation are included later in this report.

Reasons for Recommendation of Ad Hoc Facilities Maintenance Committee

The above Motion was introduced at the 2011 Wellesley Annual Town Meeting by Town Meeting members who were rightly concerned that some of Wellesley's most valuable town assets were steadily deteriorating due to a lack of adequate maintenance. In fact, like so many other towns with tight budgets, evidence suggests that Wellesley has not been adequately planning for, managing or funding the maintenance of its buildings. Without adequate maintenance, the ultimate cost of repair or replacement of town buildings increases substantially.

Dedicated Budget and Professional Management --Town departments, whether they are fire, library or schools, are evaluated by how well they provide their services, not by how well they maintain their buildings. In most cases town managers who are well qualified to manage their departments are not focused on, or qualified to; manage the increasingly complicated infrastructures of the buildings they use. Town departments are inclined to prioritize their primary functions over building maintenance when budget dollars are scarce. While these decisions are well intended, the long-term cost to the town can be substantial. A dedicated Facilities Maintenance Department should provide an increased level of focus, transparency and accountability with regard to the care and maintenance of town buildings.

Sophisticated Infrastructures and Economies of Scale -- Town building infrastructures have become more complicated and, particularly in the case of energy management, more sophisticated technologies are required for the efficient and healthy management of modern buildings. These changes require better coordination of systems installed and constant attention of their ongoing maintenance. A professional management team is required to cost effectively manage town buildings, and the cost of this team can best be justified if allocated across all the buildings in the town. A centralized Facilities Maintenance Department will be able to hire full time trades people, coordinate maintenance vendors and better manage the performance of outside contractors.

Preventative Maintenance Planning -- Town buildings vary in age from not yet opened to historic landmarks. The maintenance planning for these buildings is a big job that has become increasingly complex. In the absence of a department that is dedicated to taking care of these town assets on a time horizon that goes beyond the current fiscal year, required maintenance is unlikely to be adequately anticipated, advocated, funded or performed. The

long term consequence could be both expensive to the town and unhealthy to the building's occupants.

Cost Effective Management – Particularly in the areas of energy management and the ability to employ full time trades people, there are substantial opportunities to operate more efficiently. Other towns that have hired dedicated energy management professionals to monitor and manage the energy consumption across all town buildings have reported substantial savings in energy costs. Virtually all commercial real estate managers have full time trades people and energy professionals dedicated to a complete portfolio of buildings as opposed to a few isolated structures.

Recommendations for Implementation

1. Organization

One centralized Facilities Maintenance Department (FMD), combining current Town and Schools facilities maintenance departments
Responsible for:
Facilities maintenance, repairs, preventative maintenance, custodial/cleaning, short term and long term capital planning for all Town and School buildings

-DPW buildings inclusion to be deferred for one year to July 1, 2013. The one year delay for DPW buildings, which are not currently fully serviced by the Town's existing facilities maintenance department, would reduce the initial complexity and challenge of consolidating the existing organizations.

-Enterprise Fund buildings (water, sewer, MLP) excluded. Enterprise Funds have charters granting them full control over their buildings. Ad Hoc Committee believes the Enterprise Fund buildings would benefit from participating in the centralized program but only with the mutual agreement of the Enterprise Funds and the FMD Boards.

2. Effective Date

July 1, 2012, except as indicated above.

3. Reporting Relationship

FMD would report to the Executive Director of the Town as a fully independent and fully resourced Department. It would not be consolidated with any other Town Department, organizationally or financially. The Executive Director, with Board of Selectmen approval, would appoint the Director of the new consolidated Facilities Maintenance Department.

Rationale:
The Executive Director is the highest Town-wide government position. Having the FMD report to this position elevates the status of the FMD and would reinforce the high priority which the Town would place on facilities maintenance. The Executive Director role provides a Town-wide perspective, helpful to the FMD. Other functions reporting to the Executive Director would also be readily available to provide support to the FMD (for example, expertise in the Town's long term planning process and budgeting systems).

The Committee pursued two reporting alternatives which would have had the FMD report directly to a Town Board or Committee, which are discussed below. However, having the FMD Director report directly to a full time Town executive provides more continuous day to

day support to the new FMD Director and removes the additional workload generated by reporting directly to a Board or Committee. Nevertheless, the Board of Selectmen would be available for guidance and support, when needed.
For the past several years, the Town's current Executive Director, Hans Larsen, has been a consistent advocate and champion for significantly increased facilities maintenance investment and management focus. This factor also supports the Committee's recommendation regarding the FMD reporting relationship.

Other options considered:

Reporting to the Permanent Building Committee (PBC) was extensively considered. The PBC has a membership (by Town By-Law), which ensures expertise relevant to a facilities maintenance program. The PBC is viewed throughout the Town as being apolitical and taking an arms-length, objective view on facilities projects. Additionally, having responsibility for facilities maintenance would better integrate on-going maintenance perspectives into new building design.

However, this approach had several obstacles: a) The PBC generally meets every week. Adding the workload of the facilities maintenance function to these volunteer Committee members was not viewed as reasonable; b) The PBC would have difficulty maintaining its apolitical status if it oversaw an operating department, for which it would have to advocate to Town Meeting for resources; c) The PBC adamantly opposed this alternative. While Town meeting can change a Board or permanent Committee's charter, with or without that Board/Committee's agreement, the Ad Hoc Committee concluded that it was potentially disruptive to request a board to take on responsibility for a function which it clearly did not want to accept. Nevertheless, the Ad Hoc Committee believes that close integration between the PBC and the Facilities Maintenance Department would enhance the maintenance of Town and School buildings.

The Board of Public Works (BPW) was also viewed by the Committee as a viable option. The BPW (through the Department of Public Works) is, among other responsibilities, fully in the maintenance business: repairs, preventative maintenance and long-term maintenance planning of the Town's roads, sidewalks, vehicle fleet and playing fields. The BPW has a long range planning process, which involves annual updates to its plans, and has an established customer service orientation and set of procedures. The BPW is perceived as a "team player" Board, with long-serving and respected Board members experienced in working with other Town Boards and advocating to Town Meeting for programs and funding.

However, the BPW did not feel that this option was appropriate. It was willing to have the new FMD report to the Public Works Department, but not directly to the Public Works Board.

The Committee did not believe having the FMD reporting within the Department of Public Works would provide the necessary independence, visibility and status as one of the Town's high priorities, which the Committee feels is necessary for a successful launch of the consolidated facilities maintenance initiative.

A dual reporting relationship of the FMD Director to the School Superintendent and Town Executive Director was not endorsed by the Ad Hoc Committee. This structure does exist successfully in other Towns. However, its unsuccessful history in the Town of Wellesley makes it prudent to go in a different direction. Additionally, having two bosses places a burden on any employee in any organization and was not viewed as good management practice by the Ad Hoc Committee.

A separate, but representative Board (for example with representation from the Schools and Town) was considered inconsistent with a philosophy of being truly centralized and truly independent. Board members appointed by the School Board or any other Board are essentially chartered to advance the interests of their appointing Board. Additionally, a workable Board size would not allow for representation from all Town Departments with building facilities.

A new, truly independent Board, which could take a broad Town/School view and prioritize investments based on what it deemed was most appropriate and fair, was also considered. The disadvantages are a) the extreme difficulty of identifying and recruiting an entirely new appointed Board of highly qualified individuals, experienced in Wellesley Town government with all its complexities, and experienced in overseeing a highly operational department; b) the membership uncertainty of an elected Board, and the delay in holding elections for such a Board; and c) the establishment of yet another Town Board, which runs counter to the goal of operating Town of Wellesley government in a more consolidated and efficient manner.

4. Operating Philosophy

All Town and School building "owners" (School Principals, School Superintendent, Library Director, Police Chief, Fire Chief, Town Executive Director, Recreation and Health Directors) and their respective Boards would be serviced as valued customers by the FMD. The FMD would be committed to "delight" its customers and respond quickly to their needs and concerns.

Although the building custodial staffs would report directly to the FMD, they would be responsive to the daily needs and emergencies that arise in their individual buildings. For example, custodians would be directed by FMD management to respond immediately to a School principal (or designate) who asks for something to be cleaned up, tables to be re-arranged, or other custodial tasks to be performed. Building owners would also provide input into performance reviews of custodians and, where applicable, trades people.

The FMD would specify whom to contact within the Department's management team for work orders, expression of dissatisfaction with service or other issues. Board member-to-Board member discussions would also be beneficial as appropriate.

5. Budget Structure

The FMD would have its own budget, completely separate from any other Town Department, and be reported as a part of the Town (i.e., non-School) budget. The FY13 Town and School budgets for facilities maintenance would be transferred out of those departments. For management reporting and analysis by the Advisory Committee and Town Meeting, the FY12 budgets (i.e., the prior year history) would need to be re-stated, excluding FY12 budgeted facilities maintenance items from the School and the Board of Selectmen budgets.

The FMD budget would have sufficient cost center and building code detail to satisfy School Department reporting requirements as mandated by the Commonwealth. The Town's Finance Department has confirmed that this can be accommodated (and is currently accommodated) within the Town's financial reporting systems.

Data entry of payroll information of current School facilities maintenance employees would be done by the FMD, not by School employees, although a transition period for the transfer may be necessary. The Town Human Resources Department has confirmed that this transition is manageable. School employees are already part of the Town payroll system, although School employee payroll data is entered by School employees.

Note: The proposed FMD separate budget structure would put an "iron curtain" around the resources which Town Meeting appropriates to facilities maintenance, and would therefore not be diverted for any other purpose.

6. Legal Method of Transfer

Town Meeting would transfer authority for School building maintenance from the School Committee to the Town under Commonwealth General Law c.71, &68.

Discussion
Town council has opined in his letter of June 29, 2011 to the Ad Hoc Facilities Maintenance Committee that Town Meeting is empowered to make the transfer without School Committee approval under the above cited authority.

Responsibility for School building maintenance could be transferred back to the School Committee only with Town Meeting approval.

7. Status of Employees

All employees of the consolidated FMD would be employees of the Town (i.e., non-School) and would be supported by the Town's Human Resources Department.

The issues relating to employment transfer and resolution of existing union contracts will need to be studied and resolved over time by the consolidated FMD management, with support from its Board. A working group has been established to study these issues, consisting of the current heads of both School and Town facilities maintenance departments, the Town Executive Director, the Human Resources Director, and outside counsel(s).

8. Organization Structure of the Facilities Maintenance Department

The FMD would have an organization structure consistent with the organization chart in Appendix 1.

This organization chart was a collaborative effort by the current Town and School facilities maintenance heads and further refined after discussion and review by the Town Executive Director. The new organization structure is viewed as reasonable and appropriate by the Ad Hoc Committee.

In summary, it would have a Director, Assistant Director, two administrative/financial/clerical staff, a Maintenance/Operations Manager responsible for the maintenance/trades employees and outside contractors, a Custodial Service Manager responsible for most of the custodial staff, and an Energy Manager. This structure would be effective July 1, 2012.

The current School and Town facilities departments would not be run separately within the new consolidated department. However, it is not reasonable to anticipate that all (or even

most) new management and non-management positions would be in place by July 1, 2012. Hires and appointments would be made as soon as reasonably possible and as soon as highly qualified individuals can be identified, and the structure organized accordingly.

Any organization adjustments, as deemed appropriate by the FMD Director, Executive Director and Board of Selectmen, would be the responsibility of those individuals and the BOS.

Discussion

The most striking difference between existing Wellesley facilities maintenance organizations and those of other Towns (specifically, Andover, Lexington and Needham) is the lack of facilities management personnel in Wellesley. The organization described above adds two management positions and one special purpose management position (Energy).

The FMD will need these management positions at a minimum to effectively plan, manage and implement the short-term and long-term facilities maintenance programs and projects needed.

Even with these additions, management resources would still be less than that of the referenced Towns.

9. Wellesley Spending versus Benchmarks

Wellesley's spending on facilities maintenance is significantly below all benchmarks analyzed. Substantial additional resources need to be appropriated by Town Meeting, commencing with the FY13 budget, to address current and historical under-investment in Town and School buildings.

The Ad Hoc Committee compared Wellesley spending on facilities maintenance using several benchmarks, **each of which includes different elements of cost.** Best effort were made to compare "apples to apples" on a square footage and cost category equivalent basis. The Ad Hoc Committee does not suggest that any of these benchmarks indicates how much Wellesley should spend on facilities maintenance. They are only included to provide directional guidance.

The following table identifies three different benchmarks/formulas that, on a square foot equivalent basis, compares what the benchmark formula spending for Wellesley would have been versus the actual Wellesley FY12 budget.

Benchmark	Benchmark Indicated Spending	Wellesley FY12 Comparable Spending
U.S, Dept. of Education -- School Facilities Maintenance Taskforce Guidelines, 2003. Guideline is 2% of replacement cost, Excludes custodians.	$7.5 million	$3.0 million
Town of Lexington -- FY12 Maintenance/Custodial Spending. Personnel + Expenses + Cash Capital	$5.4 million	$3.7 million
Whitestone Building Maintenance and Repair Cost Reference – Boston area commercial building actual spending	$3.6 million	$2.1 million

The Town of Lexington was chosen as a benchmark, as it is widely viewed as having a well-run, centralized, facilities maintenance function.

10. FY13 budget

The FY12 facilities budget combined for Town plus School, but excluding DPW and the Enterprise Funds (Water, Sewer, Municipal Light Plant), is

Personal Services	$2.720 million
Expenses:	$ .578 million
Cash Capital	$ .448 million
Total	$3.746 million

A. Proposed FY13 budget

The FMD FY13 budget would be an increase over the FY12 budget reflected above by $572K in personal services and $175K in expenses.
This FMD personal services plus expenses budget would be approved as a single appropriation by Town Meeting, as part of the total FY13 budget approval ("Article 8") process.

Discussion
The additional $572K Personal Services budget appropriation fully funds the new positions envisioned for FY13, as reflected in the Appendix 1 organization chart, with a downward adjustment for "hiring lag" (i.e., not all positions will be filled by July 1, 2013). The new positions are:
- Maintenance/Operations Manager
- Custodial Service Manager
- Energy Manager
- Mechanical Technician (HVAC/Plumber)
- Maintenance Craftsman
- Administrative Assistant - Financial
- 5.5 School custodians

The additional $175K Expenses budget appropriation is for outside contractors, primarily to perform preventative maintenance.
The precise budget categorization of Personal Services versus Expenses has some uncertainty, as is reasonable in the launch of a new organization. Factors such as hiring date, salary level for new hires, and outside contractor costs, contribute to this uncertainly in the first year of operation.
The proposed method of appropriation allows unspent funds in one category to be spent in the other category without having to go back to Town Meeting for specific approval. FY14 would revert to the normal budget separation between Personal Services and Expenses.

B. Cash Capital: Increase by $334K, to $782K

Mechanism: Establish a Facilities Maintenance Capital Fund, similar to the Town's Stabilization Fund.
-Transfer into this Fund $1.5 million in free cash at the March 2012 Annual Town Meeting and $1.0 million at subsequent Annual Town Meetings.
- With Town Meeting approval, transfer dollars from the Fund to the Facilities Maintenance Department as needed, for Cash Capital uses only.

Discussion
The above approach, developed by the Board of Selectmen (BOS) and the Town Executive Director, creates a funding mechanism to put money aside on a regular basis to have available for facilities maintenance cash capital. Transfers from free cash into the Fund and

from the Fund to the FMD have no incremental tax impact, although the Committee recognizes there are other competing uses for the Town's free cash. The BOS supports this arrangement conceptually, but has not yet agreed to any particular magnitude of funding. In the past several years, the Town has generated over $2 million per year in new free cash, on average, and currently has a total of approximately $8.4 million in free cash.

After Town-wide priorities are finalized, additional transfers may be requested at a fall 2012 Special Town Meeting, if one is held.

The above proposed cash capital budget reflects an initial project-by-project plan, subject to revision, reflecting approximately 57 projects.

The FY12 School budget includes $200K in cash capital for a facilities audit of the elementary and middle schools, which is not part of the School facilities maintenance budget. Including this expenditure in the FY12 base, the increase in cash capital proposed for FY13 is $134K, rather than $334K.

C. Utility Expenses

Utility expenses (electricity, natural gas, oil, water and sewer) would also be part of the Facilities Maintenance Department's budget, for the buildings under its management. The FY12 budget for these utilities was $1.792 million. The proposed FY13 utilities budget is $2.146 million.

Discussion

The FMD would hire an Energy Manager who would be skilled in the science and technologies of energy management and totally focused on the most efficient utilization of our resources. The Ad Hoc Committee felt it was good management practice to put the utilities budget within the department responsible for implementing efficiencies in this area, rather than having the utilities budgets scattered across multiple town departments.

The Ad Hoc Committee did not propose a FY13 utilities budget figure. The $2.146 million amount reflects the compilation of the utilities budgets submitted by Town and School Boards and Committees, adjusted downward by the Executive Director after review.

D. Large maintenance or restorative facilities investments funded by debt, inside and outside the levy limit.

Large projects would continue to be brought forward on a project-by-project basis for Town Meeting review and approval or rejection, plus Town-wide vote for debt exclusion projects.

The Town Executive Director would be responsible for finalizing the precise FY13 FMD budget numbers and details, with approval by the Board of Selectmen. The Committee's proposal is that the final budget be consistent with its recommendations.

11. Computerized Maintenance Management System

The FMD would implement a single Computerized Maintenance Management System (CMMS) for all buildings under its responsibility. It is likely to be the School Dude software currently being introduced in the Schools.

Discussion

Discussions with other Towns and other sources confirm the essential nature of a CMMS for effective and professional operation of a facilities maintenance program for building complexes, even in complexes much smaller than that of Wellesley. As far back as 2003, the U.S. Dept of Education Facilities Maintenance Task Force strongly recommended such systems as a necessity.

These computerized management systems generate work orders for every maintenance job, allow priorities and staff to be assigned, track the status and collect the costs of a work order, allow building customers to view work order status, and allow feedback on jobs from customers. The systems also automatically generate work order lists for preventative maintenance jobs, rather than waiting for a piece of equipment to break down before initiating maintenance.

The recently hired (August 2011) Director of Facilities Maintenance for the School Department has purchased and begun implementation of a CMMS for the School buildings. The industry standard School Dude software was selected. The software is applicable to, and can be expanded to, all of the Town's buildings.

12. Pre FY13 Implementation Schedule

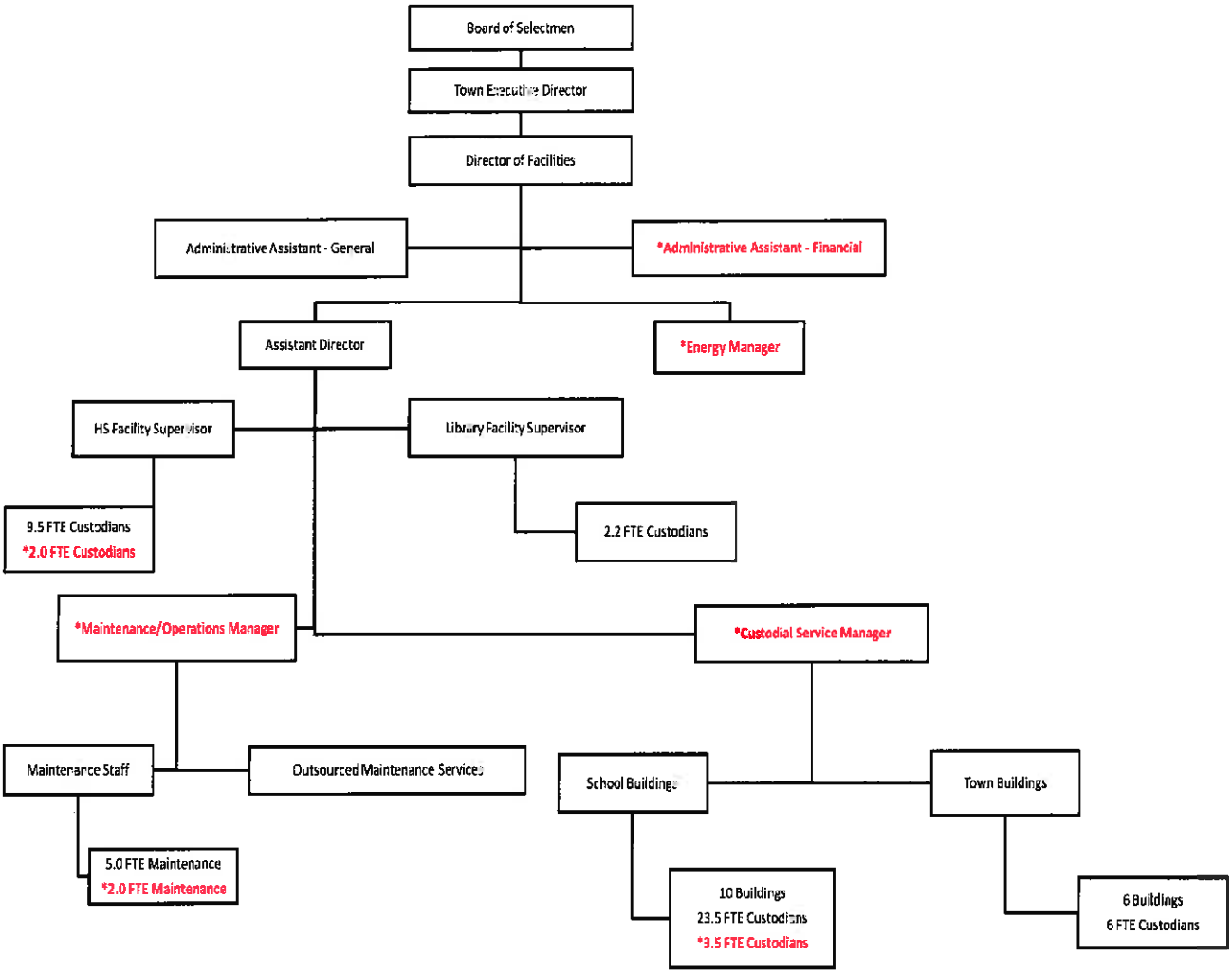
Tasks to be completed prior to July 1, 2012:

A. Executive Director appoints FMD Director as soon as possible after Town Meeting approval of Motions if an internal candidate is considered suitable. Otherwise, start outside search immediately. – March-April

B. FMD Director (if internal hire) commence hiring of prioritized positions using available, unused FY12 personnel services budget within Town Facilities Maintenance budget. – April-June

Appendix 1

Proposed Organization Chart
*Indicates new position



Report of the Community Preservation Committee

I. The Community Preservation Act and Committee Process in Wellesley

In 2002, Wellesley accepted the Community Preservation Act ("CPA") and formed a Community Preservation Committee. Pursuant to the CPA, the Town voted to establish 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 the four purposes set out in the CPA -- 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.

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 declining fee revenues, as well as the expansion of the number of localities adopting the CPA, the match has declined over the past several years, with the payment received in FY12 reflecting a 25.0% match. The State matching percentage is expected to remain at about its current level for the next several years.

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. It is also allowable to appropriate not more than 5% of the CPA funds raised annually for "administrative" purposes. The administrative funds have been used for engineers, consultants and support staff to assist in defining, shaping or clarifying a project, as well as fulfilling legal responsibilities of the committee. To date, the Committee has funded a total of more than 38 separate projects or portions of projects as detailed on the state CPA project website by selecting Wellesley from the list on http://maps.massgis.state.ma.us/cpa_town_pick.htm.

II. Community Preservation Fund FY11 to FY16 Financial Plan

Consistent with the Town Wide Financial Planning process, the CPC has created a long- range plan reflecting our current expectations of revenues, appropriations, and fund balances. In the two charts below, the first chart shows the revenues and appropriations expected. The second chart shows the various fund balances.

Wellesley CPA Financial Plan: June 30, 2010 to June 30, 2016

February 14, 2012

Balances	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Encumbered	$1,887,182	$1,542,601	$3,389,296	$4,990,304	$3,243,833	$1,937,446	$719,649
Specific Reserves	$1,395,049	$1,594,549	$199,662	$124,890	$256,434	$393,793	$824,898
Undesignated	$3,713,172	$4,114,153	$1,893,788	$1,730,464	$1,780,731	$1,901,851	$2,382,763
Total Available	$5,108,221	$5,708,702	$2,093,450	$1,855,354	$2,037,166	$2,295,643	$3,207,661
Total Assets	$6,995,403	$7,251,303	$5,482,746	$6,845,658	$5,280,999	$4,233,089	$3,927,310
Less Debt	$0	$0	$0	$3,000,000	$2,571,429	$2,142,857	$1,714,286
Net Funds	$6,995,403	$7,251,303	$5,482,746	$3,845,658	$2,709,570	$2,090,232	$2,213,024

The charts include actual revenues, appropriations and fund balances for the fiscal year 2011, with projections (current expectations) for fiscal years 2012 through 2016. As mentioned earlier, the state match is expected to remain at its current level as is the percentage rate for interest earned on fund balances. The growth in the Town's tax revenue shows modest growth.

On the appropriations side, last year's ATM voted $450,000 to the Wellesley Housing Development Corporation (WHDC) and $23,000 to the Fuller Brook Park Coordinating Committee. The WHDC partnership offers the opportunity to help the WHDC fulfill its mission of helping to develop and preserve affordable housing for low and moderate income households in Wellesley without relying on state or federal programs. The CPC's expectation is that it will continue to support the Community Housing portion of its mandate, at least in part, by working with the WHDC. We have calculated that an appropriation of $330,000 in FY13 and $225,000 in subsequent years is a likely scenario. The recent completion of the Waldo Court project where CPA funds permitted the Wellesley Housing Authority to fully renovate 12 units of housing was a successful partnership and the CPC hopes that it can partner with the Housing Authority on future projects.

Although the Town's exclusionary zoning by-law provides additional affordable units, the WHDC may need funding to preserve the affordable status of these units if one or more were to come up for resale. Currently there are 15 affordable units that the WHDC monitors. Any one or more of those units could be put up for resale and if a qualified buyer did not appear within 90 days, the WHDC's plan would be to step in and buy back the unit so as to not lose the affordability status as prescribed in the deed. Based on current affordable income limits, the repurchase price would be approximately $220,000.

In 2006, 2009 and 2010 the CPC has recommended, and the TM has voted, appropriations to the WHDC which totaled $850,000. In the summer of 2010, the WHDC was able to purchase 3 units of housing (one single-family house and a two-family unit) and redeveloped them for affordable housing stock. The acquisition, rehabilitation and sale of these units cost approximately $697,920, leaving an approximate balance of $152,080 in unexpended funds. In order for the WHDC to have sufficient equity capital to act as the opportunity or need arises and

to fulfill its purpose, it is anticipated that the CPC will continue to recommend fairly modest appropriations over the coming years.

In 2010 the CPC committed to recommending the funding of $3,600,000 toward the cost of the Fuller Brook Park rehabilitation and restoration project. The $23,000 Fuller Brook funding at last year's ATM was used to conduct further planning and development of bids for the final design phase of the rehabilitation and restoration of Fuller Brook Park, including the installation of demonstration paths. At the STM in November 2011, $665,000 was appropriated from Historic Resources to undertake the final design phase of the Fuller Brook project. We expect that the CPC will request an appropriation for the construction phase of the project at the 2013 ATM. For more detail on the Fuller Brook Park rehabilitation and restoration project, please see the Town's web site.

Another project which the Town has considered is the acquisition of the St. James property on Route 9. While it is unknown at this time if the property will be sold or if a town meeting would vote to acquire it, the CPC has voted to recommend the use of $3,500,000 of CPA funding toward the acquisition. The chart shows that it could occur in FY 13.

Other projects which have been discussed but not voted on include the rehabilitation and reuse of the electric substation on Route 9 in front of the DPW and MLP property and the preservation, rehabilitation and restoration of the Hills Branch Library. The long- range plan shows both of those possibilities as a specific appropriation and as a general placeholder for "historic resources".

In conclusion, the CPC long-range plan shows the commitment to the potential funding of two very significant Town projects as well as some smaller projects, and yet leaves the CPC with reasonable balances to fund additional projects, as yet unidentified, over the next five years.

III. Proposed Actions at the 2011 ATM

1. Administrative Funds and Appropriations to Designated Reserves

The Town may appropriate up to 5% of estimated annual revenues for administrative purposes. The CPC utilizes these funds primarily for engineers, consultants and other support to better define, shape, and analyze potential projects. Based on the estimated FY12 annual revenues, we request an appropriation of $60,776 for FY13. Unused funds appropriated for Administrative purposes revert to the CPA fund unallocated reserves.

The Community Preservation Act requires that each fiscal year the Town appropriate or reserve for future appropriations a minimum of 10% of the estimated annual revenues for three designated purposes. Based on the estimated FY13 annual revenues, we request the transfer of $124,890 for each to the Historic Resources, Open Space and Community Housing reserves.

2. Grant to the Wellesley Housing Development Corporation

Sponsor: Wellesley Housing Development Corporation (WHDC)

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

Recommended Amount: $330,000

The Wellesley Housing Development Corporation (WHDC) was established by the Town under the Board of Selectmen. Its mission is to help develop and preserve affordable housing opportunities in the Town which are consistent with the Town's affordable housing policies. This appropriation will provide adequate equity capital for the WHDC to acquire additional housing units and or to repurchase affordable units which is consistent with its purpose and the Town's affordable housing policies.

Respectfully Submitted,

Theodore Parker, Chair
Allan Port, Vice-Chair
James Conlin
Joan Gaughan
Robert Goldkamp
Dwight Lueth
Donald McCauley
Barbara McMahon
Stephen Murphy

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 6, 2012, on the proposed amendments to the Zoning Bylaw as contained in the Warrant for the March 26, 2012 Annual Town Meeting.

Article 28 Final Recommendation- Adoption

This article would amend the Zoning Bylaw SECTION XIVB. FLOOD PLAIN OR WATERSHED PROTECTION DISTRICTS. and the Zoning Map, to meet the zoning requirements of the Federal Emergency Management Agency (FEMA) in order to ensure compliance with the requirements of the National Flood Insurance Program (NFIP). The NFIP was created in 1968 to help alleviate costs to taxpayers associated with federal disaster relief for flooding. In order for a community to be eligible to receive flood insurance and to meet the minimum requirements for flood plain management established by the NFIP, a community must enact measures to restrict construction activity and certain uses within a flood plain, which is an area subject to danger of periodic flooding, the limits of which are determined by a one percent or greater chance of flooding in any given year. If a community fails to enact such measures, property owners are ineligible to renew existing flood insurance policies or to enroll in new policies, which could restrict the ability to obtain mortgage financing. This Federal mandate intends to link local provisions with the NFIP. While the Town is responsible for administering and enforcing the local provisions, the Town shall not take part in the administration of flood insurance.

Wellesley's existing Flood Plain Zoning District (the District) was adopted in 1974, and amended in 1978 and 1979. The District established the 100-year base flood elevations for the Upper Charles, Lower Charles, Abbott Pond, Lake Waban, Morses Pond, Paint Shop Pond, Rockridge Pond, Sabrina Lake, and Wight Pond water bodies. The District restricts the construction of new buildings and structures within the flood plain and requires a Special Permit for bridges, driveways, golf courses, boating, fishing, farming structures, dams, and similar structures. The provisions required by the District ensure that projects within a given flood plain area are designed and constructed to preserve the natural river channel, retain existing floodwater storage capacity, and are constructed to prevent flotation, collapse, and movement of structures.

The current proposal is based on FEMA's shift from a town-wide Flood Insurance Rate Map (FIRM) to a countywide FIRM. As part of the adoption process communities must link the FIRM with their local flood plain restrictions, which is governed by the Zoning Bylaw in Wellesley's case; additionally, the Town must identify the specific panels of the larger countywide map which incorporate all of the 100-year flood plain areas in Town (there are 10 panels in Wellesley). The proposed amendments to the Zoning Bylaw and Map would unite the two distinct maps (Wellesley Flood Plain Zoning District and FEMA's FIRM) for zoning purposes. This proposal would not modify the existing zoning restrictions, but would increase the number of properties within the Town's Flood Plain Zoning District; many properties that would upon adoption be in a Flood Plain Zoning District are currently located in the flood plain as identified on the town-wide Wellesley FIRM.

Largely, the proposed amendments to the zoning language are based on a model Flood Plain Bylaw created by FEMA. The major changes from our existing zoning provisions include the addition of definitions applicable to the new map format, the establishment of the new district boundaries and base flood elevation data, and a new provision for notification of watercourse

alterations; remaining alterations are primarily format changes. The new maps do not become effective until July 17, 2012. The Planning Board's motion will include the July date as the effective date for the provision. The existing zoning provisions exempt structures constructed prior to March 20, 1974 from meeting the requirements of the district; the proposed bylaw continues this exemption. Building permits issued after July 17, 2012 would need to comply with the updated regulations.

The proposed Zoning Map amendments would adopt the base flood elevations for the 100-year storm as provided by the countywide FIRM. These Zoning Map changes would modify the existing Flood Plain Zoning District boundaries for the Upper Charles, Lower Charles, Lake Waban, Morse Pond and Paint Shop Pond as adopted in 1974, 1978, and 1979. The proposed bylaw and map amendments would incorporate Fuller Brook, Caroline Brook, Boulder Brook, and Rose Mary Brook into the Flood Plain Zoning District. The existing Flood Plain District boundaries for Abbott Pond, Rockridge Pond, Sabrina Lake, and Wight Pond would not be altered and would remain at the previously adopted base flood elevations.

Article 29 Final Recommendation – Adoption

This article would clarify an applicant's responsibility to pay for peer review costs associated with post-development reviews of approved Projects of Significant Impact (PSI). Many PSI decisions require follow up traffic counts, generally 6 and 12 months after the site is at full occupancy. These counts allow the Town to evaluate the effectiveness of the as-built traffic mitigation measures based on the estimates included within the traffic plan and traffic mitigation plan. The cost for the Town's traffic engineer to review additional traffic studies and/or plan alterations has historically been covered by the original submittal fee; however, over the past 5 years, the PSI traffic review costs have escalated due to the complexities and locations of projects, particularly projects on Route 9, and the Planning Board has required applicants to pay any outstanding balance prior to the issuance of a building permit or certificate of occupancy. Given that post development reviews occur after both the building permit and certificate of occupancy have been issued, this amendment will eliminate any ambiguity as to the applicant's responsibility to cover any costs generated by peer review of post development reviews.

REPORT OF THE SUSTAINABLE ENERGY COMMITTEE
2012 Annual Town Meeting

The Sustainable Energy Committee is established and governed by Town Bylaw Article 12, which states in part:

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

ACTIONS OF THE PRIOR YEAR

As part of the Committee's report to Town Meeting last year, we recommended adoption of the Stretch Energy Code. We are pleased that Town Meeting agreed with our recommendation and adopted the Code under Article 38. The Code went into effect on January 1, 2012 and we expect that we will begin seeing positive impacts on energy efficiency as new buildings and additions are constructed.

The bulk of the Committee's current efforts have been to promote the Municipal Light Plant's ***Wellesley Renewable Energy*** program. The program allows customers to voluntarily purchase some or all of their electricity from renewable sources for a 4-cent premium on their electric rate. On March 1, 2012, a campaign coordinating committee, co-chaired by members Ellen Korpi and Richard Joyce, launched an outreach effort to residents and businesses with the goal of increasing program participation by 50%. The *Wellesley Renewable Energy* program offers customers a convenient way to contribute to Wellesley's overall effort to reduce CO_2 emissions by 10%.

Members of the Committee participated in a study conducted by the Town's Public Transportation Working Group. The Working Group's study ultimately led to Wellesley's membership in the MetroWest Regional Transit Authority, as well as the creation of a Transportation Advisory Group (TAG) that will monitor demand for, and promote the use of, public transportation. Our Sustainable Energy Coordinator was appointed by the Selectmen as one of four members on the TAG.

The Committee has also been pleased to work on a number of other projects throughout the year, which included:

- working with facilities personnel to establish energy usage "feedback loops" for the purpose of monitoring and improving energy conservation and efficiency efforts in all School and Town buildings.
- working with volunteer organizations on the "Summer Cooling" campaign to educate residents on how to maximize system efficiency during warm weather months.
- working with volunteer organizations and the Municipal Light Plant on the 2nd annual "Sustainable Energy Day", featuring the Sustainable Expo which promoted sustainable products and practices as well as a bicycle tour of homes showcasing sustainable features.

EMISSIONS TRENDS COMPARED TO TOWN GOALS

Wellesley has reduced Town-wide emissions by 8% from the baseline year of 2007, through 2011.

This decline suggests that the Town is on track to meet the Goal of 10% emissions reduction by 2013. However, there are some counter trends that need to be addressed to continue this progress on emissions reduction.

The Residential sector is responsible for 30% of emissions, and has experienced an overall emissions reduction of 10.9% compared to 2007. Emissions from home heating have fallen almost 15% due to both improved insulation and the continuing shift from fuel oil to natural gas (NG). By contrast, electric *usage* has increase about 1%, but *emissions* from electricity have fallen by 1% due in part to the purchase of *Wellesley Renewable Energy*. This trend is consistent with the continued transition to air-conditioning and greater use of technology, countering some of the gains that have been made in electrical efficiency and conservation.

The Commercial sector, (including the colleges) is responsible for 30% of Town-wide emissions. The consistent trend of reduced emissions, both from electricity and the transition to NG, yields a 15% reduction in emissions overall.

Transportation produces 40% of Town-wide emissions. This sector is lagging well behind our achievements in reducing emissions from other fuels, with only a 0.5% reduction per year based on the improved fuel efficiency achieved as newer model vehicles come online.

PROPOSED REVISIONS TO THE MULTIYEAR ACTION PLAN

The Sustainable Energy Committee has no recommended revisions to the multi-year action plan originally proposed by the Green Ribbon Study Committee.

RECOMMENDED ACTION PLANS FOR THE COMING YEAR

The Committee has the following recommendations for the coming year:

1. Continue to promote the *Wellesley Renewable Energy* Program.
2. Continue to partner with Town and regional entities to promote transportation alternatives.
3. Continue to energize the community and broaden the scope of outreach using strength of communication network that has been developed.
4. Approve the creation of an Energy Manager position in the Facilities Maintenance Department.
5. Continue to monitor and encourage energy conservation and efficiency at all schools and municipal facilities.

Respectfully submitted,

Sustainable Energy Committee:

Christopher Ketchen, Chair	*Scott Bender*
Robert Cooper	*Elizabeth DeSombre*
Richard Joyce	*Ellen Korpi*
Suzanne Littlefield	*Molly Fairchild, Coordinator*

APPENDIX A: SPECIAL EDUCATION PROGRAMS
March 2012 Update

Overview: Programs and Services
Special Education services are provided for children with a broad spectrum of disabilities from mild to very severe. A continuum of service delivery models including classroom-based support, support in learning centers, in-district specialized 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 disabilities
- An increased number of children with significant disabilities, including medically-fragile children, multi-handicapped children, and children with autism spectrum disorder
- 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 Placement of such services, are determined after a comprehensive evaluation process by a team of educators, special education professionals, and parents. The results of this process are presented in an Individualized Education Program (an "IEP") and a proposed Placement for that student. If parents disagree with a proposed IEP and/or Placement, the regulations provide for a dispute resolution process before a hearing officer. Hearing decisions are made using the federal 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 possibly other costs and expenses

Instructional Special Education (Mild to Moderate disabilities)
The majority of Special Education students receive 60% or more of their services within the general education program. Services outside the general education classroom can include specialized instruction within a Learning Center and/or in a setting where related services are provided. Related services can include therapies (such as occupational or physical therapy) and counseling.

Inclusion Program (Intensive Special Education)
Some Special Education students, due to the more significant, low incidence nature of their disabilities, require a higher level of intensive specialized instruction. These students are either placed within an in-district program or are provided highly specialized services and/or assistive materials that allow them to access the public school environment. Students may require additional staffing to support them throughout the school day. Without such supports, these students' needs would not be appropriately met within the public school setting and thus require an out-of-district Placement. Because federal Special Education law requires that school districts provide services in the Least Restrictive Environment, we are mandated to educate students, to the greatest extent appropriate, within general education environments.

Whenever possible, if the Town has a cohort of students with similar low incidence specialized needs, new inclusion programs are developed. By developing in-district programs, we are meeting the mandate of Least Restrictive Environment and creating cost efficiencies by avoiding out-of-district Placement tuitions and extensive transportation costs. Tuition for a private day

school setting is often extremely expensive, ranging from $32,460 to over $120,000. Wellesley has done a commendable job growing and improving the district's Inclusion programs.

As examples, two programs--the Middle School Language Class and the Middle School Skills 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, in FY10 an additional inclusion classroom was added to accommodate students entering the high school from the Middle Schools Skills program. The implementation of a new Therapeutic Program at the upper elementary school level began in FY11 and expanded in FY12 to the lower elementary level. The FY13 budget request plans for the expansion of that program to the middle school and the establishment of a new program at the high school for students ages 18 to 22. In FY13, each Inclusion program strand will be represented at each level (preschool through post high school) 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 disabilities 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 due to the nature of their disabilities. Funding for transportation covers salaries for the transportation coordinator, transportation attendants and van drivers for the school's thirteen vans, and expenses associated with the van program (fuel, maintenance etc) and outside vendor transportation services, as needed.

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 in Special Education as of October 1st of the current fiscal year. The School Department then considers other factors such as students who will graduate, aging out of the system (turn 22 years of age), return to the public school program, or are at-risk to be placed out-of-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* - This federal entitlement grant funds 8.53 full-time equivalent (FTE) professional education staff and 7.65 FTE teaching assistants. The FY12 grant total was $1,107,231, which also covered the cost of retirement and other benefits. The FY13 budget assumes a grant of $1,136,356 that will fund the same positions.

Early Childhood-Special Education Allocation - This federal entitlement grant funds a 0.33 FTE occupational therapist. This grant also funds retirement and other benefits and for FY12 totals $29,781. The FY13 budget request assumes the same grant amount.

Education Jobs Grant - This one-time federal grant from the U.S. Department of Education for the purpose of preserving or creating jobs in the education field funded $95,081 in positions in the FY12 STTI budget. There will be no Education Jobs Grant funding in FY13.

State Funding (Circuit Breaker)

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 FY13 budget assumes a reimbursement rate of 65% of the cost to educate any student above a threshold, which equals four times the statewide average per pupil cost. (The FY12 statewide average general education per pupil cost is $9,729.) The threshold used for the budgeted FY12 reimbursement is $38,916. (The Circuit Breaker funding percentage has ranged from a low of 40% to a high of 72%.

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 costs exceed the threshold. For example, in FY12, if the town pays $55,000 tuition for a student to attend an out-of-district institution, and the state were to reimburse 65% of the $16,084 cost above the threshold of $38,916, the town pays $44,545 and the state covers $10,455 for this student's Placement.

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 was reduced. The FY11 Circuit Breaker offset was budgeted at $1,088,419. Wellesley's actual Circuit Breaker reimbursement in FY12 was $2,193,756. The FY13 budget assumes Circuit Breaker reimbursement of $2,213,558.

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 FY06 when the Town received $272,051.

Fee Revenue

Regulations require that integrated 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.

SPECIAL EDUCATION SPENDING							
	FY09 Budget	FY09 Actual	FY10 Adj Budget	FY10 Actual	FY11 Adj Budget	FY12 Adj Budget	FY13 Budget
# OF STUDENTS							
Instructional	609	620	632	593	634	581	617
Inclusion	132	167	168	161	171	180	192
Out of Distric	93	68	83	74	84	79	75
Total Students	**834**	**855**	**883**	**828**	**889**	**840**	**884**
Students Transported	141	158	153	144	143	139	143
SPED STAFF (FTE)							
Teachers	47.60	46.60	48.60	49.00	51.00	53.30	57.87
Professional Support	38.37	37.97	37.97	39.07	40.67	42.67	35.04
Classroom Support	115.55	121.05	120.15	124.25	125.70	133.30	135.31
Total FTE	201.52	205.62	206.72	212.32	217.37	229.27	228.22
Instructional	6,217,193	6,458,429	6,910,188	6,411,762	6,511,932	6,255,431	6,797,204
STTI							
Inclusion	3,374,052	3,328,834	4,502,974	4,074,328	4,971,635	5,466,354	5,275,047
Out of District	6,010,741	5,762,130	5,077,926	5,606,718	5,516,212	7,030,248	6,401,935
Less: Circuit Breaker	(2,040,466)	(2,157,003)	(1,318,321)	(658,792)	(1,088,419)	(2,147,248)	(2,213,558)
Less: ARRA Funds		(685,484)		(742,492)	(325,000)		
Transportation	927,230	849,058	1,004,456	844,041	910,984	968,774	1,009,214
Total STTI	8,271,557	7,097,535	9,267,035	9,123,803	9,985,412	11,318,128	10,472,638
Total SPED Budget	**14,488,750**	**13,555,964**	**16,177,223**	**15,535,565**	**16,497,344**	**17,573,559**	**17,269,842**
AVERAGE TOWN COST PER STUDENT ($)							
Instructional	10,209	10,417	10,934	10,812	10,271	10,767	11,017
Inclusion	25,561	19,933	26,803	25,306	29,074	30,369	27,474
Out of District	42,691	42,936	45,296	56,830	48,843	61,810	55,845
Transportation	6,576	5,374	6,565	5,861	6,371	6,970	7,057

APPENDIX B: GLOSSARY OF MUNICIPAL FINANCE TERMS

ABATEMENT. A complete or partial cancellation of a tax or assessment levied (imposed) by the Town. Abatements usually apply to tax levies and special assessments.

APPROPRIATION. An authorization granted by Town Meeting to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to time when it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by the Town as a basis for levying taxes. Equally assessed valuation refers to the Town's assessed valuation as determined by the Assessors, adjusted by the State Department of Revenue on a biennial basis to reflect full market value ("equalized valuation").

BUDGET. A plan of financial operations embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. A budget may be "preliminary" — the financial plan presented to Town Meeting, or "final" — the plan approved by Town Meeting.

CAPITAL PROJECT. A major nonrecurring physical acquisition expenditure often including planning, acquisition, and construction phases.

CHERRY SHEET. An annual statement received by the Assessors from the State Department of Revenue detailing estimated receipts for the next fiscal year from various state aid accounts and the Local Aid Fund (Lottery) and estimated charges payable by the Assessors in setting the tax rate. Supplemental Cherry Sheets may be issued during the year and there is no guarantee that the estimated receipts and charges shown thereon will not vary from actual receipts and charges.

COLLECTIVE BARGAINING. Negotiations between an employer and union representative regarding wages, hours, and working conditions.

DEBT AUTHORIZATION. The formal approval required under the procedures set forth in Chapter 44 of the Massachusetts General Laws before the Town may lawfully incur debt.

DEBT SERVICE REQUIREMENT. The amount of money required to pay interest on outstanding debt, and serial maturities of principal for serial bonds.

ENTERPRISE FUND. A fund established to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of Enterprise Funds are those established for the Town's water, sewer, and electric utilities.

EQUALIZED VALUATION. The value of all property as determined by the State Tax Commission biennially, using a standard of "full and fair value." This is also referred to as "100% valuation." The equalization figures are reported in December and affect State aid distributions for the two-year period beginning the following July.

EXCESS LEVY CAPACITY. The difference between the Town's maximum tax levy limit as established by Proposition 2 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 ½ Law (Chapter 580 of the Acts of 1980) that provides, through the referendum process, to add funds to the total tax levy on a permanent basis. If approved by a Town Wide vote, the override amounts become a part of the tax levy base and therefore the amount approved in a given vote does grow with the rest of the base by 2 ½% per year. An override question can only provide for additional funding for either the operating budget or the ongoing capital budget.

PRIMARY LEVY LIMIT. 2½% of certified full and fair cash value of taxable property.

PROPOSITION 2½. A statewide tax limitation initiative petition limiting the property tax levy in cities and Towns in the Commonwealth to 2 ½% of the full and fair cash valuation of the taxable real estate and personal property in that city or Town. The statute also places an annual growth cap of 2½% on the increase in the property tax levy.

REIMBURSEMENTS. (1) Repayments of amounts remitted on behalf of another party. (2) Inter-fund transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund — e.g., an expenditure properly chargeable to a Special Revenue Fund was initially made from the General Fund, which is subsequently reimbursed. They are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

RESERVE FUND. A fund established by the Annual Town Meeting which is under the control of the Town's Advisory Committee and from which transfer may be made for extraordinary and unforeseen expenditures. It may be composed of an appropriation of not more than 5% of the prior year's tax levy.

REVOLVING FUNDS. Those funds which may be used without appropriation and which are established for particular uses such as school athletics, continuing education programs, school lunch programs, self-supporting recreation and park services, conservation, etc.

SECONDARY LEVY LIMIT. Prior year levy limit plus 2 ½% (Base) plus "growth revenue."

SPECIAL APPROPRIATION. An authorization to expend funds for a specific project not encompassed by normal operating categories.

STABILIZATION FUND. A special reserve account created to provide for capital improvements which is invested until used. The Town may appropriate into this fund in any year an amount no more than 10% of the prior year's tax levy. The outstanding balance in the account cannot exceed 10% of the Town's equalized valuation. Generally, it requires a 2/3 vote of Town Meeting to appropriate money from the Stabilization Fund.

STATE DISTRIBUTION. All revenue flowing from the Commonwealth. Major categories include reimbursement for loss of taxes, educational distributions and reimbursements, funds for direct education expenditures, general government reimbursements and distributions.

SURPLUS REVENUE. This is the amount by which cash, accounts receivable and other floating assets exceed the liabilities and reserves.

SUPPLEMENTARY APPROPRIATION. An appropriation submitted after the main budget has been approved, which must specify a revenue source.

TAX LEVY. The net amount to be raised by the Town each fiscal year by assessing ad valorem taxes on real estate and personal property located within the Town.

TAX RATES. The amount of tax stated in terms of a unit of the tax base; for example, $8.91 per $1,000 of assessed valuation of taxable property.

UNFUNDED PENSION LIABILITY. Unfunded pension liability is the difference between the value assigned to the retirement benefits already earned by the Town's employees and the assets the Town's retirement system will have on hand to meet these obligations. The dollar value of the unfunded pension liability is driven by assumptions about interest rates at which a retirement system's assets will grow and the rate of future costs of living increases to pensioners.

UNENCUMBERED APPROPRIATION. The portion of an appropriation not yet expended or encumbered.

UNIFORM MUNICIPAL ACCOUNTING SYSTEM. A comprehensive and practical municipal accounting system that conforms to GAAP for local governments. UMAS is regarded by the Department of Revenue as the professional standard for modern municipal accounting in Massachusetts. Among the benefits of conversion to UMAS are increased consistency in reporting and record keeping and enhanced comparability of data among cities and Towns.

APPENDIX C: 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 often will lead to differences with respect to the matter before the Meeting. The good faith of no one should be questioned; rather, there should be a cooperative effort to find solutions that are reasonably responsive to the needs of all.

The Meeting shall abide by the laws of the Commonwealth including the prohibitions of smoking and carrying firearms on school property.

The following guidelines are intended to inform and guide those who participate in the Meeting and, thus, to assist in its orderly conduct. These guidelines, except to the extent that they embody statutes and Town Bylaws, are not intended as rules having legal effect.

II. PARTICIPANTS IN THE MEETING

A. Public Meeting - The Town Meeting is a public meeting and may be attended by all. Since only the Members may make motions and vote thereon, they are seated separately from non-members.

B. Quorum - A majority of the Town Meeting Members shall constitute a quorum for doing business; but a lesser number may adjourn the Meeting to another time.

C. Moderator - The Moderator shall preside at the Meeting and shall regulate the proceedings and decide all questions of order.

No one shall distribute any material at Town Meeting except with permission of the Moderator.

The Moderator may appoint persons to assist in the conduct of the Meeting, including determination of the vote of the Meeting.

If the Moderator is absent or cannot act, a Moderator Pro Tempore may be elected by the Meeting, the Town Clerk to preside at such election.

The Moderator shall not be an elected Town Meeting Member and shall not vote with respect to any matters before the Meeting. A Town Meeting Member may be a Moderator Pro Tempore, but shall not vote while presiding at the Meeting.

D. ***Clerk*** - The Town Clerk shall determine the presence of a quorum and shall maintain the records of the Meeting, including the results of all votes and other action taken at the Meeting.

If there is no Town Clerk, or if the Town Clerk is absent from the Meeting, the Meeting shall elect another person (usually the Assistant Town Clerk) to act as Temporary Clerk of the Meeting.

The Town Clerk shall not be an elected Town Meeting Member and shall not vote with respect to any matters before the Meeting. A Town Meeting Member may be Temporary Clerk, but shall not vote while acting as Clerk of the Meeting.

E. ***Town Counsel*** - Town Counsel shall be present at all Meetings and, upon request, shall advise the Moderator and any Member or other person present with respect to any pertinent question of law on which his or her opinion is requested. Such opinion is advisory only and not binding upon the Town, any person or the Meeting.

If Town Counsel is unable to attend, the Selectmen shall designate another attorney as Acting Town Counsel to perform those duties at the Meeting.

Town Counsel shall not be an elected Town Meeting Member and shall not vote with respect to any matter before the Meeting. A Town Meeting Member may be Acting Counsel, but shall not vote while so acting.

F. ***Tellers*** - The Moderator shall appoint Town Meeting Members as Tellers for the purpose of counting the votes of the Meeting. Such appointments may, in the Moderator's discretion, be effective for more than one session of any Meeting. The Tellers shall report the results of their count of the section of the Meeting assigned to them, indicating the number in favor of the motion, the number opposed, and, if so instructed by the Moderator, the number abstaining and such shall be announced to the Meeting and maintained with the records of the Meeting. Tellers may vote on any question on which they act as Tellers, but any Teller who decides to participate in the debate of a question should request the Moderator to appoint another Teller to count the vote on that question.

III. MOTIONS

A. ***Need for Motion*** - Action by the Meeting is taken solely by a vote of the Meeting on a motion duly made at the Meeting.

B. ***Subject of Motions*** - Except for such matters as resolutions recognizing individual achievements and the like, no motion shall be entertained by Town Meeting unless the subject thereof is contained within the Warrant. The Moderator shall determine whether a motion is "within the scope of the warrant," that is, whether the warrant gave adequate notice that the action proposed by the motion might be taken at the Meeting.

Motions may propose action at variance with that desired by the sponsor of the article. Such motions may, for example, propose the establishment of a guideline, referral to an existing board or committee or one to be established; but all such motions are proper only if "within the scope of the warrant" as determined by the Moderator.

C. ***Order of Consideration*** - All articles shall be considered in the order in which they appear in the warrant, unless the Moderator in his/her discretion or the Meeting by majority vote changes the order.

Where there are a number of motions relating to a project calling for the expenditure of funds, the motion calling for the expenditure of the largest sum shall be the first put to vote, unless the Moderator in his/her discretion decides to change the order.

D. ***Formal Requirements*** - Motions can be made only by a Member of the Meeting. All motions other than procedural motions must be in writing signed by the sponsoring Member. No seconds are needed for any motion.

Sponsors of motions are required to submit their motions to the Selectmen by a date specified by the Selectmen. The motions must also be submitted to the Moderator and the Chair of the Advisory Committee.

The exact form of any motion or amendment must either be distributed to Town Meeting Members or projected on a screen at Town Meeting before a vote thereon can be taken.

After the initial call to order of any Annual or Special Town Meeting, if a proponent informs the Moderator of an intention to present an amendment or substitute motion or resolution, notice of the action and the text must be made available to Town Meeting members before action is taken on the article to which it relates.

E. ***Notice to Moderator*** - Every person who prior to the Meeting has decided to make a motion with respect to an article should inform the Moderator and the Chair of the Advisory Committee prior to the Meeting or, if the decision to make a motion is reached only during the Meeting, as early as convenient thereafter.

F. ***Reconsideration*** - Motions to reconsider any action shall be entertained only if in the view of the Moderator there is reason to suppose that Members may have changed their minds. The Moderator may rule that any motion is a motion for reconsideration if it is not substantially different from a motion previously voted upon.

No action taken at any session of a Town Meeting shall be reconsidered at any subsequent session, unless notice of intention to move for reconsideration shall have been given at the session at which such action was taken. If action taken at the final session is to be reconsidered, debate and a vote on a motion for reconsideration may occur at the same session only after all articles have been acted upon unless, in the 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 that requires more than a simple majority for passage shall require a 3/5ths vote in order to be reconsidered by Town Meeting.

IV. DEBATE

A. ***Persons Authorized*** - All residents of Wellesley, whether or not Town Meeting Members or registered voters, may address the Meeting. Non-residents may address the Meeting with the approval of the Moderator or a majority of the Meeting.

B. ***Permission of the Moderator*** - Persons wishing to address the Meeting shall raise their 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 a warning from the Moderator, a person refuses to be silent or persists in other disorderly behavior, the Moderator may order such person to withdraw and, if he or she fails to withdraw, may order a police officer to remove such person from the Meeting.

E. ***Personal or Financial Interest*** - Individuals who have a personal or financial interest with respect to a matter may speak or vote thereon but should frankly disclose their interest before speaking. However, no Town Meeting Member should accept compensation for speaking to or voting at the Meeting.

F. ***Time*** - There is no time limit to the debate of any question. Accordingly, motions to limit time for debate or to call the question are not in order. However, each individual who speaks to the Meeting should make an effort to be as brief as possible, out of consideration for the others attending the Meeting and the need to give adequate time to all matters coming before it. The Moderator may request that all persons who intend to speak for more than five minutes give him/her notice before the start of the session.

G. ***Repeated Speaking*** - In order to give all a fair opportunity to speak, no one who has addressed the Meeting on any particular motion shall speak again, except to answer questions, until all others wishing to speak to the motion have done so.

H. ***Maps*** - The Planning Board has slides of Town maps available for use at all Meetings and may be requested on reasonable notice to make available a slide of any map appropriate to the subject under discussion.

V. VOTING METHOD

Except as specifically otherwise provided by law or these rules, voting shall be by voice 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 bylaw requires a two-thirds vote for action by the Meeting, the Moderator is authorized to declare the vote without taking a count, subject to the roll call and ballot vote provisions noted above. If more than a two-thirds vote is required, the Moderator may first determine whether the vote is unanimous and, if it is not, the vote shall be counted either by means of a standing vote, by roll call or by ballot as provided in the Town's Bylaw.

VII. ADJOURNMENT AND DISSOLUTION

A. Adjournment - Sessions of the Town Meeting shall normally adjourn about 11 o'clock in the evening but may adjourn at such earlier or later time as the Town Meeting upon vote of a majority of its Members may determine.

B. Dissolution - The Meeting shall not dissolve until all articles in the warrant with respect to which any Member wishes to make a motion have been considered.

VIII. RECORD OF MEETING

The Town Clerk in consultation with the Moderator shall prepare and maintain a complete record of the Meeting at the office of the Town Clerk where, upon request, it may be inspected by any interested person and also shall deposit a copy of such record at the Main Library. Such record may, but need not be, verbatim. However, it shall as a minimum contain the text of all articles and motions, whether main motions or subsidiary motions, the name of the moving party, the action of the Meeting with respect thereto and such summary of statements made at the Meeting as will in the opinion of the Town Clerk contribute to a better understanding of the action of the Meeting.

IX. REFERENCE TO TOWN MEETING RULES

Wellesley Representative Town Meeting was established by Chapter 202 of the Acts of 1932 which has been amended several times since then. Certain customs have developed in the conduct of the Town Meeting. Wellesley custom does not differ substantially from the custom of other representative town meetings, as generally described in Town Meeting Time (Little, Brown, and Company 1962), a book that also contains references to applicable court decisions and statutes. All custom may be changed by law, or the Bylaws of Wellesley, as from time to time amended.

It is the combination of the foregoing which produces the "rules" of Wellesley Town Meeting in conformity with which the Moderator regulates the conduct of the meeting.