

Inter-Board Meeting
Wellesley Town Hall, Great Hall
September 4, 2013, 8:00 AM
Agenda

8:00	Welcome and review agenda	K. Babson
8:05	Plans for December 9, 2013 Special Town Meeting	K. Babson
8:15	FY15 budget guidelines	H. Larsen
8:25	Facilities update <ul style="list-style-type: none">• Development of FY15 capital request• Plans for November 12th meeting• School facilities projects	J. McDonough H. Larsen K.C. Kato
8:35	Advisory update	M. Freiman
8:45	Moderator update <ul style="list-style-type: none">• Role of Advisory• Advisory liaison relationships	P. Metzger
8:55	Town Government Study Committee	K. Babson
9:00	Wrap-up	K. Babson

Town of Wellesley



**FY15 BUDGET GUIDELINES
INTER-BOARD MEETING
SEPTEMBER 3, 2013**

FY15 financial outlook



- Revenue – not anticipating significant growth in State aid or local revenue
- Substantial collective bargaining uncertainty
 - 3 open contracts – Teachers, Patrolmen, Library Association
 - With exception of Superior Officers, all of the other contracts expire at end of current year
- Schools' strategic planning process likely to trigger additional investment requests
- Pension – significant increase planned

FY15 financial outlook, contd.



- OPEB – stable
- Health insurance – anticipating resumed growth in premiums
- Cash capital – plan calls for further growth in facilities maintenance
- Anticipating multiple debt exclusions over next couple of years
 - Senior Center
 - Fuller Brook Park
 - School facilities renovation
 - Other Town facilities projects

Pension changes reflected in 1/1/13 valuation



- **Plan provisions**
 - COLA base increased from \$12,000 to \$15,000
- **Actuarial assumptions**
 - Interest rate - lowered from 7.75% to 7.0%
 - Amortization payment increase rate - lowered from 4.5% to 3.5%
 - Salary increase brought more into line with recent experience
 - Mortality improvements

Pension contribution



	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>
Tax impact	\$3,209,844	\$5,008,205	\$5,943,378	\$6,150,754	\$6,365,574
Enterprise funds	603,889	932,649	1,047,249	1,083,850	1,121,704
	<u>\$3,813,733</u>	<u>\$5,940,854</u>	<u>\$6,990,627</u>	<u>\$7,234,604</u>	<u>\$7,487,279</u>

Free Cash status



	<u>FY11</u>	<u>FY12</u>	<u>FY13*</u>
<i>Beginning of year</i>	\$ 9,471,751	\$ 8,439,070	\$ 10,499,623
<i>Uses</i>	(3,715,184)	(3,112,757)	(3,630,881)
<i>Net Free Cash generated</i>	2,682,503	5,173,310	4,085,000
<i>End of year</i>	<u>\$ 8,439,070</u>	<u>\$10,499,623</u>	<u>\$ 10,953,742</u>

*** Current estimate / awaiting DOR certification.**

The challenge in front of us



- **Setting FY15 budget guidelines that:**
 - Reflect input from all the Boards
 - Are integrated with our collective bargaining strategies
 - Reflect appreciation of the multiple capital requests anticipated over next few years

FY15 budget scenarios



	2013 ATM <u>Projection</u>	No Override <u>Scenario</u>	Alternative <u>Scenario</u>
Sources			
New growth	\$ 1,400,000	\$ 1,500,000	\$ 1,500,000
Override	3,500,000	-	3,500,000
Free cash	-	2,250,000	-
Uses			
Schools	4.0%	1.75%	2.5%
Other Town Depts.	2.0%	1.75%	2.5%
Cash capital	4,502,782	4,302,782	4,302,782
Pension	5,893,099	5,943,378	5,943,378
Health insurance	5.0%	5.0%	5.0%
Resulting Deficit	\$ (395,563)	\$ 38,070	\$ 386,947

Comments on the process



- Intend to express the guidelines in terms of % budget increases
 - Will be working with HR to coordinate guidelines with wage increase assumptions
- Given collective bargaining situation and need to plan for override, will be expecting a clear signal from all boards regarding their FY16 budget expectations

Timeline



- 1st Inter-Board meeting – September 4th
- Further discussion by Selectmen – September 23rd
- HR Board meeting to discuss FY15 wage increases – September 23rd
- 2nd Inter-Board meeting – September 26th
- Selectmen vote guidelines – September 30th
 - Intend to express guidelines in terms of % budget growth

Other key dates



- **Drafting of December Special Town Meeting warrant**
 - Opening warrant - September 23rd
 - Deadline for submission of Articles – September 27th
- **Presentation of FMD FY15 cash capital request – Tuesday evening, November 12th**
 - All Town boards invited to attend