

**BOARD OF SELECTMEN**

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HANS LARSEN
EXECUTIVE DIRECTOR OF GENERAL GOVERNMENT

To: All Town Boards & Committees
Department Heads

From: Board of Selectmen

Date: October 31, 2012

Re: FY14 Budget Guidelines

This note is intended to summarize the FY14 budget guidelines and the Board of Selectmen's rationale for such.

At the 2012 Annual Town Meeting we projected a \$4.9M deficit for FY14, based on the assumption that additional Free Cash would not be available to help fund the FY14 budget (\$3M of Free Cash was used to balance the FY13 budget). As discussed at the August Inter-Board meeting, the Town's Free Cash balance has evolved more favorably than anticipated. This is primarily due to the high level of FY12 budget "turnback" and the elimination of a prior year Chapter 90 deficit. This prompted the Selectmen to suggest the possibility of balancing the FY14 budget with \$2.5M of Free Cash, and without an override. However, this would require fiscal restraint on the part of all Boards.

Following the August Inter-Board meeting, representatives of the Selectmen met with several Boards and Committees to discuss the potential implications of the spending increase assumptions proposed at that meeting. Based on input received during those meetings and following further deliberation, the Selectmen have voted to establish FY14 budget guidelines that are consistent with the preliminary spending increase assumptions proposed at the August meeting. Thus, the spending increases allowed under the final FY14 budget guidelines are based on the following key assumptions:

1. Wage increases (assumes FY13 budgeted staffing levels)
 - a) As provided for under previously-settled union contracts
 - b) For open contracts, existing step and lane provisions (as applicable), plus a 1% cost-of-living adjustment
 - c) For non-union personnel, existing step provisions (if any), plus a 1% cost-of-living adjustment
2. Expenses - 1% increase

For Facilities Maintenance, an allowance will also be made for the staggered hiring of new personnel during FY13.

Based on the above assumptions, the year-over-year increase in the FY14 School Department budget is not to exceed 2.8% and the aggregate increase for the other Town departments is not to exceed 1.6%. During the next few weeks, the Finance Department will work with each department to translate the above assumptions into a specific FY14 budget guideline dollar amount.

FY14 Cash capital requests should be in line with the amounts reflected in the Five Year Capital Budget Program presented at Town Meeting last spring. In addition, we anticipate working with the Advisory Committee to identify further reductions of approximately \$200,000. Further details on these additional reductions will be provided at a later date.

Each Board and Committee should submit a budget that meets the guidelines summarized above. Requests for additional funding (i.e., over and above what is afforded under the guidelines) should be separately itemized and communicated to the Selectmen's office. Such additional funding requests will be considered following consolidation of the Town-wide budget and once further information is available regarding State aid, health insurance costs and other key variables.

With regard to timing, capital budgets are required to be submitted to the Selectmen's office by November 30th and operating budgets are due by December 21st. Further guidance regarding the format of the FY14 capital and operating budget submissions will be provided by the Finance Department within the next few days.

The Selectmen appreciate the important role played by each Board in the Town's budget process and your continuing efforts to help us achieve our Town-wide objectives. Please forward any comments or questions regarding these guidelines to the Selectmen's Office.

Thank you,

A handwritten signature in black ink, appearing to read 'Terri', with a stylized flourish extending to the right.

Terri Tsagaris, Chair