

# TOWN OF WELLESLEY



## REPORTS TO THE ANNUAL TOWN MEETING

MONDAY, MARCH 30, 2015  
7:30 P.M.

at the  
MIDDLE SCHOOL AUDITORIUM  
WELLESLEY MIDDLE SCHOOL

by the  
ADVISORY COMMITTEE

BOARD OF SELECTMEN  
COMMUNITY PRESERVATION COMMITTEE  
PLAYING FIELDS TASK FORCE  
FULLER BROOK PARK COMMITTEE  
PLANNING BOARD  
SUSTAINABLE ENERGY COMMITTEE  
TOWN GOVERNMENT STUDY COMMITTEE

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

For more information and updates, please visit [www.WellesleyMA.gov](http://www.WellesleyMA.gov).

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**TOWN OF WELLESLEY**



**ADVISORY COMMITTEE LETTER  
ANNUAL TOWN MEETING  
March 30, 2015 at 7:30 p.m.  
Wellesley Middle School Auditorium**

**TERM ENDS 2015**

Thomas Engels  
John Hussey  
Lucy Kapples  
Andy Patten, Chair  
Ann Rappaport, Vice-Chair

**TERM ENDS 2016**

Mary Crown  
Tom Frisardi  
John Hartnett, Vice-Chair  
Mason Smith, Secretary  
Scott Tarbox

**TERM ENDS 2017**

Chad Harris  
Michael Mastrianni  
Frank Pinto  
Sara Raveret  
Kathleen Woodward

To the Citizens of the Town of Wellesley:

March 11, 2015

This year's Annual Town Meeting will convene on Monday, March 30, 2015, at 7:30 p.m. in the Auditorium at the Wellesley Middle School. All residents are welcome to attend the meetings in person, or to follow the proceedings on Wellesley Media Corporation's Government Channel (Comcast Channel 8, Verizon Channel 40 or @wellesleymedia.org). The Advisory Committee encourages citizen participation in Town Meeting as there are many issues with broad implications being presented this year. Our Committee is not a policy making body, nor are our recommendations in any way binding. Rather our work consists of reviewing budgets and all other matters coming before Town Meeting. Our primary constituents are the 240 elected Town Meeting members elected from the neighborhoods who rely on our diverse 15-member volunteer committee to provide perspective and opinion on matters to be taken up at Town Meeting. Ultimately, we report to every resident and rely on input from constituents and stakeholders throughout the Town and our government to provide informed opinion.

The report to the Annual Town Meeting, which follows this letter, is our third in this budget cycle, the previous two being the Special Town Meeting (STM) from October 2014, and the January 2015 North 40 STM. In this, our final work of this cycle, we have endeavored to engage in continuous improvement to our work. We have placed the Town-Wide Financial Plan (TWFP) at the front of this *Advisory Report*, rather than burying it deep in the back of the book. Written by the Executive Director of General Government Services and Board of Selectmen with critical input from the Finance Director, Treasurer, and their staffs, these documents provide important information akin to "State of the Town" documents. Please take the time to read these reports prior to the start of Town Meeting. We have also attempted to shorten the length of various sections of the *Advisory Report* and put more information in appendices in an effort to make our work easier to read. We welcome your feedback. As always, we hope that our report will generate discussion on the floor of Town Meeting.

As of the printing of the *Advisory Report*, the Town's budget is not yet balanced and the Town continues to negotiate with its employees regarding potential changes to the current healthcare plans of active employees and retirees. Health insurance costs were projected to grow 5% in FY16, but the actual premium increases are between 9% and 14%, making healthcare one of the single largest drivers of budget increases in FY16. There are a variety of plans to eliminate the budget deficit, but any decision hinges on whether the Town can achieve healthcare savings. Advisory expects to issue a supplement to Article 8 before the start of Annual Town Meeting

describing the steps the Town has taken to close the current \$1.66 million budget deficit. The Selectmen do not anticipate that an override of Proposition 2 ½ will be used to create a balanced budget.

Here are some of the key actions that the 2015 Annual Town Meeting will be asked to consider, which include requests to:

- Approve a balanced budget for FY16 including both operating and capital items (Article 8);
- Appropriate \$800,000 from Free Cash as a supplement to the FY15 budget for snow and ice removal (Article 7, Motion 1);
- Appropriate \$472,344 from Free Cash as a supplement to the FY15 school budget for extraordinary expenses related to Special Education, a percentage of which may be eligible for State reimbursement (Article 7, Motion 2);
- Appropriate \$100,000 from Free Cash as a supplement to the FY15 budget for unforeseen legal costs (Article 7, Motion 3);
- Appropriate \$50,000 for a feasibility study for the possible expansion of the current PAWS (Preschool At Wellesley Schools) building to support increased enrollment (Article 16);
- Appropriate design funds for a security plan for the Wellesley Public Schools with cost still to be determined (Article 17);
- Appropriate \$50,000 for further study of the future uses and possible renovation, replacement or consolidation of the Hardy, Hunnewell, and Upham Schools (Article 18);
- Extend the life of the Town Government Study Committee to continue its work as set forth at the 2014 Annual Town Meeting and appropriate \$32,000 for its use (Article 25);
- Amend various Zoning Bylaws to recodify sections of the Bylaw; explicitly authorize outdoor restaurant dining in the Wellesley Square Commercial District; regulate the location of residential driveways; modify regulations related to window signs; and exempt size restrictions on Wellesley Historic Commission signs typically found on certain residential properties in the Town (Articles 27-34).

### **Key Features of the Proposed Fiscal Year 2016 Budget**

The FY16 budget is summarized on the next page in the Sources and Uses table.

#### **Sources of Funds**

##### ***Tax Revenue, State Aid and Local Revenue***

The proposed budget reflects a projected \$4.3 million increase of inside-the-levy tax revenue, including the permitted 2.5% increase to the existing tax base plus \$1.6 million from new growth. The level of State Aid is projected to increase by \$180,000 (2%), while an increase of \$504,000 (4.9%) is assumed for Local Revenue from increases in fees and excise taxes. The increase in Exclusions & Exemptions reflects the recent debt exclusions for Fiske and Schofield, the Middle School window replacement and the North 40, in addition to projects appropriated in previous years (like the high school) which are still carrying debt service.

##### ***Reserves to Balance the Budget***

The FY16 budget proposes to use \$2.625 million of Free Cash toward balancing the FY16 budget. The Town had \$13.47 million in reserves (Stabilization Fund balance of \$3.13 million plus \$10.34 million in certified Free Cash) at the start of the current fiscal year, representing 10.25% of operating revenue. This percentage falls well within the 8-12% of operating revenue per guidelines set by the Selectmen in their reserves policy. With the proposed use of \$2.625 million of Free Cash to balance the FY16 budget, and additional uses of free cash contemplated in Articles 7, 16, 18 and 25 as mentioned above, the projected level of reserves at the end of the fiscal year will drop to 7.9%, which is slightly below the recommended level.

	<b>FY15</b>	<b>FY16</b>	<b>\$</b>	<b>%</b>
	<b><u>Budget</u></b>	<b><u>Request</u></b>	<b><u>Inc/(Dec)</u></b>	<b><u>Inc/(Dec)</u></b>
<b>Sources of Funds</b>				
Taxes	\$ 109,124,603	\$ 113,452,719	\$ 4,328,116	4.0%
State Aid	9,025,642	9,206,155	180,513	2.0%
Local Revenue	10,380,324	10,884,000	503,676	4.9%
Free Cash	2,250,000	3,525,000	1,275,000	56.7%
Other Sources	6,634,014	1,887,289	(4,746,725)	-71.6%
CPA Funds	-	580,000	580,000	
Exclusions & Exemptions	10,958,514	14,603,348	3,644,834	33.3%
<b>Total Sources</b>	<b>\$ 148,373,097</b>	<b>\$ 154,138,510</b>	<b>\$ 5,765,413</b>	<b>3.9%</b>
<b>Uses of Funds</b>				
School	\$ 63,524,619	\$ 67,114,816	\$ 3,590,197	5.7%
Facilities Maintenance	6,655,781	6,887,560	231,779	3.5%
Other Town Departments	26,698,171	27,520,514	822,343	3.1%
Employee Benefits	24,037,021	26,105,114	2,068,093	8.6%
Cash Capital	4,282,768	4,501,752	218,984	5.1%
Debt Service (inside Levy)	3,728,096	3,970,125	242,029	6.5%
Other Uses	8,488,127	4,512,918	(3,975,210)	-46.8%
Exclusions & Exemptions	10,958,514	15,183,348	4,224,834	38.6%
<b>Total Uses</b>	<b>\$ 148,373,097</b>	<b>\$ 155,796,147</b>	<b>\$ 7,423,050</b>	<b>5.0%</b>
<b>Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ (1,657,636)</b>		

## Uses of Funds – Major Drivers of Budget Increases

### **Personal Services**

Increases in salary, appropriated in the Omnibus budget (Article 8) and the Merit Pay Pool (Article 5, Motion 3) continue to be the primary driver of the budget increases, constituting \$3.6 million (4.5% increase over FY15) of the additional cost. Generally, the FY16 annual cost of living salary increases are expected in the range of 1-2.5% as a result of union contracts negotiated prior to the commencement of FY16, but additional increases due to movement along “steps” (for longevity) and “lanes” (for education advancement in the School Department) are additive. The 16 steps in the School Department are valued at 4.2% per step while other unions have fewer steps, typically 4-6, valued at around 5.3-5.6%.

Town departments, especially the School Department, must find a way to slow the pace of salary growth. These increases can limit departments, especially the Schools (for which personal services represent 87% of their budget), in carrying out their mission and in developing new initiatives. Our employees are one of our greatest strengths and the Town should continue to value their work and invest in infrastructure to provide comfortable working conditions and an environment for our employees to thrive. We should strive to maintain minimal employee turnover, while also being mindful of the financial realities facing the Town.

### **Retirement and Health Care Contributions**

Almost twenty cents of every Town budget dollar is spent on employee benefits, which include health insurance, retirement pension contribution, and health insurance for retirees (Other Post-Employment Benefits, or OPEB). By far the fastest growing component of employee benefits is the cost of health insurance which is scheduled to increase by nearly \$2 million in FY16, an 11.9% increase from FY15. As the Advisory Report goes to press, the Town is in negotiation with its unions for health care premium relief to help close the current budget shortfall for FY16. Given

the previously-passed debt exclusions for renovations at Fiske and Schofield Schools, approval of a Middle School windows replacement project, the purchase of 900 Worcester Street, and the passage of a Town-wide debt exclusion to acquire the North 40, the Board of Selectmen is sensitive to the tax burden on the residents and has pledged that there will be no override of Proposition 2 ½ to balance the FY16 budget. Pension funding, which has recently been a strong driver of budget increases, with a compounded annual growth rate of 42.8% over the past five years, is exhibiting more modest growth (\$207,000 or 3.5%) in FY16.

### ***Facilities Maintenance***

The FY16 budget includes full funding of all positions within the Facilities Maintenance Department (FMD), though the Building Operations Liaison position, approved at Special Town Meeting in October 2013, is not yet filled. The cash capital budget reflects the mission of the FMD to undertake repairs and represents the Town's effort to adequately fund and conduct appropriate building maintenance of its nearly 1.1 million square feet of real estate (excluding DPW buildings). Although the FMD's capital budget was projected to grow from \$1.5 million in FY15 to \$2 million in FY17 as part of a planned increase in facilities spending, budget realities have held this increase to \$1.575 million in FY16 rather than the \$1.75 million projected in the 2014 Town-Wide Financial Plan.

### ***Capital and Debt Service Budget***

The other large capital budget request comes from the DPW which seeks \$1.53 million for infrastructure repairs, mostly street and sidewalk work. Given the budget pressures felt by all Town departments, total Town-wide capital requests from all departments, including Schools, are expected to fall from a projected FY16 level of \$5.37 million in the 2014 Town-Wide Financial Plan to an actual \$4.50 million, a reduction of 16%. Total debt service, both inside and outside the levy, is expected to climb by nearly 35% (up \$4.48 million in FY16), largely as result of the school infrastructure repairs and land purchases referenced earlier in this letter.

### ***Future Facilities Spending***

Requests for funding related to facilities is relatively modest at this Annual Town Meeting. The School Facilities Committee (SFC) is requesting \$50,000 to continue to study the future use of Upham, Hardy and Hunnewell Schools with the goal of renovating, replacing and/or these three schools (Article 18). Under Article 16, the SFC is also requesting \$50,000 for a feasibility study to consider the possible renovation of the Integrated Preschool at Wellesley Schools (PAWS) which is facing increased enrollment in the special needs preschool community. And finally, the SFC is seeking funds (total amount to be determined) for design funds to improve school security in Article 17.

### ***Balanced Budget***

Advisory entered the FY16 budget preparation period believing that after the spring 2014 override was passed by the voters, a balanced FY16 budget could be reached, though the budget process was expected to be challenging. Guidelines were issued which were consistent with the Town-Wide Financial Plan – a 2.25% increase in overall departmental budgets, with the exception of the Schools, which were presented with a guideline of 4%.

Several departments submitted budgets that exceeded the guidelines. Advisory praises the efforts of the Police and Fire Departments, DPW, Recreation, and NRC for meeting the guideline. The Council on Aging, Board of Health, FMD and the combined Board of Selectmen Shared Services Department have all submitted budgets, which, for varying reasons, are outside of guideline. The School's budget has been submitted at 5.65%, which at the time of this writing is in excess of \$1 million over guideline. Much of this increase has been attributed to mandates, contractual obligations, a new strategic plan, and Special Education. The Advisory Committee continues to

be concerned that a school budget that is increasing at a rate of 5-6% per annum is unsustainable without regular overrides given the restrictions of Proposition 2 ½. The Town must continue to balance many competing needs among its various departments and the Town's desire to invest strategically in land purchases and infrastructure improvements for the well-being of all its residents.

### **Final Thoughts**

Although Advisory grows more knowledgeable about Town process, departmental budgets and upcoming projects as the budget cycle progresses, we are regularly reminded of, and humbled by, the fact that the more we know and learn, the more we still don't know operationally what is happening in each department simply because we are not there on a daily basis. As such, we remain measured in our assessments of the departments, and the projects they bring before us, since we recognize that each stakeholder has the best interests of the Town in mind.

Our Committee continues to be struck by recurring themes surfacing in this and previous budget cycles. Department boards, each with dedicated volunteers, have come before us to present their budgets and projects. Each stakeholder has been passionate about their missions and the capabilities of the managers directing their specific departments. The organizational culture of our Town departments is strong. Still, we detect an uneven budget preparation process wherein some departments are far more disciplined in attempting to follow the guidelines set by the Board of Selectmen at the outset of the budget process. One of the Town's greatest strengths is its employees who bring dedication, professionalism, and experience to their daily work. In challenging budget times such as these, when hard choices must be made, Advisory hopes that a stronger connection can be forged among the department managers, their respective boards, and Town Hall, specifically the Executive Director of General Government Services, Finance Director and their capable staffs who stand ready and willing to support the various Town departments. Notwithstanding the decentralized form of government which characterizes Wellesley, now, more than ever, there is a need for improved collaboration and communication among all parties. Similar to private organizations, the greater corporate good, or in this case the greater municipal good, must be paramount among all departments as budgets are built, otherwise the competition for scarce resources will continue and the risk of interdepartmental divisiveness will remain.

The Advisory Committee extends its gratitude to the Town employees, elected and appointed officials, and concerned citizens who devote their time, energy, and expertise to the Town by serving on boards and committees. We always welcomes citizen input and suggestions. Our meetings are open to the public and always begin with a "Citizen Speak" session. Residents who wish to communicate via e-mail can reach us at: [AdvisoryCommittee@WellesleyMA.gov](mailto:AdvisoryCommittee@WellesleyMA.gov).

Finally, on behalf of all residents, Boards, and Town employees in Wellesley, I salute my fellow Advisory members for their volunteer service to the Town, the gift of their time, and their participation in three Town Meetings this year, each requiring Advisory members to perform vitally-important due diligence and engage in thoughtful consideration with the goal of helping the Town make decisions which impact our collective future. We are proud of having built an Advisory Committee culture of respect and collaboration among ourselves and towards those who have appeared before us.

Sincerely,  
Andy Patten  
Advisory Chair

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## REPORT OF THE BOARD OF SELECTMEN ON THE TOWN-WIDE FINANCIAL PLAN FOR 2015 ANNUAL TOWN MEETING

March 11, 2015

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 (FY15), the proposed budget for FY16, and projected financial information for the years FY17-19.

### Overview

At the time of this writing, the Board of Selectmen and other Town officials are considering how best to balance the budget for the next fiscal year (FY16, or the year beginning July 1, 2015). The current revenue assumptions and departmental budget requests yield a deficit of approximately \$1.7 million. A proposal to balance the budget through further spending reductions is being considered. Concurrently, representatives of the Selectmen are meeting with representatives of the various unions and retirees to negotiate potential changes in the health insurance benefits provided to active employees and retirees. An agreement forthcoming from these negotiations would lessen the need for spending reductions in other areas.

Growth in the School budget and health insurance costs remain the biggest drivers of cost growth. The School budget is nearly twice the size of all of the other departmental budgets combined, and it is projected to continue growing at twice the annual rate. Health insurance costs represent 58% of the employee benefits budget, which now totals \$28 million annually. After several years of modest growth in health insurance premiums, Wellesley and other municipalities are now facing renewed growth in premiums, and the cost impact of the Affordable Care Act. This has caused a number of municipalities to transition their health insurance coverage to the Group Insurance Commission (GIC), the entity that provides such benefits for State employees. This option is discussed later in this report.

The recurring growth in the School budget and employee benefit costs continue to outpace the growth in the Town's revenues from property taxes, State Aid and other sources, resulting in a recurring, structural deficit. For the current fiscal year (FY15) a Proposition 2½ override of \$3.345 million was approved in order to address this imbalance. Looking forward, a change in health insurance benefits will provide short-term relief, but longer-term, additional overrides will likely be required.

### Key Financial Planning Issues

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

- Growth in personnel costs

- Increasing employee benefit costs
- Facilities maintenance needs
- Other capital projects

A short discussion of each of these items follows.

**Growth in personnel costs**

The largest recurring item in the year-over-year growth of the Town budget is the cost of wage increases for existing employees. The vast majority of Town employees are unionized, and their annual wage increases are the subject of collective bargaining. The status of the Town’s largest union contracts is summarized as follows:

<b>Union</b>	<b>Employees</b>	<b>Settled Through</b>	<b>FY16 Increase</b>
Teachers	519	6/30/16	1.5% + 1.5% midyear
DPW Production	77	6/30/17	2.25%
School Secretaries	34	6/30/16	2%
School Custodians	44	6/30/17	1%
Library Association	45	6/30/16	2%
Firefighters	53	6/30/17	2% + .5% midyear
Patrolmen	31	6/30/16	2%

In addition to the general wage increases noted above, the union contracts also provide for “step” increases for teachers and other employees who have not yet reached the top step, and “lane” increases for teachers as they achieve additional academic degrees. The Teachers contract provides for 16 steps and the value of each step increase is approximately 4.2%. The DPW Production, Patrolmen and Firefighters contracts provide for 4-6 steps, and an average step increase of 5.3-5.6%. Thus, it is not unusual for employees who have not reached the top step to receive total annual wage increases in the range of 7-8%.

Each year the cost of step increases is partially offset by savings resulting from the retirement or termination of employees who are replaced by new employees at a lower step level. Thus, in departments with steps, the changing composition of the work force has an effect on the budget over time. In the case of the School Department, the average experience level of teachers has increased over the past ten years. In addition, the number of steps in the Teachers contract has increased, so even the most experienced teachers have received step increases in some years. These factors have contributed to the greater growth of the School budget in comparison to other departments’ budgets.

**Increasing employee benefit costs**

Employee benefit costs total \$28 million in FY16 (18% 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 - \$16.3 million
- Pension plan contribution - \$6.2 million
- Other Post-Employment Benefits (OPEB) funding - \$3 million

The Town procures health insurance for active employees and retirees through the West Suburban Health Group (WSHG), a consortium of 13 towns and 4 educational entities. Generally

speaking, health insurance is a mandatory subject of collective bargaining, i.e., the Town cannot unilaterally make plan design changes. The health insurance premium rates for FY16, as established by the WSHG reflect increases ranging from 9-14%, which has put tremendous pressure on the budget.

The Municipal Health Insurance Reform legislation passed by the State in 2011 established a process by which municipalities could transition active employees and retirees to the GIC, without the need for traditional collective bargaining. By transitioning to the GIC, municipalities can take advantage of that entity's market leverage, greater flexibility (the GIC can make plan design changes without the burden of collective bargaining) and lower premium rates. The towns of Westwood and Ashland (current WSHG members) have elected to do this effective July 1, 2015, and other towns including Lexington, Weston and Sudbury have previously made this election. We estimate Wellesley could save approximately \$4 million per year by transitioning to the GIC. The earliest date such a change could be effective is July 1, 2016. In light of these potential savings, and while remaining cognizant of the advantages of remaining a member of the WSHG, we entered into negotiations with the unions regarding the possibility of alternative changes to take effect July 1, 2015. These negotiations are ongoing and we will provide a further update at Town Meeting.

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 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. Employee contributions to the Town of Wellesley's pension plan during calendar 2014 totaled \$3.2 million. These contributions are in addition to the Town's contribution, which is expected to be \$6.2 million in FY16. During the years FY97-FY09 when the pension liability was fully funded, the Town made no contributions to the pension plan.

The Town is also 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. This obligation is the basis for the Town's Other Post-Employment Benefits (OPEB) liability.

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

<i>Valuation date</i>	<b><u>Pension</u></b>	<b><u>OPEB</u></b>
	<i>1/1/13</i>	<i>6/30/14</i>
Accrued liability	\$ 186,235,650	\$111,075,197
Actuarial value of assets	125,714,763	32,806,387
Unfunded liability	<u>\$ 60,520,887</u>	<u>\$ 78,268,810</u>
MV of assets at 12/31/14	\$ 152,812,147	\$ 38,950,394

The actuarial funding schedule for the pension plan, which is intended to fully fund the plan by 2030, calls for a \$.2 million increase in pension funding in FY16 (exclusive of enterprise funds). The latest actuarial valuation of the pension plan performed as of January 1, 2013 reflected an investment return assumption of 7.0%, which is more conservative than the 7.75% assumption used in the previous valuation. The actual investment return during 2014 exceeded the amount assumed in the valuation, but this does not justify a change in the funding schedule. A new actuarial valuation of the pension plan is being performed as of January 1, 2015, but the results of that valuation are not yet available.

A new actuarial valuation of the OPEB liability was performed as of July 1, 2014. Several of the key assumptions used in this valuation (e.g., interest rate) were more conservative than those used in prior valuations. Despite these changes, the unfunded liability at July 1, 2014 was \$28 million lower than in the prior valuation (July 1, 2012), as a result of the Town’s ongoing funding program, and actuarial gains with respect to the interest rate and health care cost trend rate assumptions.

The actuarial funding schedule for the OPEB liability, which is intended to fully fund the plan by 2037, requires the Town to contribute \$3 million each year (funded currently by \$1.2 million inside the levy and a \$1.8 million Proposition 2½ Funding Exclusion authorized at the May 2007 Special Election) in addition to the increasing pay-as-you-go costs (i.e., the premium subsidies for current retirees). Despite this funding, the unfunded OPEB liability is projected to continue growing through FY16. The \$1.8 million annual OPEB Funding Exclusion is scheduled to expire June 30, 2017. In anticipation of this, the Board is proposing to shift funding from the Exclusion to inside the levy, as summarized in the following table:

	<b>OPEB Funding</b>		
	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
Inside the levy	\$ 1,200,000	\$ 2,100,000	\$ 3,000,000
Exclusion	1,800,000	900,000	-
	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

While this funding change will put pressure on the Town budget, the annual reductions in the amount of the Exclusion will serve to reduce the tax rate. In addition, we expect to achieve some level of health insurance savings by FY17, which will serve to offset the pressure on the budget.

Unlike many other communities, Wellesley is fully funding the ARC (Annual Required Contribution), as defined in the Government Accounting Standards Board pronouncements related to OPEB. As a result, the Town is allowed to discount the unfunded OPEB liability using an assumed market rate of return, whereas communities that are not funding the ARC are required to use a risk-free rate of return. Looking forward, as the accounting rules evolve to require municipalities to record pension and OPEB liabilities in their financial statements (as opposed to just footnote disclosure), the Town’s proactive funding approach will favorably distinguish it.

**Facilities maintenance needs**

At the October 2014 Special Town Meeting, funds were appropriated for renovation of the Fiske and Schofield Elementary Schools and to replace the windows at the Middle School. A debt exclusion ballot question to facilitate the funding of this work was approved by the voters at a special election on December 9, 2014.

At the December 2013 Special Town Meeting, the School Facilities Committee, a committee jointly sponsored by the Selectmen and School Committee, presented a ten year plan for renovation of the Town's elementary schools and the Middle School. The largest components of this plan are:

- Renovation/replacement of Hardy, Hunnewell and Upham elementary schools - Multiple Statements of Interest (SOIs) have been filed with the Massachusetts School Building Authority with respect to these schools, but to-date, the Town has not received a favorable response. At some future date, Town officials may elect to begin addressing the needs of these schools without MSBA support. For purposes of the Town-Wide Financial Plan, we are projecting the total cost of this work to be in the range of \$90 million, to be incurred during the period FY18-20.
- Middle School Infrastructure (\$7 million) - A study of the mechanical systems in this school was recently completed and identified the need to replace significant portions of the HVAC distribution system. In addition, a number of classroom doors and certain cabinetry need to be replaced, and portions of the brick masonry need to be re-pointed.

### **Other capital projects**

A brief update with respect to the Town's significant other capital projects is as follows:

- Tolles-Parsons Center (\$6.9 million) – In October, 2013, the Planning Board denied the application for a special permit pursuant to the Zoning Bylaws governing Projects of Significant Impact. Following the acquisition of the adjacent property at 494 Washington Street in June, 2014, the Board of Selectmen and Permanent Building Committee revised the proposed building design and in October, 2014 filed a request to the Planning Board for determination of a Substantial and Material Change to the prior application. The Planning Board denied this request and the Board of Selectmen has appealed this decision via a lawsuit in Land Court. For purposes of the Town-Wide Financial Plan, we are assuming this project will not be considered by Town Meeting until 2016, at the earliest. It is intended that the appropriation for this project will be the subject of a debt exclusion vote.
- High School - The Permanent Building Committee is working to complete the restoration of the exterior basketball courts and close out this project with the Massachusetts School Building Authority. The debt service cost for this project peaked in FY14, and declines each year thereafter. The budgeted FY16 debt service cost related to the High School project is \$5.4 million.
- Acquisition of 900 Worcester Street – At the Special Town Meeting in October, 2014, a total of \$5.1 million was appropriated to acquire this property, demolish the church and fund other costs incidental to the acquisition. In November, the Town completed its due diligence and closed on this acquisition. The 900 Worcester Street Committee is investigating options for private development of the property for recreational purposes. The projected Sources & Uses of Funds shown elsewhere in this report includes the debt service associated with the funds appropriated to date. Otherwise, the Five Year Capital Budget Program does not include any additional costs to be incurred on this project.
- Acquisition of North 40 – At the Special Town Meeting in January, 2015, a total of \$35.3 million was appropriated to acquire this property from Wellesley College and fund the costs of the Town's related due diligence. At the Annual Town Election on March 3<sup>rd</sup>, the

voters approved a debt exclusion ballot question to support the financing of this acquisition. Pending development of a comprehensive plan for the future utilization and development of this property, the Five Year Capital Budget Program does not include any additional costs to be incurred with respect to this property.

### **FY16 Budget**

The proposed FY16 budget request is summarized in the following table (more complete versions of the FY16 Sources & Uses are presented in Exhibit I on page 21 and Appendix B on page 161):

	<b>FY15 Budget</b>	<b>FY16 Request</b>	<b>\$ Inc/(Dec)</b>	<b>% Inc/(Dec)</b>
<b>Sources of Funds</b>				
Taxes	\$ 109,124,603	\$ 113,452,719	\$ 4,328,116	4.0%
State Aid	9,025,642	9,206,155	180,513	2.0%
Local Revenue	10,380,324	10,884,000	503,676	4.9%
Free Cash	2,802,533	3,697,946	895,413	32.0%
Other Sources	6,081,481	1,714,343	(4,367,138)	-71.8%
CPA Funds	-	580,000	580,000	
Exclusions & Exemptions	10,958,514	14,603,348	3,644,834	33.3%
<b>Total Sources</b>	<b>\$ 148,373,097</b>	<b>\$ 154,138,510</b>	<b>\$ 5,765,413</b>	<b>3.9%</b>
<b>Uses of Funds</b>				
School	\$ 63,524,619	\$ 67,114,816	\$ 3,590,197	5.7%
Facilities Maintenance	6,655,781	6,887,560	231,779	3.5%
Other Town Departments	26,698,171	27,520,514	822,343	3.1%
Employee Benefits	24,037,021	26,105,114	2,068,093	8.6%
Cash Capital	4,282,768	4,501,752	218,984	5.1%
Debt Service (inside Levy)	3,728,096	3,970,125	242,029	6.5%
Other Uses	8,488,127	4,512,918	(3,975,210)	-46.8%
Exclusions & Exemptions	10,958,514	15,183,348	4,224,834	38.6%
<b>Total Uses</b>	<b>\$ 148,373,097</b>	<b>\$ 155,796,147</b>	<b>\$ 7,423,050</b>	<b>5.0%</b>
<b>Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ (1,657,636)</b>		

**Sources of Funds:** The 4% increase in Taxes reflects the allowed growth in the levy limit (2.5%) and \$1.6 million of new levy growth. The 2% increase in State Aid reflects the ongoing concern regarding the State's fiscal situation. The 4.9% increase in Local Revenue reflects increases in excise taxes and permit fees. The large decrease in Other Sources is due to decreases in the utilization of CPA (Community Preservation Act) funds (FY15 included a large appropriation of CPA funds for the Fuller Brook project). The increase in Exclusions & Exemptions reflects the increased debt service costs associated with renovation of the Fiske and Schofield elementary schools, replacement of the Middle School windows and acquisition of the North 40.

**Uses of Funds:** The 5.7% increase in the School budget reflects the cost of contractual step, lane and cost of living increases and higher Special Education costs. The 3.5% increase in Facilities Maintenance is attributable to costs associated with the leasing of new office space

(\$70,000) and higher electricity costs (\$76,000). The 3.1% increase in Other Town Departments includes the cost of wage increases and increased services at the Council on Aging and Health Department. The 8.6% increase in Employee Benefits is primarily due to increased health insurance costs. Debt Service inside-the-levy is up as a result of additional borrowing related to the Town's acquisition of the 900 Worcester Street property. The decline in Other Uses reflects the decreased utilization of CPA funds.

The Town is also anticipating requests to fund the following additional amounts from Free Cash, subject to appropriation at Town Meeting:

- Supplemental FY15 appropriations (Article 7)
  - \$800,000 for current year snow and ice removal costs
  - \$472,344 for higher than anticipated Special Education costs
  - \$100,000 for higher than anticipated legal costs
- \$40,946 appropriation to Special Purpose Stabilization Fund for injured-on-duty medical costs (Article 10)
- \$50,000 for a feasibility study of expansion of the PAWS Pre-School (Article 16)
- Funds to pay for the design costs associated with School security improvements (amount not yet determined)
- \$50,000 for further scenario analysis with respect to the replacement/renovation of the Hardy, Hunnewell and Upham elementary schools (Article 18)
- \$32,000 for costs associated with the continuing work of the Town Government Study Committee (Article 25)

### **Debt Capital**

The Town's Five-Year Capital Budget Program is presented in Appendix C, which appears later in this book. Currently, we are not anticipating any debt capital authorization requests at the 2015 Annual Town Meeting.

### **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 for any lawful purpose. 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, 2014 was \$3.1 million and we do not anticipate any requests for appropriations from this fund. The level of Free Cash, as certified by the DOR, was \$10.3 million as of July 1, 2014.

The following chart summarizes the changes in Free Cash for the years FY10-14:

<b>Free Cash</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
<i>Beginning of year</i>	\$ 9,145,674	\$ 9,471,751	\$ 8,439,070	\$ 10,499,623	\$ 10,950,782
<i>Uses</i>	(982,734)	(3,715,184)	(3,112,757)	(3,630,881)	(3,987,715)
<i>Net Free Cash generated</i>	1,308,811	2,682,503	5,173,310	4,082,040	3,373,858
<i>End of year</i>	<u>\$ 9,471,751</u>	<u>\$ 8,439,070</u>	<u>\$ 10,499,623</u>	<u>\$ 10,950,782</u>	<u>\$ 10,336,925</u>

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 reflected in the “Uses” quantified above. The potential for generating additional Free Cash in FY15 is an important factor in our evaluation of the proposed use of these reserves to help balance the FY16 budget.

The following chart summarizes an initial projection of the Town’s reserve balances at June 30, 2015:

	<u>Amount</u>
<b><i>Reserves as of 6/30/2014</i></b>	
Free Cash	\$ 10,336,925
Stabilization Fund	3,134,152
	<u>\$ 13,471,077</u>
<b><i>Potential Sources and (Uses) of Free Cash in FY15</i></b>	
Fall 2014 Special Town Meeting uses	(473,132)
Supplemental FY15 appropriations (Article 7)	
- Snow & Ice	(800,000)
- Special Education costs	(472,344)
- Legal costs	(100,000)
Balance FY16 budget (Article 8)	(2,625,000)
Injured-on-duty Stabilization Fund (Article 10)	(40,946)
PAWS Preschool expansion (Article 16)	(50,000)
School Security Study (Article 17)	TBD
Hardy/Hunnewell/Upham scenario analysis (Article 18)	(50,000)
Town Government Study Committee (Article 25)	(32,000)
Estimated FY15 Turnback	1,500,000
	<u>(3,143,422)</u>
<b><i>Estimated Reserves as of 6/30/15</i></b>	<u><b>\$ 10,327,655</b></u>
<b><i>% of Revenue</i></b>	<b>7.86%</b>

(Note: Amounts appropriated from Free Cash serve to reduce the Free Cash balance during the year of appropriation vs. the year of the related expenditure.)

The Town's Financial Reserves Policy calls for the sum of the balances in the Stabilization Fund and Free Cash to be maintained in the range of 8-12% of budgeted operating revenues. Reserves in excess of 8% but less than 12% may be used to stabilize tax rates, meet anticipated capital needs, and to avoid or defer an override.

Based on the above projection, Wellesley's reserves at June 30, 2014 would be slightly below 8%. Under the current budget circumstances, the Selectmen believe a temporary shortfall relative to the floor established in the Reserves Policy is acceptable. It is also important to note that the Town's financial position is reinforced by the Town's proactive approach to funding the pension and OPEB liabilities.

### **Looking Ahead to FY17-19**

For purposes of projecting the Town's Sources and Uses of funds for the years FY17-19, we have used the following annual growth rate assumptions:

- Levy growth 2.5% plus \$1.5 million of new growth
- State Aid & Local Revenue 2%
- Use of Free Cash \$2.5 million/year
- School budget 5.0%
- Other Town departments. 2.5%
- Pension Per approved funding schedule
- Health insurance 5%
- Other employee benefits 2.5%

Given the relative size of the School budget, the assumptions regarding the growth in School spending has the greatest impact.

Based on these assumptions and assuming no overrides, the projected deficits range from \$5.2 million in FY17 to \$7.2 million in FY19. Further details regarding these projections are provided in Exhibit II. We will continue to refine these projections over the next few weeks and provide an update at Town Meeting. The projected deficits underscore the need for further planning to better balance service expectations against taxpayers' willingness to pay. They also provide a clear context for the next round of collective bargaining with several of the Town's large unions. Reducing or eliminating these deficits without an override would require some combination of lower rates of spending growth and/or further growth in revenues.

The following table illustrates the projected median tax bill (i.e., the tax bill for a home valued at \$960,000) for the period FY15 – FY19:

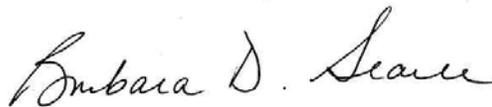
	<u>Median Tax Bill</u>				
	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
Prior year	\$ 10,340	\$ 11,098	\$ 11,729	\$ 11,974	\$ 12,126
Levy growth	259	277	293	299	303
Override	309	-	-	-	-
Schofield/Fiske		137	40	(4)	(4)
Middle School Windows		64	(3)	(2)	(2)
North 40		141			
Tolles-Parsons Center		10	41	(1)	(1)
Hardy/Hunnewell/Upham					135
Middle School Infrastructure					58
Other debt exclusions	(21)	2	(45)	(57)	(58)
OPEB funding exclusion			(83)	(83)	
Other	211				
Current year	<u>\$ 11,098</u>	<u>\$ 11,729</u>	<u>\$ 11,974</u>	<u>\$ 12,126</u>	<u>\$ 12,557</u>
<i>% Increase</i>	<i>7.3%</i>	<i>5.7%</i>	<i>2.1%</i>	<i>1.3%</i>	<i>3.6%</i>

For purposes of the above projections, we have made no assumption regarding any further override(s) during the period FY16 – FY19.

This Town-Wide Financial Plan is a continual work-in-progress and 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  
 Ellen F. Gibbs, Vice Chair  
 Marjorie R. Freiman  
 Jack Morgan  
 David Murphy

Exhibits:

- I - FY16 Summary Sources & Uses of Funds, page 21
- II - Projected Sources & Uses of Funds, page 22

Appendices appearing later in this book:

- B – FY16 Detail Sources & Uses of Funds, page 161
- C – Five Year Capital Budget Program, page 166

## EXHIBIT I: FY16 SUMMARY SOURCES & USES OF FUNDS

	FY2015 Tax Rate	FY2016 Request	% Change
<b>*** SOURCES OF FUNDS ***</b>			
Tax & Other Current Revenues			
Within Levy Limits			
Real Estate & Per. Prop. Tax	109,124,603	113,452,718	3.97%
From the Commonwealth	9,025,642	9,206,155	2.00%
Local Revenue	10,380,324	10,884,000	4.85%
<b>Sub-Total (Tax &amp; Cur. Rev.)</b>	<b>128,530,569</b>	<b>133,542,873</b>	<b>3.90%</b>
Outside Levy Limits			
Real Estate & Pers.Prop.Tax	9,158,514	12,803,348	39.80%
OPEB	1,800,000	1,800,000	0.00%
Available Funds			
Parking Meter Receipts	905,341	913,393	0.89%
Appropriated/Reserved CPA Surcharge	5,049,140	725,950	-85.62%
CPA Funds for North 40	-	580,000	
Free Cash- balance budget	2,250,000	2,625,000	16.67%
Free Cash- Park Hwy HVAC/ STM items & LIB 2015	552,533	900,000	100.00%
Free Cash items		172,946	100.00%
Unencumbered/Transfers from other funds	127,000	75,000	100.00%
<b>Sub-Total (Available Funds)</b>	<b>8,884,014</b>	<b>5,992,289</b>	<b>-32.55%</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>148,373,097</b>	<b>154,138,510</b>	<b>3.89%</b>
	FY2015 Request	FY2016 Request	% Change
<b>*** USE OF FUNDS ***</b>			
Personal Services (Non-School)			
Expenses (Non-School)	20,041,957	20,676,211	3.16%
Subtotal (Non-School)	6,656,214	6,844,303	2.83%
Subtotal (Non-School)	26,698,171	27,520,514	3.08%
Personal Services (Facilities Maintenance)			
Expenses (Facilities Maintenance)	3,734,243	3,806,285	1.93%
Subtotal (Facilities Maintenance)	2,921,538	3,081,275	5.47%
Subtotal (Facilities Maintenance)	6,655,781	6,887,560	3.48%
Personal Services (School)			
Expenses (School)	55,683,960	58,581,252	5.20%
Subtotal (School)	7,840,659	8,533,564	8.84%
Subtotal (School)	63,524,619	67,114,816	5.65%
<b>Sub-Total (Pers. Svcs.&amp; Exp)</b>	<b>96,878,571</b>	<b>101,522,890</b>	<b>4.79%</b>
Capital & Debt:			
Within Levy Limits			
Capital/Extraord./Special Items	4,282,768	4,501,752	5.11%
Debt Service	3,728,096	3,970,125	6.49%
<b>Sub-Total (Within Levy Limits)</b>	<b>8,010,864</b>	<b>8,471,877</b>	<b>5.75%</b>
Outside Levy Limits			
Debt Service	9,142,965	13,383,348	46.38%
<b>SUB-TOTAL (CAPITAL &amp; DEBT)</b>	<b>17,153,829</b>	<b>21,855,225</b>	<b>27.41%</b>
Employee Benefits:			
Health Insurance & other	16,893,644	18,754,359	11.01%
Pension Contribution	5,943,377	6,150,755	3.49%
OPEB Liability Fund	3,000,000	3,000,000	0.00%
<b>Sub-Total (Shared Costs)</b>	<b>25,837,021</b>	<b>27,905,114</b>	<b>8.00%</b>
<b>SUB-TOTAL (OPERATIONS)</b>	<b>139,869,421</b>	<b>151,283,229</b>	<b>8.16%</b>
Special Items:			
Traffic & Parking Management	850,591	868,721	2.13%
Appropriated/Reserved CPA Surcharge	5,049,140	725,950	-85.62%
State & County Assessments	1,170,049	1,195,300	2.16%
Property Tax Abatements	913,764	650,000	-28.87%
Free cash - Snow & Ice		900,000	
Free Cash- Park Hwy/Tolles/Contracts/other	520,132	172,946	100.00%
<b>Sub-Total (Special Items)</b>	<b>8,503,676</b>	<b>4,512,917</b>	<b>-46.93%</b>
<b>TOTAL USE OF FUNDS</b>	<b>148,373,097</b>	<b>155,796,146</b>	<b>5.00%</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>148,373,097</b>	<b>154,138,510</b>	<b>3.89%</b>
<b>SURPLUS (DEFICIT)</b>	<b>-</b>	<b>(1,657,636)</b>	

**EXHIBIT II: PROJECTED SOURCES & USES OF FUNDS**

	<u>FY15</u>	<u>FY16</u>	<u>Assumed Growth</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<b>Sources</b>						
Property Taxes	\$105,779,603	\$113,452,718		\$117,789,036	\$122,233,762	\$126,789,606
Override	3,345,000	-		-	-	-
State Aid	9,025,642	9,206,155	2.0%	9,390,278	9,578,084	9,769,645
Local Revenue	10,380,324	10,884,000	2.0%	11,101,680	11,323,714	11,550,188
Free Cash	2,250,000	2,625,000		2,500,000	2,500,000	2,500,000
Other	229,700	119,672		87,000	86,750	86,250
	<u>131,010,269</u>	<u>136,287,545</u>		<u>140,867,994</u>	<u>145,722,309</u>	<u>150,695,689</u>
<b>Uses</b>						
Schools	63,524,619	67,114,816	5.0%	70,470,557	73,994,085	77,693,789
Facilities Maintenance	6,655,781	6,887,560	2.5%	7,059,749	7,236,243	7,417,149
Other Town Departments	26,698,171	27,520,514	2.5%	28,208,527	28,913,740	29,636,584
	<u>96,878,571</u>	<u>101,522,890</u>		<u>105,738,833</u>	<u>110,144,067</u>	<u>114,747,521</u>
Cash Capital	4,282,768	4,501,752		6,363,735	5,950,435	5,971,878
Debt Service (Inside)	3,728,096	3,970,125		3,899,440	3,898,185	3,853,440
Pension	5,943,377	6,150,755		6,365,574	6,587,912	6,818,034
Health Insurance	14,401,250	16,253,443	5.0%	17,066,115	17,919,421	18,815,392
OPEB (Inside)	1,200,000	1,200,000		2,100,000	3,000,000	3,000,000
Other Employee Benefits	2,492,394	2,500,916	2.5%	2,611,518	2,674,418	2,739,623
State & County Assmts.	1,170,049	1,195,300	2.5%	1,225,183	1,255,812	1,287,207
Abatements	913,764	650,000	2.5%	666,250	682,906	699,979
Other	-	-		-	-	-
	<u>131,010,269</u>	<u>137,945,181</u>		<u>146,036,648</u>	<u>152,113,157</u>	<u>157,933,074</u>
<b>Projected Deficit</b>	<u>\$ -</u>	<u>\$ (1,657,636)</u>		<u>\$ (5,168,654)</u>	<u>\$ (6,390,848)</u>	<u>\$ (7,237,385)</u>
<b>Exclusions</b>						
High School	\$ 5,404,295	\$ 5,285,693		\$ 5,185,092	\$ 5,091,253	\$ 4,981,683
Other Existing Debt	3,754,219	3,642,608		3,275,143	2,760,082	2,246,177
Authorized Borrowings						
- Surface Drainage #3		69,240		61,200	59,400	57,600
- Schofield/Fiske		1,477,280		1,910,017	1,864,400	1,821,200
- MS Windows		695,672		666,400	646,800	627,200
- North 40		1,530,000		1,531,800	1,532,700	1,532,700
Projected Borrowings						
- Tolles-Parsons Center				102,855	551,280	538,200
- MS Infrastructure						663,875
- Hardy/Hunnewell/Upham						1,463,000
OPEB	1,800,000	1,800,000		900,000		
	<u>\$ 10,958,514</u>	<u>\$ 14,500,493</u>		<u>\$ 13,632,507</u>	<u>\$ 12,505,915</u>	<u>\$ 13,931,635</u>

## ANNUAL TOWN MEETING ARTICLES

**ARTICLE 1.** To choose a Moderator to preside over said meeting and to receive and act on the reports of Town officers, boards and committees, including the Annual Town Report, the Report to this Town Meeting of the Advisory Committee, and the Report of the Community Preservation Committee, and to discharge presently authorized special committees, or to take any other action in relation thereto.

**(Board of Selectmen)**

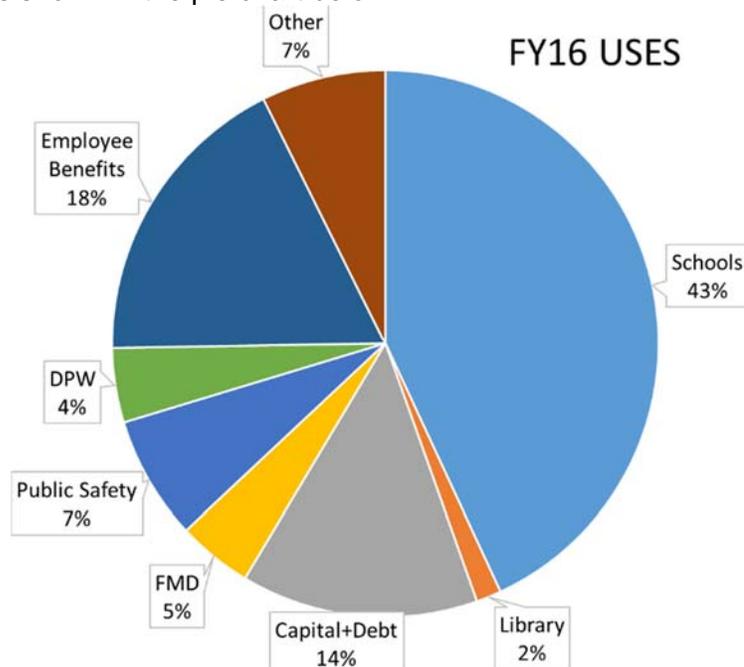
**Advisory expects no motion under this Article.**

**ARTICLE 2.** To receive the Reports of the Board of Selectmen on the Town-Wide Financial Plan and Five-Year Capital Budget Program in accordance with Sections 19.5.2 and 19.16 of the Town Bylaws, or to take any other action in relation thereto.

**(Board of Selectmen)**

Two of the Town's most important financial planning reports are the Town-Wide Financial Plan (TWFP) beginning on page 11 and the Five Year Capital Budget Program on page 166 with its attached Capital Plan on page 169. The prominent position of the TWFP in this *Advisory Report* underscores the need for all Town Meeting Members, Boards and other stakeholders to read and understand this document, which details the strengths, risks, and challenges for the Town. This Article asks Town Meeting to accept the TWFP but not specifically to "approve" it. The following discussion provides a summary of key elements of the TWFP. Both the "Advisory Considerations" section of Article 8, Motion 2 starting on page 37 and thoughts expressed in the Advisory Chair's letter above contain some of Advisory's reflections on the Town's budget process.

School budget growth and health insurance costs are the two fastest growing areas of the FY16 budget. The School Department's share of the FY16 budget (not including their share of employee benefits) is 43% as shown in the pie chart below:



Approximately 12% of the Town's budget is represented by employment benefit costs with Group Insurance (health care premiums) now representing over 64% of these costs. Health insurance increases from the West Suburban Health Group range from 9 to 14% for FY16. Like many private organizations which are now obligated to review their health insurance programs annually because of rate volatility, the BOS is reviewing its health insurance options. These include seeking modifications to the current health plan and/or considering entrance into the State-run Group Insurance Commission (GIC); see the discussion on page 76 for more details.

Personnel costs are the largest single budget item in the Town budget. Contracts with the Town's unions provide a system of salary steps for DPW Production, Patrolmen, and Firefighters and a system of steps and lanes for teachers. Like most teacher contracts in Massachusetts, the current teacher's contract provides for a system of 16 steps with the value of each step set at 4.2%. Through educational advancement, teachers can also move across "lanes," which result in increases in salary. The DPW Production, Patrolmen and Firefighters contracts provide for 4-6 steps with the average step in the range of 5.3-5.6%.

Capital projects have been a significant budget driver this year. In 2014, the Town and the voters approved a \$20 million debt exclusion for the renovation of Fiske and Schofield Schools and an additional \$5 million debt exclusion for the Middle School window replacement project, both approved by the October 2014 Special Town Meeting. Town Meeting Members voted almost unanimously to acquire the North 40 for \$35.3 million at the January 2015 Special Town Meeting and voters approved the purchase by a four to one margin on March 3, 2015.

Another capital project in the Plan is the Tolles-Parsons Center, which currently has a \$6.9 million placeholder cost. This project is not likely to be available for Town Meeting consideration until at least 2016.

The Town's careful, and somewhat conservative, budgeting process allows for the "turn-back" of unspent departmental funds each year, which generates Free Cash for the next year's budget. Together with strong permitting revenue and a better-than-expected excise tax collection in FY14, the Town had certified free cash of \$10,336,925 on June 30, 2014. The most significant uses of Free Cash to be approved at this Annual Town Meeting are supplemental appropriations to the FY15 budget: \$800,000 in snow and ice appropriations; \$472,344 for unanticipated, extraordinary Special Education costs; and \$100,000 for unanticipated legal expenses; see Article 7 on page 32 for details. With an estimated \$1,500,000 in FY15 turn-back budgeted, Free Cash is forecasted to be slightly below the 8% floor set by the BOS Free Cash policy, which states that the combination of the Stabilization Fund and Free Cash be maintained in the 8-12% of net operating revenues.

The most disconcerting conclusion is expressed through the Projected Sources and Uses of Funds (see Exhibit II of the TWFP on page 22). Similar to previous TWFPs, large deficits are expected for the years beyond FY16 – for FY17, FY18, and FY19, deficits of \$5.2, \$6.4, and \$7.2 million, respectively, are projected, absent some meaningful reduction in health care costs and school budget growth. The Selectmen have made a "no override" pledge for FY16 but future decisions to avoid overrides in the out years can only be made based on lower rates of spending growth (with particular focus on upcoming union contract negotiations) and/or some continued growth in revenue sources. Under the TWFP modeling done for FY17-FY19, two of the largest budget drivers are school budget growth, assumed at 5% per year, and health insurance at 5%, reflecting the belief that health insurance relief will be secured through plan modifications.

The Five Year Capital Plan shows a continued commitment to funding the FMD's cash capital with \$1.575 million for FY16 in support of the maintenance program of Town buildings and a goal

of pushing that number closer to \$2 million by FY20. The largest capital projects on the horizon are the planned renovation/reconstruction/consolidation of Hardy, Hunnewell, and Upham Schools (HHU) with placeholder amounts of \$46.9 million in FY17 and \$43 million in FY19 for these projects, subject to a successful passage of debt exclusion votes, and assuming no reimbursement from the Massachusetts School Building Authority (MSBA).

Finally, the median tax bill is projected for the next five years based on no overrides in FY16-FY19. With no additional spending outside the levy beyond the debt exclusions detailed in the Five Year Capital Plan, taxes on the median homeowner will increase 5.7% in FY16 and then the rate of tax increases will drop to 1.3% by FY18. If borrowing for the HHU project commences in FY19, the tax impact on the median homeowner is projected to rise by 3.6% from FY18 to FY19.

Advisory appreciates the work of the BOS and Executive Director in creating the TWFP and in guiding boards and departments in the development of their budgets. The TWFP, with its underlying assumptions and projections, is a valuable tool to analyze both the current budget and the implications for current decisions on future budget scenarios. Advisory is hopeful that the presentation of the TWFP and the Five Year Capital Budget Program will encourage Town Meeting discussion and analysis and the voicing of feedback regarding both plans.

**Advisory recommends favorable action, 12 to 0.**

**ARTICLE 3.** To see if the Town will vote to take action on certain articles set forth in this warrant by a single vote, pursuant to a consent agenda, or to take any other action in relation thereto.

**(Board of Selectmen)**

This Motion seeks Town Meeting approval of a consent agenda that includes motions under five<sup>1</sup> Warrant articles. A consent agenda allows the motions under the included articles to be acted on by a single vote without oral presentations on the individual articles. Information to Town Meeting Members (TMMs) is provided solely by the *Advisory Report*. The articles proposed for inclusion at this ATM are:

- Article 4: Amend Job Classifications Plan;
- Article 12: Appropriation – Water Program (Enterprise Fund);
- Article 13: Appropriation – Sewer Program (Enterprise Fund);
- Article 37: Authorization – Rescind Unissued Loans and Unencumbered Transfers; and
- Article 42: Authorization – Appoint Fire Engineer

Motions under articles included in the consent agenda go through the entire Advisory Committee vetting process and are fully described in this *Advisory Report*.

The objective of a consent agenda is to expedite consideration of certain routine, self-explanatory and/or non-controversial issues for which no discussion on the floor of ATM is anticipated, so time can be devoted to discussion of motions under articles which involve more complex or controversial issues. The Moderator has worked with the Board of Selectmen (BOS) and Town Counsel to establish criteria for including articles in the consent agenda:

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<sup>1</sup> Article 14, the annual (re)authorization Section 53 1/2E revolving funds, is not in the consent agenda this year because the BOS is requesting Town Meeting approval of a new library revolving fund.

1. The proponent, the Moderator and the BOS must agree that the article can reasonably be voted by TMMs on the basis of information in the *Advisory Report*; that the article is likely to be non-controversial; and that the article is unlikely to generate debate based on its content and historical precedent;
2. The Advisory Committee must recommend favorable action unanimously on each motion within the article; and
3. Approval of the article must require a majority (not a super-majority) vote by TMMs.

Under this Motion, the Moderator will specifically refer to each article included in the consent agenda, and TMMs will have an opportunity to ask questions about any motion(s) under that article, or request to remove a particular article from the consent agenda to enable the motion(s) under that article to be more fully discussed on the floor of Town Meeting. A representative of the board or committee proposing the article will respond to questions raised by a TMM, and if a TMM requests that an article be removed from the consent agenda, it will be taken up in its regular order within the Warrant.

Use of a consent agenda was tested for the first time at the 2014 ATM and was deemed successful by the Moderator and Town Meeting; no articles were removed from the consent agenda at that Town Meeting. Advisory supported the use of a consent agenda last year and continues to believe that a consent agenda is expedient and productive and that the five articles proposed for inclusion meet the Moderator's criteria.

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 4.** To see if the Town will vote to amend ARTICLE 31 of the Town Bylaws by making changes to 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 the establishment of new classifications, reclassifications of current positions, and the deletion of classifications; or to take any other action in relation thereto.

**(Human Resources Board)**

Schedule A of Article 31 of the Town Bylaws is a list of job classifications (designated by job group) for all Town employees other than School Department employees. The Human Resources Board (HRB) is empowered under Article 31 to establish new classifications, to amend existing 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 or are initiated by the HR Department during the fiscal year and reviewed by the HRB.

This Motion seeks Town Meeting approval for actions taken since the 2014 Annual Town Meeting (ATM), as is required by the Town Bylaws. Since the 2014 ATM, there have been three types of changes: *New Classifications, Reclassifications, and Deletions.*

**New Classifications** are new positions that have been created since the 2014 ATM. This year, there are three new classifications:

CLASSIFICATION	DEPT	JOB GROUP
Accounting Specialist	DFS	51
Wetlands Administrator	NRC	53
Director Special Projects	NRC	55

**Reclassifications** are existing positions for which the duties, functions, or requirements in the job description have changed. The HRB re-evaluates these positions using the Hay System of Job Evaluation<sup>2</sup> based on revised position descriptions provided by the appropriate Town boards. It is important to emphasize that the HRB re-evaluates positions and not individual personnel. While a reclassification may result in a wage increase or decrease for an individual currently holding the position, this is not the intent or focus of the evaluation; it is wholly to ensure fair compensation commensurate with the duties and responsibilities of a given position. The financial impact, if any, is included in the relevant department's operating budget. This year, there was one reclassifications resulting in a change in *Job Group* but no change to *Job Title*:

TITLE	DEPT	PRIOR JOB GROUP	NEW JOB GROUP
Animal Control Officer	POL	50	49

There was one additional reclassification resulting in a change in both *Job Group* and *Job Title*:

PRIOR TITLE	NEW TITLE	DEPT	PRIOR JOB GROUP	NEW JOB GROUP
Engineer "A"	Staff Engineer	DPW	Union	54

**Deletions** are positions that are no longer used and for which there is no foreseen future use. The HRB evaluated these positions and has recommended they be deleted in order to maintain a relevant inventory of positions. This year, there were three deletions:

TITLE	DEPT	PRIOR JOB GROUP
Assistant Town Accountant	DFS	56
Office Assistant	MLP	47
Engineer "A"	DPW	Union

This Motion does not require a budget appropriation, as the costs associated with new classifications were funded by the affected departments in FY15, and the incremental costs associated with reclassifications were either absorbed by the department or funded by the 2014 ATM appropriation under Article 4 to the HRB (the reserve for mid-year adjustments). Future funding for these positions will be included in the appropriate departmental budgets.

The changes listed above are incorporated in Part 1 of Schedule A (with the exception of the Engineer "A" position, which falls within Part 2). Changes in classifications that are covered by collective bargaining agreements are subject to negotiation between the Town and the appropriate union; these changes are incorporated in Part 2 of Schedule A.

Advisory appreciates that it is the responsibility of the HRB to review requests for changes to job classifications and to ensure fair, appropriate and consistent classification of positions across the Town. Individual boards are responsible for ensuring that such requests fall within current and projected budgets. Advisory considers the actions of the HRB in FY15 consistent with these objectives.

<sup>2</sup> The Hay Job Evaluation System was introduced in the early 1950s. It assigns points to job components such as required knowledge, problem-solving ability and level of accountability, to determine relative value among different positions. The Hay System is used by an estimated 8,000 organizations including half of the Fortune 500 companies and has been used by the HRB for many years.

Several Advisory members felt that in many cases, these changes result in immediate pay increases for employees, and therefore it would be helpful if the Human Resources Board would provide an indication of the potential costs of changes. However, the Board reports that such salary increases are very rare, noting that there was only one such instance in the last year.

**Advisory recommends favorable action, 10 to 0.**

**ARTICLE 5.** To see if the Town will vote to amend ARTICLE 31 of the Town Bylaws by making changes to Schedule A, entitled “Job Classifications by Groups,” and Schedule B, entitled “Salary Plan – Pay Schedule,” copies of which are available for inspection at the Human Resources Department, and to authorize the Town to raise and appropriate, transfer from available funds, or borrow a sum of money for the purposes of complying with said Schedule B, as so amended, or to take any other action in relation thereto.

**(Human Resources Board)**

**ARTICLE 5, 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, MLP employees, Retirement Board staff and managers who have employment agreements with the Board of Selectmen.

SCHEDULE B  
 SALARY PLAN – PAY SCHEDULES  
**Rates effective as indicated as of July 1, 2015**  
*Hourly rates – reflects 2.5% increase over FY15*

<b>Job Group</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>	<b>Step 6</b>
49	23.26	24.30	25.40	26.55	27.76	28.99
48	22.36	23.34	24.38	25.47	26.64	27.83
47	21.43	22.40	23.39	24.47	25.55	26.70
46	20.53	21.46	22.43	23.45	24.51	25.60
45	19.58	20.46	21.39	22.36	23.34	24.38
44	18.67	19.51	20.39	21.32	22.25	23.26
43	17.73	18.54	19.37	20.25	21.15	22.11
42	16.82	17.58	18.36	19.21	20.06	20.97
41	16.06	16.80	17.56	18.33	19.16	20.00
T19*	26.69	28.01	29.43	30.88	32.43	34.05

\* Trade positions – non-union

The proposed Schedule B adjusts the Series 40 salary schedule to grant a 2.5% pay rate increase for the entire group. These positions are non-union, non-management staff and are eligible for overtime.

The proposed increase is based on a benchmark survey of fifteen comparable communities,<sup>3</sup> which indicates that the Town's Series 40 employees' compensation continues to lag behind the market. The Town's average maximum pay rate (Step 6 above) is 7% lower than the average of the benchmark towns. The HRB has also taken into consideration current and projected inflation rates, as well as pay rates and increases of Town employees covered by collective bargaining agreements which range from 2% to 4%.

Based on this data, the HRB has determined that a 2.5% increase in the Series 40 Salary Plan Pay Schedule is appropriate and equitable. The total impact on the Town budget of the proposed increase is approximately \$56,000. This increase is included in the budget requests of the affected Town departments. It does not include step increases for which employees may be eligible.

The existing step increases, which average 4.55%, remain unchanged. As of December 4, 2014, 13 of the Town's 57 Series 40 employees were eligible for a step increase. Thirty-six employees had reached the highest salary step and were not eligible for a step increase; eight employees in part-time positions without benefits will not receive yearly step increases.

Advisory agrees that the proposed 2.5% increase for Series 40 employees is reasonable, appropriate, and consistent with the collective bargaining increases which cover other Town employees.

In discussing this Motion, as well as Motion 3 below, several members of the Advisory Committee expressed concern that the recommended 2.5% increase exceeds the 2.25% guideline for FY16 departmental budgets (other than schools). Advisory acknowledges, however, that the HRB's mandate is to make recommendations that it deems desirable to maintain a fair and equitable pay level. Advisory recognizes that these recommendations may be inconsistent at times with the Town's budget guidelines. In such cases, departmental managers and Boards will need to reduce non-personnel expenses in order to adhere to the HRB's recommendations and still meet Town budget guidelines.

**Advisory recommends favorable action, 10 to 0.**

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<sup>3</sup> The benchmark communities are Arlington, Belmont, Brookline, Concord, Framingham, Lexington, Milton, Natick, Needham, Newton, Sudbury, Wayland, Weston, Westwood and Winchester.

**ARTICLE 5, MOTION 2**

The HRB seeks Town Meeting approval to amend Schedule B: Salary Plan - Pay Schedules for the Series 50/60 employees by adjusting the salary ranges as follows:

**SCHEDULE B**

**SALARY PLAN – PAY SCHEDULES**

**Salary rates effective as indicated as of July 1, 2015**

*Reflects 2.0% increase over FY15 ranges at midpoint*

<b>Job Group</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
69	126,390	161,000	195,620
68	117,120	149,200	181,280
67	108,570	138,300	168,040
66	100,480	128,000	155,520
65	93,100	118,600	144,100
64	86,900	110,700	134,500
63	81,430	103,400	125,373
62	76,310	96,900	117,490
61	71,350	90,600	109,850
60	66,910	84,700	102,490
59	62,250	78,800	95,350
58	58,540	74,100	89,660
57	54,940	69,100	83,270
56	51,360	64,600	77,840
55	48,020	60,400	72,780
54	45,860	57,500	69,140
53	43,780	54,900	66,020
52	41,470	52,000	62,530
51	39,680	49,600	59,520
50	37,840	47,300	56,760

**Information Technology**

<b>Job Group</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
61	80,570	102,300	124,040
60	75,670	95,800	115,890
59	70,750	89,600	108,370
58	65,830	83,300	100,840
57	61,960	77,900	93,900
56	58,060	73,000	88,000
55	55,140	69,400	83,580
54	52,710	66,100	79,480
53	50,280	63,000	75,800
52	47,830	60,000	72,120
51	45,780	57,200	68,670

The proposed 2% adjustment to the midpoint in the job group salary ranges does not result in an automatic salary increase unless an employee falls below the minimum of his or her range. The proposed increase 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 50/60 salary midpoint to be reasonable and appropriate.

**Advisory recommends favorable action, 10 to 0.**

### **ARTICLE 5, MOTION 3**

The HRB seeks approval for an appropriation of \$160,000 to fund a \$145,000 Merit Pay Plan for the Series 50 and 60 employees and a \$15,000 reserve for mid-year adjustments.

#### **Merit Pay Plan**

The Town of Wellesley provides for salary increases to the Series 50/60 employees based both on performance and standing in their respective salary ranges. The \$145,000 Merit Pay Plan request for FY16 yields a projected average increase of 2.5% for the 90 current employees within the 50/60 Series Job Groups. The salary increases are not automatic, but instead are based on an employee's position within the salary range of his or her job group, as well as his or her annual performance rating. The Merit Pay Plan is designed to accelerate the movement of low-range employees to the midpoint (market rate) of their range. The 0.5% differential between the average salary increase and the movement of the salary midpoint is usual practice by the HRB, allowing employees being paid below the midpoint to achieve midpoint and rewarding long-serving and high-performing individuals. Pay increases during FY16 will be funded from this Merit Pay Plan pool; it is important to note that the FY16 Series 50/60 employee salary increases do not appear in the departmental budgets listed in Article 8, Motion 2. The Merit Pay Plan covers 90 employees and approximately \$127,500 would be spent if every Series 50 or 60 employee received the average 2.5% salary increase in FY16, as is discussed further in Article 8, Motion 2 on page 37.

#### **Salary Adjustment Reserve**

This \$15,000 Reserve Fund is designed to enable the funding of incremental salary increases for: 1) positions identified as being significantly below market comparables, which may result in Job Group changes for those positions; 2) individual salaries identified as being significantly below market rate, which may be addressed by salary adjustments within the Job Group range; and 3) mid-year promotions or other reclassifications that cannot be funded within the respective Town departmental budgets.

Advisory agrees that the Merit Pay Plan is consistent with the Town's objectives to compensate employees fairly, based on performance, and as close to the appropriate market rate as possible. Advisory believes the approach outlined in the proposed Merit Pay Plan and the funds provided in the Salary Adjustment Reserve will enable progress toward these stated objectives. The 2.5% average increase for the Series 50/60 employees is consistent with the Series 40 employees and other Town employees covered by collective bargaining agreements.

**Advisory recommends favorable action, 10 to 0.**

**ARTICLE 6.** To see if the Town will vote to fix the salary and compensation of the Town Clerk, as provided by Section 108 of Chapter 41 of the General Laws, or to take any other action in relation thereto.

**(Board of Selectmen)**

Under this Article, the Board of Selectmen (BOS) requests a salary increase for the Town Clerk. The Town Clerk is the only elected official in Wellesley to receive a salary.

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. The Selectmen take into consideration any adjustments made to the Series 50 salary ranges under Article 5 as well as other factors. For FY15, the Town Clerk's salary is \$81,963. At the time this *Advisory Report* went to print, the BOS had not determined the Town Clerk's salary so Advisory expects to update this Article in a supplement to the report.

**Advisory will make its recommendation at or before Town Meeting.**

**ARTICLE 7.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to supplement or reduce appropriations approved by the 2014 Annual Town Meeting, or to take any other action in relation thereto.

**(Board of Selectmen)**

#### **ARTICLE 7, MOTION 1: WINTER SUPPLEMENTAL APPROPRIATION**

This Motion requests a supplemental FY15 appropriation of \$800,000<sup>4</sup> to the Board of Public Works (BPW) for winter maintenance. The winter maintenance budget includes the cost of equipment maintenance, fuel, de-icing chemicals, and personal services. When plowing occurs during regular working hours, the personnel cost is included in the regular DPW budget. However, when the work occurs outside of normal working hours, requiring payment to DPW staff, or when outside contractors are required because of the size of snow/ice event, the cost is applied against the winter maintenance budget. The number, timing, and severity of the storms or events all influence these annual costs.

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<sup>4</sup> This supplemental appropriation may increase between the time the Advisory Report goes to print and the start of Annual Town Meeting. To date, the BPW has requested two \$400,000 appropriations, dated January 30 and February 13, 2015.

	DPW Snow and Ice History						
	FY09	FY10	FY11	FY12	FY13	FY14	FY15*
<b>Sources</b>							
Appropriation in Article 8, Motion 2	348,703	\$348,703	\$348,703	\$348,703	\$348,703	\$348,703	\$348,703
Supplemental	600,000	300,000	750,000	-	450,000	650,000	800,000
<b>Total Appropriation</b>	<b><u>\$948,703</u></b>	<b><u>\$648,703</u></b>	<b><u>\$1,098,703</u></b>	<b><u>\$348,703</u></b>	<b><u>\$798,703</u></b>	<b><u>\$998,703</u></b>	<b><u>\$1,148,703</u></b>
<b>Uses</b>							
Personal Services	258,491	168,909	299,647	42,967	240,940	366,863	370,408
Sand/Salt	256,429	118,326	154,074	48,064	140,673	196,335	186,680
Contractor Plowing	50,445	20,343	122,589	2,644	57,841	85,193	53,466
Vehicle Repair	336,542	303,029	430,623	244,839	308,160	332,807	437,217
Other	17,118	19,095	84,237	10,189	51,089	17,506	24,925
<b>Total PS &amp; Expenses</b>	<b><u>\$919,025</u></b>	<b><u>\$629,702</u></b>	<b><u>\$1,091,170</u></b>	<b><u>\$348,703</u></b>	<b><u>\$798,703</u></b>	<b><u>\$998,704</u></b>	<b><u>\$1,072,696</u></b>
<b>Events</b>							
Sanding/Salting	10	10	11	4	12	14	12
Plowing	9	6	10	1	4	9	6
Snow/Ice Removal	1	0	2	0	1	5	4
Flooding	0	2	0	0	0	0	0
Total Snowfall	67"	33"	81"	15"	58"	64"	94"

\*FY15 costs are given through February 18, 2015

As seen in the chart above, the Town has appropriated \$348,703 for snow and ice removal at every Annual Town Meeting since 2009. Under the provisions of the Massachusetts General Law, Chapter 44, Section 31D, a town may unilaterally make expenditures in excess of the current year's winter snow and ice budget provided that the BOS and the Advisory Committee approve such expenditures and the appropriation equals or exceeds that of the prior year. Under the law, a town may fund any supplemental appropriations from Free Cash in the current year or roll the excess into the following year's tax rate. Wellesley has chosen the first approach.

In FY09, FY10, FY11, FY13, and FY14, additional appropriations from Free Cash have been approved by Town Meeting in amounts ranging from \$300,000 to \$750,000 per year depending on the severity of the winter. It is clear from looking at the amount of snow and the total number of events that the winter of 2015 has been unusually severe (similar to 2011), with particularly large numbers of snow removals in the commercial districts. In March 2015, the BPW secured the necessary approvals from the BOS and Advisory for \$800,000 in supplemental spending for FY15. Any funds which are unspent at the end of five years will be returned to the General Fund.

Despite the fact that this line item is so unpredictable, the principal reason that the budget figure has not been raised in seven years is that the Town wishes to keep the winter maintenance budget unencumbered in years with low winter maintenance needs. Most Advisory members support this approach, though others feels that keeping the winter maintenance budget low makes the resulting (significant) fluctuations in Free Cash unnecessarily difficult to anticipate.

Advisory appreciates the work of the BPW in keeping our streets and sidewalks safe to navigate during the winter months. However, this \$800,000 supplemental request places a severe strain on Free Cash, and serves as a reminder that the DPW must look both inside and outside the department to determine if there are other more cost-effective ways to remove snow and ice, including the possible purchase of snow melters, pre-wetting (using salt brines in advance of predicted snow), or increased use of plowing contractors. Advisory encourages the BPW to work with peer communities like Needham and Natick to share best practices, with the goal of reducing winter maintenance costs. In the BPW's presentation to Advisory in the fall, the Board described the DPW's new partnership with staff of the UMASS Collins Center StatNet to identify benchmarking partners (tentatively Barnstable, Andover and Cohasset) to develop a sustainable benchmarking model. Advisory supports this endeavor and will be interested to receive an update next fall.

**Advisory recommends favorable action, 12 to 0.**

**ARTICLE 7, MOTION 2: WELLESLEY PUBLIC SCHOOL SUPPLEMENTAL APPROPRIATION**

This Motion requests a supplemental FY15 appropriation of \$472,344 to the School Committee. The Administration updated their budget status at the end of January and again on March 5. The table below summarizes the cumulative changes in expenses relative to the FY15 budget:

<b>Costs</b>	<b>Reductions/Increases</b>
Salary	(\$13,651)
General Expenses	(194,000)
Offsets	(218,113)
Special Education Services	(42,000)
Special Education Tuitions	905,608
Special Education Legal	15,000
Restore Metco Grant	19,500
<b>Supplemental Request for FY15</b>	<b><u>\$472,344</u></b>
<b>Anticipated State Funds</b>	<b>(150,000)</b>
<b>Projected Net Variance to FY15 Budget</b>	<b><u>\$322,344</u></b>

Special Education tuitions for Out-of-District (OOD) students are the largest increase in the FY15 budget. Ten students moved from In-District to Out-of-District residential and day placements at a cost of about \$730,000. At the same time, three existing OOD students moved from day to residential programs at a cost of about \$560,000. Eight students who were planned for OOD placements either left the system or graduated, reducing costs by about \$630,000. Six students were placed in 45-day OOD day programs for mental health issues, costing about \$56,000. The increased number of legal settlements (from six in FY14 to eleven in FY15) contributed an additional \$197,000 to the FY15 school budget for a total increase in Special Education costs of over \$900,000. The increase in legal costs for Special Education is directly related to these placements.

The State recently cut the Town's Metco grant and the Administration is proposing to address the gap by reducing the annual grant offset in the budget by \$19,500. An increase in the use of Circuit Breaker funds combined with unfavorable experience in school revolving funds resulted in a net offset over \$200,000.

The Administration was able to identify \$194,000 of expenses which could be eliminated and would otherwise be included in turn-back at the end of FY15. In addition, Individualized Education Program (IEP) changes for Special Education students going through the normal review process generated an extra \$42,000 of savings.

The result is an estimated budget variance of \$472,344. More expense reductions are possible through additional Circuit Breaker funding. The Administration is applying to the State for additional funding through a program which is based on an extraordinarily high level of Special Education expenses. Wellesley satisfies the criteria and hopes to receive \$150,000 in additional Circuit Breaker funding, but the amount of funding depends on the number of other towns that apply and on their fiscal circumstances. Unfortunately, Wellesley funding will not be known until after Town Meeting. Any funds received will be returned to the Town and will effectively reduce the supplemental need. The last time that the School Department requested a supplemental appropriation was at the 2008 ATM.

Advisory is pleased that Schools was able to identify reductions to offset some of the unexpected Special Education increases. Advisory expects continued discussion on ways to better manage the volatility in Special Education expenses.

**Advisory will make its recommendation at Town Meeting.**

#### **ARTICLE 7, MOTION 3: LEGAL SUPPLEMENTAL APPROPRIATION**

This Motion requests a supplemental FY15 appropriation of \$100,000 to the Board of Selectmen (BOS) for legal expenses, which are abnormally high this year. The legal budget for FY15 is \$250,000, of which approximately \$210,530 was spent as of January 30, 2015. The overages have resulted from increased litigation, arbitration, and labor counsel costs. Because FY15 was not a collective bargaining year for the schools, the BOS did not anticipate significant costs in this area; however, school labor counsel costs this year have exceeded expectations. The BOS has made arrangements going forward that school legal expenses will be funded within the school budget.

The BOS views these unusually large legal expenses this year as an aberration rather than an ongoing expense. However, the Law budget in Article 8, Motion 2 for FY16 has been raised to \$300,000, a \$50,000 (20%) increase over FY15 to prudently manage increased legal costs.

**Advisory recommends favorable action, 13 to 0.**

**ARTICLE 8.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money for the following:

- 1) The operation and expenses of the several Town departments, including capital outlay, maturing debt and interest, and the provision of a Reserve Fund;
- 2) Extraordinary maintenance, special capital projects and other capital outlay items for the several Town departments;
- 3) Such purposes as may be voted contingent upon passage by the voters of referendum questions as authorized by Section 21c(g) of Chapter 59 of the General Laws,

and further 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 2016 Tax Rate, or to take any other action in relation thereto.

**(Board of Selectmen)**

Three motions are expected under Article 8:

**Motion 1** authorizes the Town to accept a \$1 million payment from the Municipal Light Plant (MLP) in FY16 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 FY16 budget, including operating budgets for all departments, cash capital spending, and debt service.

**Motion 3** appropriates Free Cash to balance the tax-impact budget. The Department of Revenue has specifically requested the Town to add this motion whenever Free Cash is used to balance the budget.

#### **ARTICLE 8, MOTION 1: MLP CONTRIBUTION**

This Motion authorizes the Town to accept a \$1 million payment from the Municipal Light Plant (MLP) in FY16, as approved by the Municipal Light Board (MLB). 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 FY16.

Annual passage of this Motion permits the Town's taxpayers to continue receiving the benefit of owning the MLP. Although the MLP's annual cash payment of \$1 million has remained the same for the past 13 years, it remains among the most generous of the 40 municipally-owned electric utilities in Massachusetts. The MLP's payment is even more impressive when compared to the real estate tax an investor-owned utility would pay to the Town. Based on the net book value of the MLP's Wellesley assets, an investor-owned electric utility would make an annual real estate tax payment of \$578,000.

Recently, the MLB retained a firm to complete a survey of its residential and commercial customers. Not surprisingly, reliability and competitive rates were given the highest priority by customers. Only one percent of the respondents considered increasing the \$1 million payment to be a priority.

The MLP provides a number of other financial benefits to Wellesley. In addition to electric rates that are more than 50% below surrounding communities, all municipal departments receive an added discount of 4%. The current streetlight rate of 12.762 per kilowatt-hour is less than half the cost charged by investor-owned utilities. The MLP also provides a fiber interconnection to all Town buildings at no cost to the taxpayers.

**Advisory Considerations**

Advisory values the contribution of the \$1 million payment and its importance to the operations of Town government as a funding source. Discounted electric rates and reliability as measured by the MLP’s survey firm are but a few of the benefits for customers. Based on the responses to the survey, Advisory believes the \$1 million payment is appropriate. Advisory notes that despite the best efforts of the MLP to provide stable electric rates, significant challenges and potential rate increases resulting from higher transmission and capacity costs will negatively impact operations.<sup>5</sup> For that reason, Advisory supports a conservative approach to any potential increase in expenditures at the MLP, including the \$1 million payment.

**Advisory recommends favorable action, 14 to 0.**

**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:

<u>Funding Item</u>	<b>Personal Services</b>	<b>Expenses</b>	<b>Total Operations</b>	
<b>GENERAL GOVERNMENT</b>				
To the Board of Selectmen for General Government; \$2,023,712 for Personal Services and \$1,824,072 for Expenses. And it is recommended that the sums be allocated as follows:				
<b>Board of Selectmen - Administration</b>				
122	Executive Director's Office	414,869	26,500	441,369
126	Sustainable Energy	5,000	10,033	15,033
199	Central Administrative Services	0	28,500	28,500
133	Finance Department	395,169	8,000	403,169
155	Information Technology	468,656	245,883	714,539
145	Treasurer & Collector	281,826	115,713	397,539
195	Town Report	0	4,000	4,000
<b>Board of Selectmen - Human Services</b>				
541	Council on Aging	329,593	158,898	488,491
183	Fair Housing Committee	0	200	200
543	Veterans' Services	0	107,235	107,235
542	Youth Commission	77,756	17,190	94,946
<b>Board of Selectmen - Other Services</b>				
180	Housing Development Corporation	0	6,000	6,000
691	Historical Commission	0	750	750

<sup>5</sup> For further information on the MLP’s financial projections, see the discussion under Article 11 on page 88.

690	Historical District Commission	0	250	250
693	Memorial Day	0	2,500	2,500
692	Celebrations Committee	0	4,700	4,700
176	Zoning Board of Appeals	50,843	6,940	57,783
<b>Board of Selectmen - Shared Services</b>				
151	Law	0	300,000	300,000
945	Risk Management	0	483,300	483,300
135	Audit Committee	0	56,250	56,250
458	Street Lighting	0	241,230	241,230
<b>Subtotal - Board of Selectmen - General Government</b>		<b>2,023,712</b>	<b>1,824,072</b>	<b>3,847,784</b>

**Other General Government**

To the following Town boards and officials:

161	Town Clerk/Election & Registration	244,570	40,915	285,485
141	Board of Assessors	255,796	88,855	344,651
175	Planning Board	231,750	44,300	276,050
185	Permanent Building Committee	124,722	7,150	131,872
152	Human Resources Board	265,881	37,553	303,434
131	Advisory Committee	7,000	21,000	28,000
132	Advisory Committee - Reserve Fund	0	175,000	175,000
<b>Subtotal - Other General Government</b>		<b>1,129,719</b>	<b>414,773</b>	<b>1,544,492</b>

**GENERAL GOVERNMENT TOTAL**

<b>3,153,431</b>	<b>2,238,845</b>	<b>5,392,276</b>
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Funding Item	Personal Services	Expenses	Total Operations
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**FACILITIES MAINTENANCE - BOARD OF SELECTMEN**

To the Board of Selectmen for Facilities Maintenance, \$3,806,285 for Personal Services and \$3,081,275 for Expenses. And it is recommended that the sums be allocated as follows:

192	Facilities Maintenance	3,806,285	3,081,275	6,887,560
<b>FACILITIES MAINTENANCE TOTAL - BOARD OF SELECTMEN</b>		<b>3,806,285</b>	<b>3,081,275</b>	<b>6,887,560</b>

**PUBLIC SAFETY - BOARD OF SELECTMEN**

To the Board of Selectmen for Public Safety, \$10,441,952 for Personal Services and \$923,508 for Expenses. And it is recommended that the sums be allocated as follows:

210	Police Department	5,092,177	631,154	5,723,331
299	Special School Police	103,112	2,955	106,067
220	Fire Department	4,787,040	261,749	5,048,789
241	Building Department	443,903	24,850	468,753
230	Emergency Medical Services	0	0	0

244	Sealer of Weights & Measures	15,720	2,800	18,520
492	Radio Master Box	0	0	0
<b>PUBLIC SAFETY TOTAL - BOARD OF SELECTMEN</b>		<b>10,441,952</b>	<b>923,508</b>	<b>11,365,460</b>

**PUBLIC WORKS**

To the Board of Public Works, \$4,172,536 for Personal Services and \$2,657,850 for Expenses. And it is recommended that the sums be allocated as follows:

410	Engineering	506,603	69,489	576,092
420	Highway	1,061,645	534,650	1,596,295
454	Fleet Maintenance	139,956	56,462	196,418
430	Park	1,115,451	317,345	1,432,796
440	Recycling & Disposal	997,037	1,281,593	2,278,630
450	Management	351,844	49,608	401,452
456	Winter Maintenance	0	348,703	348,703
<b>PUBLIC WORKS TOTAL</b>		<b>4,172,536</b>	<b>2,657,850</b>	<b>6,830,386</b>

Provided that the cash on hand in the RDF Baler and Compactors Major Repairs and Replacement Fund on June 30, 2015 be appropriated to the Board of Public Works for major repairs and replacement of the baler and the trash compactors and their attachments at the Recycling and Disposal Facility (major repair being defined as repairs or scheduled maintenance costing more than \$5,000); and that expenditures from this fund may be made by the Board of Public Works for major repairs, but expenditures for equipment replacement shall be subject to Town Meeting Appropriation.

**WELLESLEY FREE LIBRARY**

To the Trustees of the Wellesley Free Library:

610	Library Trustees	1,795,407	508,491	2,303,898
620	Regional Services (Non-Tax Impact)	0	0	0
<b>LIBRARY TOTAL</b>		<b>1,795,407</b>	<b>508,491</b>	<b>2,303,898</b>

**RECREATION**

To the Recreation Commission:

630	Recreation Commission	317,833	20,000	337,833
<b>RECREATION TOTAL</b>		<b>317,833</b>	<b>20,000</b>	<b>337,833</b>

**HEALTH**

To the Board of Health:

510	Board of Health	437,510	67,124	504,634
523	Mental Health Services	0	255,691	255,691
<b>HEALTH TOTAL</b>		<b>437,510</b>	<b>322,815</b>	<b>760,325</b>

<b>Funding Item</b>		<b>Personal Services</b>	<b>Expenses</b>	<b>Total Operations</b>
<b><u>NATURAL RESOURCES</u></b>				
To the Natural Resources Commission:				
171	Natural Resources Commission	197,542	23,400	220,942
172	Morses Pond	0	149,394	149,394
<b>NATURAL RESOURCES TOTAL</b>		<b>197,542</b>	<b>172,794</b>	<b>370,336</b>

<b>NON-SCHOOL TOTAL</b>	<b>24,322,496</b>	<b>9,925,578</b>	<b>34,248,074</b>
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**WELLESLEY PUBLIC SCHOOLS**

To the School Committee, \$58,581,252 in the aggregate for Personal Services and \$8,533,564 for Expenses. And it is recommended that the sum be allocated as follows:

320	Instruction	42,721,527	2,337,365	45,058,892
330	Administration	901,985	143,235	1,045,220
340	Operations	765,953	615,283	1,381,236
360	Special Tuition/Transportation/Inclusion	14,191,787	5,437,681	19,629,468
	Subtotal	58,581,252	8,533,564	67,114,816

<b>SCHOOL TOTAL</b>	<b>58,581,252</b>	<b>8,533,564</b>	<b>67,114,816</b>
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**EMPLOYEE BENEFITS**

To the Board of Selectmen for the purposes indicated:

914	Group Insurance	0	17,978,383	17,978,383
	Worker's Compensation	0	517,860	517,860
919	Other Post Empl. Benefits Liability Fund	0	3,000,000	3,000,000
910	Retirement Contribution	0	6,150,755	6,150,755
913	Unemployment Compensation	0	150,000	150,000
950	Compensated Absences	0	90,000	90,000
911	Non-Contributory Pensions	0	18,116	18,116

<b>EMPLOYEE BENEFITS TOTAL</b>	<b>0</b>	<b>27,905,114</b>	<b>27,905,114</b>
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And further, that the balance on hand in the Workers' Compensation fund on June 30, 2015 and any interest earnings of the program, are appropriated for expenses related to the Workers' Compensation Program of the Town for Fiscal Year 2016.

<b>ALL PERSONAL SERVICES &amp; EXPENSES</b>	<b>82,903,748</b>	<b>46,364,256</b>	<b>129,268,004</b>
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<b>Funding Item</b>	<b>Personal Services</b>	<b>Expenses</b>	<b>Total Operations</b>
<b><u>CAPITAL &amp; DEBT</u></b>			
To the following Town boards and officials for the purposes indicated:			
<b><i>Departmental Cash Capital</i></b>			
400	Board of Public Works - Capital	0	1,528,000
300	School Committee - Capital	0	856,066
122	Board of Selectmen - Capital	0	334,486
161	Town Clerk - Capital	0	7,000
175	Planning Board	0	30,000
192	Facilities Maintenance - Capital	0	1,575,000

610	Library Trustees - Capital	0	115,700	115,700
171	Natural Resources Commission - Capital	0	55,500	55,500
<b>Subtotal - Cash Capital</b>		<b>0</b>	<b>4,501,752</b>	<b>4,501,752</b>
To the Town Treasurer and Collector for:				
700	Current Inside Levy Debt Service - Issued	0	2,423,407	2,423,407
700	New Debt Service - Inside Levy	0	1,546,718	1,546,718
700	Current Outside Levy Debt Service -Issued	0	13,383,348	13,383,348
700	New Outside Levy Debt Service - Unissued	0	0	0
<b>Subtotal - Maturing Debt &amp; Interest</b>		<b>0</b>	<b>17,353,473</b>	<b>17,353,473</b>
<b>CAPITAL &amp; DEBT TOTAL</b>		<b>0</b>	<b>21,855,225</b>	<b>21,855,225</b>
<b>RECEIPTS RESERVED FOR APPROPRIATION</b>				
To the Board of Selectmen, to be taken from the Parking Meter Receipts Account:				
293	Traffic & Parking Operations	247,051	621,670	868,721
<b>RECEIPTS RESERVED TOTAL</b>		<b>247,051</b>	<b>621,670</b>	<b>868,721</b>
<b>TOTAL APPROPRIATIONS - ARTICLE 8, MOTION 2</b>				<b>\$ 151,991,950</b>

To meet said appropriations, transfer \$75,000 from the Police Detail Account and \$44,250 from Parking Meter Receipts, and further to transfer \$580,000 from the CPA fund to pay for debt service (pursuant to Article 2, STM 1-20-15 and subsequent referendum vote on 3-3-15).

### OMNIBUS BUDGET OVERVIEW

The FY16 tax-impact budget request is \$151,991,950, an 8.1% increase over the FY15 budget request of \$140,656,650.

Revenue from property taxes both inside and outside the levy, including property taxes on new growth, is projected to increase by 6.6% in FY16, which includes a 4.0% increase in property taxes (override of Proposition 2 ½ in FY15 plus new growth) and a 39.8% increase in outside the levy debt service. Local revenue is projected to increase 4.9% and State Aid by 2.0%; the total Sources of funds is therefore projected to be \$154,138,510, which is a 3.9% increase over the total Sources of \$148,373,097 in FY15.<sup>6</sup>

<sup>6</sup> Note that the projected FY15 Sources from the FY14 Advisory Report totaled \$143,082,229 (including the \$3,345,000 override) which is \$5.3 million less than the actual FY15 Sources. The major difference is the \$4.5 million increase in unencumbered CPC revenue because CPA funds were not used to purchase 900 Worcester Street; approximately \$500,000 in additional Free Cash spending for appropriated projects from the 2013-2014 Annual and Special Town Meetings; and an additional \$300,000 million in property taxes from new growth.

In order to balance the budget, \$2.625 million from Free Cash is expected to be used (see the *Sources and Uses* statement on page 21 in the Town-Wide Financial Plan). Free Cash will also be used to fund certain appropriations not covered in Article 8, some of which appear in FY15 and others in FY16, as shown in the chart below:

Free Cash Used in FY15			Free Cash Used in FY16		
Article	Purpose	Total Appropriation	Article		Total Appropriation
2014 STM 4	Feasibility study for WMS windows	125,000	2015 ATM 10	Special purpose municipal fund	40,946
2014 STM 8/ 2015 STM 2*	Legal fees for N40	150,000	2015 ATM 16	Pre-school feasibility study	50,000
2014 STM 9	CPC reimbursement for N40 spending	198,132	2015 ATM 18	Further study of HHU	50,000
2015 ATM 7(1)	Winter maintenance**	800,000	2015 ATM 25	TGSC	32,000
2015 ATM 7(2)	Special Education supplemental***	472,344			
2015 ATM 7(3)	Legal supplemental	100,000			
<b>Total FY15</b>		<b><u>\$1,845,476</u></b>	<b>Total FY16</b>		<b><u>\$172,946</u></b>

\*These funds were appropriated to prepare the Town in the event of a third party purchase of the North 40 and then were repurposed for the Town to use for due diligence for its own North 40 acquisition.

Note that these additional uses of Free Cash, totaling \$2,018,422, all require (or required) Town Meeting approval.

### Major Budget Drivers

The major components of the change in the operating budget are as follows:

	<u>Change from FY15 to FY16</u>	
Total Personal Services (including 2.5% average raise for Series 50/60 worth about \$127,500)	\$3,606,406	+4.5%
Employee Benefits (dominated by healthcare)	\$2,068,093	+8.0%
Total Expenses (not including employee benefits)	\$1,040,732	+6.0%

Under Proposition 2 ½, the allowable levy growth for FY16 is \$4,328,115 which includes the 2.5% increase on existing property plus new growth. In the proposed FY16 budget, the top three drivers of the operating budget increase alone total \$6,719,778. For the first time in several years, the tax impact pension contribution increase is a relatively modest 3.5% after five years of compounded annual growth exceeding 42% (see page 77 for more details). However, increases in health insurance have grown more significant over the past five years, as is shown in the chart below, and Group Insurance plus Workers' Compensation currently represents 66% of the Town's employee benefits. As this report goes to print, the BOS has been in negotiation with the Town's union representatives to reduce the costs of health insurance to the Town; please see the Group Insurance discussion on page 76 for more information.

The takeaway from evaluating budgets over the past few years is that increases in personal services and employee benefits (dominated by pension and health insurance) and a commitment

to fund retirement at our current pace<sup>7</sup> have exceeded the Town's ability to fund growth under the levy limit and challenge the Town's ability to fund other priorities.

Group Insurance + Workers' Compensation							
	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Appropriated	FY16 Request
	13,993,178	13,859,281	14,830,927	15,796,768	15,659,773	16,586,944	18,496,243
Increase/ Decrease		(133,897)	971,646	965,841	(136,995)	927,171	1,909,299
% Change		-1.0%	7.0%	6.5%	-0.9%	5.9%	11.5%

The increase in personal services continues to be the primary driver of the budget increase at approximately \$3.61 million (+4.5% over FY15). The schools dominate the personal services increase (\$2.9 million, a 5.2% increase over FY15). The chart below (left side) shows the top five departments' personal services spending ranked by dollar value of cost increase:

Operating Increases in FY16 Compared to FY15*					
Personal Services			Expenses (not including employee benefits)		
Department	\$ Increase	% Increase	Department	\$ Increase	% Increase
Schools	\$2,892,744	5.19%	Schools	\$697,453	8.90%
Public Safety	254,161	2.49%	FMD	159,737	5.47%
DPW	106,656	2.60%	BOS Shared Services**	43,530	4.20%
Council on Aging	92,591	38.55%	Board of Health	38,584	13.57%
FMD	86,271	2.31%	Council on Aging	36,460	29.78%

\*These numbers **include** the average 2.5% Merit Pay Pool which has been removed from the department totals in Article 8, Motion 2. \*\*Includes legal costs and risk management (insurance coverage for general liability, automobile, property, injured-on-duty police and firefighters etc.)

No collective bargaining agreements were negotiated this year, but the current union contracts provide cost of living increases from 1% to 2.5%. In FY16, the Human Resources Board (HRB) recommended a 2.5% increase for Series 40 employees to bring them more in line with salaries of employees in benchmarked, comparable towns (see Article 5, Motion 1 on page 28 for more details). The HRB also recommended an appropriation of \$160,000 to cover other personal services increases (\$145,000 in the Merit Pay Pool for 50/60 series employees and \$15,000 for other unanticipated adjustments throughout the year; see Article 5, Motion 3 on page 31). A summary of the provisions negotiated by the Town with the major bargaining units for FY16 is provided in the TWFP on page 11. In addition to cost of living increases, additional increases resulting from movement along "steps" (for longevity) exist for most collective bargaining contracts. The Teachers' contract has 16 steps valued at 4.2% per step while the DPW Production, Patrolmen and Firefighters contracts have 4-6 steps each valued between 5.3-5.6%. The Teachers' contract also has "lanes" (for education advancement) valued at 7-10% (see Appendix E on page 177 which describes teacher compensation in greater depth).

The total increase in operating expenses (not including employee benefits, cash capital or debt service), is \$1,040,732 in FY16 (+6.0% over FY15). The schools have the largest increase (\$697,453 or 8.90%). The chart above (right side) shows the top five departments' operating

<sup>7</sup> The Town is on track to retire the pension liability by 2030 and the OPEB (mostly health insurance for retirees) liability by 2037.

expense spending ranked by dollar value of the cost increase. Large personal service and/or operating expense increases are explained in more detail in the relevant sections below.

## **BUDGET PROCESS AND GUIDELINES**

The annual budget process began at the 2014 Annual Town Meeting with the presentation of the TWFP. At that time, the Plan projected deficits of \$2.8 million in FY16, \$3.1 million in FY17, and \$4.0 million in FY18, suggesting that an override to Proposition 2 ½ in FY16 might be necessary to offset these deficits (see *2014 Advisory Report* on page 166). The 2014 ATM projections assumed 4.5% and 2.5% for the school and other departments, respectively, with a projected use of \$1.15 million in Free Cash to fund the FY16 budget. These projections left a \$2.8 million deficit to be closed by an override of Proposition 2 ½ or by departmental reductions.

However, an improved Free Cash position, largely as a result of increased turn-back and an additional \$1.5 million in revenues (attributable to higher than expected building permits fees and motor vehicle excise taxes), allowed the BOS to project funding the FY16 budget without an override by lowering the guidelines by 0.5% and 0.25% for the schools and other departments, respectively, and increasing the level of Free Cash needed to begin to balance the budget by \$1.475 million (from the \$1.15 million projected on page 173 of the *2014 Advisory Report* to the current level of \$2.625 million). However, as this *Advisory Report* goes to print, a \$1.66 million budget deficit remains.

### **Budget Guidelines**

The revised budget outlook in September 2014 and the inclusion of funding from Free Cash provided the basis for the FY16 budget guidelines issued by the BOS:

- School Department – 4%;
- Other Town Departments – 2.25%;
- \$2.5 million Free Cash used to balance the budget

An additional informal guideline implemented later in the budget process in trying to close the deficit was:

- Cash Capital spending to be held to the FY16 level projected in the 2015 Five Year Capital Plan on pages 177-183 of the *2014 Advisory Report*

Because the budget appropriations in Article 8, Motion 2 do not include the increases for the Series 50/60 employees from the Merit Pay Pool (appropriated in Article 5, Motion 3), it can be difficult to fully appreciate the department budget variances with respect to the guidelines; removing the salary increases for these employees makes all department budgets (except the schools, which include their management raises directly in Article 8)<sup>8</sup> appear artificially low. The chart below includes the 2.5% average Merit Pay Pool raise for the Series 50 and 60 employees within each department's budgets to be able to directly evaluate increases with respect to the budget guidelines. Note also that the phone service contract (about \$26,000) has been removed from the budgets of all Town departments except DPW, MLP, and Schools, and added to the IT expense budget. The FY15 budget numbers have not been restated to reflect this change.

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<sup>8</sup> By state statute (MGL, Chapter 71, Section 34), Town Meeting approves only a total appropriation to the School Department, but may not limit the authority of the School Committee to determine expenditures within the total appropriation. Therefore wage increases for school employees are not part of the Town's Merit Pay Pool.

The School Department operating budget is seen to be \$1,049,212 above the guidelines and is described fully on pages 62-75. Other departments are also over guideline and their budgets are discussed explicitly in the following pages. A summary of FY16 Sources and Uses is found in the TWFP on page 21. Summary information on departmental tax-impact budget requests is shown below and more information is provided in the sections that follow. A chart detailing requests, including a breakdown of personal services, expenses and variances in each department from FY15 to FY16 may be found in Appendix B: Detailed Sources and Uses on page 161. Many Departments, including Schools, DPW, MLP, Recreation 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.

<b>Total FY16 Operating Costs by Department</b>				
<b>Department</b>	<b>FY15 Appropriation</b>	<b>FY16 Request (includes 2.5% for Series 50/60)</b>	<b>FY15-FY16 change</b>	<b>\$ Over/Under Guideline*</b>
Wellesley Public Schools	\$63,524,619	\$67,114,817	5.65%	\$1,049,212
Council on Aging	362,627	491,678	35.59%	120,892
Board of Health	643,497	764,402	18.79%	106,426
Facilities Maintenance	6,655,781	6,901,789	3.70%	96,253
Law	250,000	300,000	20.00%	44,375
Street Lighting	227,000	241,230	6.27%	9,123
Information Technology	704,948	728,518	3.34%	7,709
Wellesley Free Library	2,250,843	2,308,022	2.54%	6,535
Finance Department	392,385	407,619	3.88%	6,405
Advisory Committee	23,897	28,000	17.17%	3,565
Executive Director's Office	435,004	445,854	2.49%	1,062
Planning Board	274,420	281,205	2.47%	611
Treasurer & Collector	392,563	401,604	2.30%	208
Building Department	466,860	477,383	2.25%	19
Human Resources Board	301,973	308,773	2.25%	6
WSVD	104,875	107,235	2.25%	0
Zoning Board of Appeals	57,765	59,054	2.23%	(11)
Youth Commission	94,677	96,702	2.14%	(105)
Fire Department	4,941,155	5,051,578	2.23%	(753)
Police Department	5,602,562	5,726,496	2.21%	(2,124)
Special School Police	104,686	106,067	1.32%	(974)
Recreation	338,714	343,458	1.40%	(2,877)
NRC	371,751	372,297	0.15%	(7,818)
Board of Assessors	350,287	348,456	-0.52%	(9,712)
DPW	6,721,805	6,860,599	2.06%	(12,447)
Town Clerk	300,249	288,847	-3.80%	(18,158)

\* All guidelines are set at 2.25% except for the School Department, which is set at 4%

### **Reserve Policy and Use of Free Cash**

The Town has worked to maintain an appropriate level of reserves, as sufficient reserves play a key role in the Town's maintenance of a high credit rating and provide financial flexibility. The primary reserves are *Free Cash* and the *Stabilization Fund*<sup>9</sup>; the level of Total Reserves is

<sup>9</sup> Free cash is derived from the unspent funds remaining in the previous year's budget plus revenue in excess of budget less unpaid back taxes, and must be certified each year by the Massachusetts Department of Revenue before it can be used by the Town. Stabilization Funds are reserve accounts which are invested until used. At the 2013 Special Town Meeting, a new Special-Purpose Municipal Stabilization

measured as a percentage of current net revenue. At the end of FY14, funds were returned to the General Fund from FY14 appropriations and FY13 school encumbrances (“turn-back”<sup>10</sup>) totaling \$2,064,475 million or 1.7% of current net revenue. This turn-back increased the Town’s reserves to a total of \$13,471,077 (\$10,336,925 in Free Cash and \$3,134,152 in the Stabilization Fund), for a reserve level of 10.2%. Over the past seven years, the Town has fluctuated from a reserve level of 6.5% to 12.2%.

Town of Wellesley Reserves					
Fiscal Year	Prior year Free Cash	Prior Year General purpose Stabilization	Total Reserves	Current Net Revenue*	General Reserves % of Revenue
2015	\$10,336,925	\$3,134,152	\$13,471,077	\$131,460,102	10.2%
2014	10,950,782	3,094,076	14,044,858	123,796,817	11.3%
2013	10,499,623	3,071,289	13,570,912	119,305,603	11.4%
2012	8,439,070	3,045,628	11,484,698	113,863,387	10.1%
2011	9,471,751	3,022,256	12,494,007	111,600,676	11.2%
2010	9,145,674	2,786,551	11,932,225	107,858,951	11.1%
2009	10,692,354	2,150,628	12,842,982	105,184,906	12.2%
2008	6,786,366	1,980,183	8,766,549	98,946,594	8.9%
2007	4,028,225	1,992,348	6,020,573	93,305,352	6.5%

\*Does not include excluded debt, CPC or Traffic Revenue or retained earnings from the Enterprise funds.

The use of stabilization funds requires approval by two-thirds of Town Meeting while Free Cash can be appropriated by a simple majority vote. Generally, it is prudent to use excess Free Cash as a non-recurring revenue source to fund one-time expenditures, a capital need, or to replenish other reserves, though many municipalities routinely use excess Free Cash to fund operating budgets. In December 2012, the BOS adopted a Financial Reserves Policy<sup>11</sup> with the following provisions:

1. Reserves will be maintained in a range of 8 to 12% of Current Net Revenue;
2. Reserves in excess of 12% may be used in accordance with the TWFP and be appropriated by Town Meeting;
3. Reserves may be drawn below 8% for one-time, non-recurring extraordinary expenditures.

The use of \$2.25 million of Free Cash to balance the FY15 budget was consistent with the reserve policy, maintaining reserves at approximately 9.1% of current net revenue. The total Free Cash used since the 2014 ATM is \$2,018,422 as shown in the chart on page 42 which must be added

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Fund was created and funded with \$250,000 to provide for costs related to on-duty injuries sustained by Police officers and members of the Fire Department. This Special-Purpose Municipal Stabilization Fund is not considered when calculating the level of available reserves because it is designated for a specific, rather than general, Town purpose.

<sup>10</sup> “Turn-back” is the amount of unspent funds in a given fiscal year that are returned to the General Fund. Over the last 7 years, turn-back has ranged from \$1.67 million to \$3.09 million. The School Department and FMD account for \$741,204 (36%) of the turn-back in FY14, with \$430,285 in turn-back from the Advisory Reserve Fund and debt service accounting for another 21%. Turn-back fluctuates from year to year; from FY07 to FY14 it has varied from a low of \$1.53 million to a high of \$3.11 million and has averaged \$2.25 million per year.

<sup>11</sup> The complete policy can be found at:  
[http://wellesleyma.gov/Pages/WellesleyMA\\_Finance/policies/reserves.pdf](http://wellesleyma.gov/Pages/WellesleyMA_Finance/policies/reserves.pdf)

to the \$2,625,000 contemplated for balancing the budget in Motion 3 of this Article (details will be provided in an *Advisory Supplement* to Town Meeting Members when the budget is balanced). The BOS does not expect to use more than \$2,625,000 to close the budget deficit. With \$1.5 million projected turn-back for FY15, the projected reserve level is \$10,327,655, which is 7.9% of net revenues. (For comparison \$2,866,108 of Free Cash was used to balance the FY14 budget, while \$2,837,757 was used in FY15.)

## **GENERAL GOVERNMENT**<sup>12</sup>

*NOTE: As is usual practice, these budgets (with the exception of the School budget on pages 62-75) do not include raises for the Series 50/60 employees. These increases are appropriated as part of the Merit Pay Pool in Article 5, Motion 3 instead. Also, the salary increases for FY16 are based on a 52.4 week year (rather than the 52.2 week year in FY15) because 2016 is a leap year. In the remainder of Article 8, increases will be specified without the Merit Pay Pool increases unless specifically noted.*

General Government includes those Departments and Boards under the Supervision of the BOS (see next page for the comparison between FY15 and FY16 operating budgets).

## **BOARD OF SELECTMEN – ADMINISTRATION**<sup>13</sup>

### **Executive Director's Office – 5.0 FTE**

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 all Town-wide matters not specifically assigned by statute to other boards or offices.

### **Sustainable Energy**

The Sustainable Energy Committee (SEC) is charged with implementing Town-wide policies and initiatives regarding energy conservation and efficiency and the support of renewable energy. The 2009 ATM established the goal of reducing annual greenhouse gas emissions by 10% between 2007 and 2013 and the Town came close to achieving it. The 2014 ATM established a new greenhouse gas emission reduction goal of 25% between 2007 and 2020 which accelerates the target reduction from 1.7% between 2007 and 2013 to 2.6% from 2013 to 2020. In 2013, approximately 1,000 households and businesses, including all three colleges in Town and all municipal accounts, purchased renewable energy for a voluntary surcharge for some or all of their electricity use. In 2014, the SEC's largest campaign was "More Power to Choose," offering free home thermal images, no-cost energy assessments, encouragement to follow recommended conservation measures, a group purchase that provided residents discounted prices for solar installations, and continued recruitment for the MLP's renewable energy program. Seventy-five single family homes committed to solar during 2014, adding to the 12 at the beginning of the year. For 2015, the SEC is developing programs related to transportation and recycling. Please see the SEC Report on page 151 for more information about the SEC's activities.

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<sup>12</sup> Note that the FMD has been added back to the General Government category; in previous *Advisory Reports* it had been broken out separately. Utilities are included under FMD Maintenance Services.

<sup>13</sup> For more detailed descriptions of the initiatives and accomplishments of the boards, committees and Town departments, please refer to the 2013 Annual Town Report at: [http://www.WellesleyMa.gov/Pages/WellesleyMA\\_Selectmen/townreport2013](http://www.WellesleyMa.gov/Pages/WellesleyMA_Selectmen/townreport2013)

	FY14 Actual	FY15 Appropriation	FY16 Request	FY15-16 Change
<b>BOS - Administration</b>				
Executive Director's Office	419,682	\$435,004	\$441,369	1.46%
Sustainable Energy	3,159	15,033	15,033	0%
Central Administrative Services	38,227	38,500	28,500	-25.97%
Finance Department	356,054	392,385	403,169	2.75%
Information Technology	691,468	704,948	714,539	1.36%
Treasurer & Collector	366,713	392,563	397,539	1.27%
Town Report	3,255	4,000	4,000	0%
<b>BOS – Human Services</b>				
Council on Aging	343,755	362,627	488,491	34.71%
Fair Housing Committee	0	200	200	0%
West Suburban Veterans' District	107,261	104,875	107,235	2.25%
Youth Commission	91,607	94,677	94,946	0.28%
<b>BOS – Maintenance Services</b>				
Facilities Maintenance	6,121,035	6,655,781	6,887,560	3.48%
<b>BOS - Other Services</b>				
Housing Development Corp	1,691	6,000	6,000	0%
Historical Commission	436	750	750	0%
Historical District Commission	113	250	250	0%
Memorial Day	1,912	2,500	2,500	0%
Celebrations Committee	4,700	4,700	4,700	0%
Zoning Board of Appeals	55,413	57,765	57,783	0.03%
<b>BOS - Shared Services</b>				
Law	325,000	250,000	300,000	20.00%
Audit Committee	56,250	56,250	56,250	0%
Risk Management (Including Police & Fire)	319,540	504,000	483,300	-4.11%
Street Lighting	219,649	227,000	241,230	6.27%
<b>TOTAL General Government</b>	<b><u>\$9,585,974</u></b>	<b><u>\$10,309,808</u></b>	<b><u>\$10,729,244</u></b>	<b>4.07%</b>

### Central Administrative Services

This budget includes the centralized services necessary to meet the needs of departments housed at Town Hall, specifically copier and office supplies. This budget also funds service contracts on the Town Hall copiers, telephone systems, and some on-line hosted software.

### Financial Services – 5.4 FTE<sup>14</sup>

Financial Services administers the Town-wide financial reporting and general ledger system, accounts payable, payroll, fixed assets, 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).

<sup>14</sup> The decrease of 0.6 FTE from FY15 to FY16 is an accounting change which reflects the fact that 0.6 FTE of personal services in the Financial Services Department is financed through the West Suburban Veterans' District (WSVD) budget and appears there instead.

### **Information Technology – 8.0 FTE**

The Information Technology (IT) Department enables other municipal departments to deliver high-quality, efficient and effective services to their customers by providing a range of centralized IT services. The IT Department oversees all information technology policies, standards and architecture, and promotes cross-department collaboration and adoption of shared services. More specifically it is responsible for maintaining a secure, reliable, high-speed campus network with internet connectivity for all staffed buildings; supporting servers, PCs, printers, other peripherals, and core business applications like email, word processing, and presentation software; administering the Town's integrated financial software suite (MUNIS), including processing of all billing and payroll throughout the year; and planning, implementing, and managing all Town Geographic Information Systems (GIS) technologies.

In FY16, phone charges have been removed from many department budgets (COA, Fire, Police, Board of Health, and Library) and moved to the expense line of the IT budget which will be administering the phone maintenance contract going forward. The FY15 Central Administrative Services budget contains phone services for Town Hall so its FY16 expense budget has been correspondingly reduced. DPW and MLP will continue to pay for their own phone services.

### **Treasurer and Collector – 4.0 FTE**

The office of the Treasurer and Collector is responsible for Town-wide cash management including collecting taxes; investing all available cash (excluding retirement funds); disbursing all Town funds requested by Financial Services via accounts payable and payroll; and administering all Town trust funds. The office also is responsible for debt management and for assisting in the administration of other Town-wide programs, such as group health insurance, life insurance, and self-insured workers' compensation. The Treasurer is currently also the chair of the West Suburban Healthcare board of directors, the consortium through which the Town purchases health insurance.

### **Town Report**

This budget covers the cost of printing the Town's *Annual Report* at the end of each fiscal year.

## **BOARD OF SELECTMEN – HUMAN SERVICES**

### **Council on Aging – 7.7 FTE<sup>15</sup>**

The Council on Aging (COA) provides outreach, assessment, newsletters, volunteer opportunities, subsidized and free transportation, and a variety of social, educational and recreational activities for Wellesley seniors. In addition, the COA offers information and referrals related to housing, transportation, medical services, insurance, benefit programs, home care services, long-term care, and other related issues.

The COA's personal services budget has substantially increased in FY16 by \$89,404 (37.2%) to \$329,593 primarily as a result of adding a new Assistant Director position, which the COA believes is essential to expanding participation in the COA, enhancing communication, and increasing community outreach.<sup>16</sup> COA program offerings have expanded by 63% this year to meet the needs of the rapidly growing 60+ Wellesley population, estimated to be over 20% of the Town's

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<sup>15</sup> The COA budget has an increase in 1.6 FTE from FY15 to FY16 which includes an additional benefited position.

<sup>16</sup> This budget increase includes an explicit \$20,000 allocation to the General Insurance Fund as a reminder to the Town that each new benefited position has an impact on the shared costs and not solely the departmental operating budget.

citizenry in FY16,<sup>17</sup> particularly through educational offerings including the popular Lecture Series. To support this enhanced programming, the part-time (0.38 FTE) Activities Assistant, hired in FY15 and supported by a grant at that time, is included in the FY16 operating budget.

The COA bus has seen a 15% increase in ridership over the previous year and its Volunteer Drivers Program increased 100% since 2011, requiring more hours for the two part-time COA employees who oversee the transportation program (0.22 FTE). There has been a significant increase (\$35,240) in the rent and custodial fees charged to the COA by the Wellesley Community Center<sup>18</sup> which is the largest driver of the 30.6% increase in the COA expense budget to \$158,898 in FY16. The COA has reduced the financial impact of its requested improvements by fundraising over \$85,000 in grants and gifts, increasing user fees, and through the work of volunteers whose 5,717 hours over the past year are valued at over \$114,000. The COA also notes that the Town spends under \$90 per senior per year while it invested \$17,149 per student in FY13, and that helping seniors stay in Wellesley is advantageous to the Town on a purely financial basis, as seniors provide a disproportionately large amount of tax revenue compared to the funds expended on them.

### **West Suburban Veterans' District (WSVD) – 2.6 FTE<sup>19</sup>**

Wellesley participates in an inter-municipal agreement with the Towns of Wayland, Needham and Weston to provide Veterans' services. The Veterans' agent and his full-time assistant are employees of the WSVD, although they are paid and receive benefits through the Town of Wellesley. Salary, employee benefits and other 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 to the Town of Wellesley for accounting and treasury services, and these assessments are reflected in the Finance and Treasurer/Collector's department budgets. The State reimburses the Town for 75% of the cost of the benefits. This reimbursement accrues directly to the General Fund and is not accounted for as an offset to the budget.

### **Youth Commission – 1.5 FTE**

The Wellesley Youth Commission provides programs and services designed to ensure that Wellesley's youth feel they are a valued part of the Wellesley community. By providing a wide variety of community-based events, programs and services, the Youth Commission strives to appeal to and meet the needs of a broad spectrum of middle- and high school-aged youth and their families. Programs and services provided by the Youth Commission are implemented and managed by the Youth Director.

### **BOARD OF SELECTMEN – FACILITIES MAINTENANCE SERVICES – 64.8 FTE<sup>20</sup>**

The Facilities Maintenance Department (FMD) was created by Town Meeting vote in March 2012 and falls under the jurisdiction of the BOS. The FMD is responsible for the operation and maintenance of all schools and most municipal buildings in Town,<sup>21</sup> with the exception of DPW

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<sup>17</sup> According to the UMass Donahue Institute, the 60+ population is projected to be over 22% by 2020 and 27% by 2030 as a result of the baby boomers and longer life expectancy.

<sup>18</sup> The COA rental space includes an additional 156 square feet of space for the transportation staff at a cost of \$10,000, which was paid for with grant money in FY15 which has since expired.

<sup>19</sup> The increase of 0.6 FTE in this budget reflects an accounting change which moves 0.6 FTE from the Financial Services to the WSVD budget.

<sup>20</sup> Increase of 0.5 FTE from FY15 to FY16.

<sup>21</sup> The FMD currently is responsible for the ten schools, Field House at Sprague, main library and two branch libraries, two fire stations, the Police Station, Town Hall, Warren Building and the Morses Pond bathhouse.

and MLP buildings. The BOS expect to have FMD take over DPW building maintenance in July 2017 with details still to be negotiated. The FMD is responsible for custodial service, maintenance, energy, and cash capital projects for its twenty buildings (totaling 1.1 million square feet of floor space) overseen by four professional managers who report to the Facilities Director. The FMD uses a computerized maintenance management system to document and track repairs and preventative maintenance work and processes approximately 1,400 work orders annually. The FMD staff includes both union (custodians in school buildings and main library) and non-union members (managers, central office staff and municipal building custodians and maintenance staff). The Wellesley Free Library Staff Association collective bargaining contract expires June 30, 2016 while the American Federation of State, County and Municipal Employees (AFSCME) contract expires on June 30, 2017.

The FY16 FMD operating budget request is for a total of \$6,881,460, which is an increase of \$225,679 (3.39%). Personal services are up \$72,042 (1.93%) which includes 2.5% Cost of Living Allowance (COLA) increases for the Series 40 and Series 50/60 employees. The AFSCME union contract included a 1% increase for FY16 although step increases were frozen for this year. The Library Association contract included a 2% increase for FY16 plus step increases as applicable. The FMD is also requesting the creation of the new 0.5 FTE (19 hour per week non-benefited position) of Office Assistant, responsible for \$14,934 of the personal services increase. This position is intended to provide administrative, bookkeeping, and secretarial work for the FMD to help keep up with the increasing number of purchase orders and invoices as the FMD's cash capital budget has almost doubled from \$893,583 in FY13 to \$1,575,000 in FY16.

The FY16 FMD expenses budget has increased \$159,737 (5.47%) from FY15, largely because of increases in utilities and for the FMD to lease new office space for its administrative workers:

- FMD office lease (\$70,000)
- 7% electricity increase (\$76,743)
- 7% sewerage increase (\$6,895)

## **BOARD OF SELECTMEN – OTHER SERVICES**

### **Housing Development Corporation, Historical Commission, Historical District Commission, Memorial Day Service, Celebrations Committee**

There is no change in the budgets any of these groups in FY16.

### **Zoning Board of Appeals – 1.0 FTE**

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 (Massachusetts General Law Chapter 40A and 40B). The ZBA provides the public with information and responses to zoning questions and with assistance in the petitioning process.

## **BOARD OF SELECTMEN – SHARED SERVICES**

### **Law**

This budget funds legal services for Town boards and departments, including Town Counsel and outside counsel. It also includes recording fees, transcript 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. It also does not include the legal costs associated with the acquisition of 900 Worcester Street and the North 40, which were part of the total appropriations for both of these purchases.

The \$50,000 increase (20%) from FY15 to FY16 is required because of legal work associated with the potential changes in the Town's health insurance offerings and the relatively high number of legal disputes this year (see the discussion of the FY15 legal supplemental appropriation in Article 7, Motion 3 on page 35). Advisory notes that legal costs in FY15 were budgeted \$50,000 below the FY14 level, largely because of the significant amount of collective bargaining in FY14, so the FY16 line item for legal services is the same as in FY14. Although there has been no work on the Town's contracts in FY15, the Town expects to resume collective bargaining with respect to successor contracts for the Patrolmen, Superior Officers, and Free Library Staff Association in FY16, adding to the Town's legal costs.

**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.

**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. Please see more about Risk Management in Article 10 on page 86, which requests Town Meeting approval to appropriate additional funds to the special purpose municipal fund for Town personnel who are injured on duty.

**Street Lighting**

Funding of this program provides for the maintenance of a reliable electric street lighting system, providing for convenience, safety and security. The MLP provides the street lighting service. This budget is 6.27% over guideline in FY16 because of significant increases in the Town's municipal electric rates, projected to rise 18% over the next several years because of an increase in the forward capacity market costs (see discussion in Article 11 on page 88).

**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.

	<b>FY14 Actual</b>	<b>FY15 Appropriation</b>	<b>FY16 Request</b>	<b>FY15-16 Change</b>
Town Clerk/Election & Registration	\$243,859	\$300,249	\$285,485	-4.92%
Board of Assessors	302,531	350,287	344,651	-1.61%
Planning Board	240,784	274,420	276,050	0.59%
Advisory Committee	25,382	23,897	28,000	17.17%
Advisory Reserve Fund	150,000	175,000	175,000	0%
Permanent Building Committee	29,184	129,404	131,872	1.91%
Human Resources Board	286,206	301,973	303,434	0.48%
HR Salary adjustments*	43,525	28,581	160,000	460%
<b>TOTAL Other General Government</b>	<b><u>\$1,321,471</u></b>	<b><u>\$1,583,811</u></b>	<b><u>\$1,704,492</u></b>	<b>7.62%</b>

\*Note: See 2013 ATM Article 4 for FY14 and 2014 ATM Article 5 for FY15 and FY16.

### **Town Clerk – 3.6 FTE<sup>22</sup>**

The Town Clerk's office conducts all Federal, State and local elections in Town and maintains a current voting list. The budget does not include funds for unscheduled elections (approximately \$20,000 per election, normally funded by a transfer from the Advisory Reserve Fund), such as those for overrides or debt exclusions. During an election, the Town Clerk's office engages approximately 90 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. The FY16 operating budget is \$14,764 (4.9%) lower than in FY15, largely because there are two elections (Presidential Primary and Annual Town) scheduled in FY16 whereas FY15 required three elections.<sup>23</sup>

The Town Clerk also 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. The 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 – 4.3 FTE**

The Board of Assessors is part of Town government but is regulated by the Massachusetts Department of Revenue. The Board is required to value all real and personal property fairly and accurately each year; 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, which may include appearing before the State Appellate Tax Board. Every third year, the Commonwealth's Commissioner of Revenue performs a "recertification," or comprehensive audit of local assessed values to certify they represent the full and fair cash value of all property, ensuring that every Wellesley property owner contributes equitably to Town's property taxes. The Assessors' budget has declined 0.94% in FY16 because recertification occurred most recently in FY15 and required additional consultant and appraisal and personal services which are not needed in FY16.

### **Planning Board – 3.6 FTE**

The Planning Board and Department help the Town balance existing development patterns, redevelopment, and new growth by implementing the Comprehensive Plan and administering certain land use regulations, such as zoning and subdivision controls. Additionally, to achieve identified goals and support the Comprehensive Plan, the Board and Department conducts studies of specific areas, resources and/or regulations, considers necessary changes in land use policies, and pursues amendments to applicable regulations and procedures. Specific duties include, but are not limited to, subdivision control; review and recommendation of changes to the Zoning Bylaw and Zoning Map; coordination of activities with the Design Review Board; determination of the adequacy of unaccepted ways; protection of the Town's scenic roads; issuance of special permits (including those for Projects of Significant Impact); and the administration of Large House Review (LHR), signage, the Historic District, and the Denton Road Neighborhood Conservation District. The Planning Board's major projects for FY16 include initiating the update of the Town's Comprehensive Plan, conducting a study and developing a plan for the Route 9 corridor, reviewing the regulation of stormwater, continuing re-codification of the Zoning Bylaw, updating the Town's Zoning Map, developing design guidelines for use by the Design Review Board and Historic District Commission, and considering Zoning Bylaw

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<sup>22</sup> Decrease of 0.2 FTE from FY15 to FY16.

<sup>23</sup> Three elections will also be required in FY17 (State Primary, Presidential Election, and Annual Town) but only a single election in FY18 (Annual Town).

amendments regarding LHR thresholds (potentially reducing the dimensions that would trigger a review), the allowed building-to-lot ratio, the location of sports courts and sports equipment, the allowable height of residential structures, and improving off-street parking regulations. The Planning Board has requested that \$30,000 be added to the capital budget for FY16 to be used to begin to update the Town's 2007-2017 Comprehensive Plan, required of all planning boards by State statute (Massachusetts General Laws Chapter 41 Section 81D).

### **Advisory Committee**

The Advisory Committee consists of 15 residents appointed by the Moderator for three-year terms. Its statutory responsibilities include studying and deliberating on all Town Meeting articles and then making recommendations to the Town Meeting through both written reports and oral summations. The Advisory Committee's responsibilities also include making recommendations to Town boards and committees with respect to balancing the Town budget and acting on all requests for transfers from the Reserve Fund. The budget funds the production and distribution of the Committee's reports and a 0.2 FTE Administrative Assistant. The Advisory budget has a 17.2% increase in FY16, largely because of the three Town Meetings with their associated mailings that have occurred each of the past two years.

### **Advisory Committee – Reserve Fund**

The Reserve Fund provides funding for expenses that are extraordinary or unforeseen at the time Annual Town Meeting appropriates the budget for that fiscal year. Use of the Reserve Fund 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 – 2.0 FTE**

The Permanent Building Committee (PBC) oversees all construction projects that exceed \$100,000 in cost<sup>24</sup> The PBC does not initiate projects, but provides design, financial and construction management services to Town boards, including the hiring of consultants, architects, and project managers. The PBC presents a description of the project from a construction perspective and gives an opinion to the proposing board and/or Town Meeting as to whether the funds being requested are reasonable with respect to the financial requirements of the project. Part of the design phase may include preparation of materials and presentation of the project to Town permitting boards (Design Review Board, Zoning Board of Appeals (ZBA), Planning Board (for Projects of Significant Impact), Wetlands Protection Committee, Wellesley Historic Commission, etc. The PBC approves the final plans and specifications for any project, and oversees the bid phase under public bidding laws. In FY15, the PBC reorganized its financial accounting, opting to include all personal services within its operating budget, rather than allocate a large proportion of these costs to specific projects; successful passage of the FY15 override allowed this budget reorganization to proceed.

### **Human Resources Board and Department – 4.0 FTE**

The Human Resources Board and Human Resources Department serve all Town employees, except School personnel, in the areas of recruitment, administration of job classifications and salary plans, administration of union contracts, oversight of personnel policies and procedures, training, affirmative action, employee performance evaluations, and compliance with laws

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<sup>24</sup> The threshold was raised from \$25,000 to \$100,000 by the 2013 ATM; additionally, PBC was enabled "at its discretion" to turn over supervision of projects exceeding \$100,000 to other boards like DPW or FMD. Road and civil projects of the DPW, MLP substations and service projects, and projects for the Housing Authority are excluded from the charge of the PBC, but MLP buildings are included.

pertaining to employment. In addition, the Department administers the insurance plans for all Town employees including School personnel and retirees, and promotes employee health and wellness. For details on the request for HR Salary Adjustments, please see the discussions under Articles 4 and 5 on pages 26-29.

**PUBLIC SAFETY – BOARD OF SELECTMEN**

	<b>FY14 Actual</b>	<b>FY15 Appropriation</b>	<b>FY16 Request</b>	<b>FY15-16 Change</b>
Police Department	\$5,419,212	\$5,602,562	\$5,723,331	2.16%
Special School Police	68,272	104,686	106,067	1.32%
Fire Department	4,737,166	4,941,155	5,048,789	2.18%
Building Department	442,784	466,860	468,753	0.41%
Sealer of Weights and Measures	9,637	18,460	18,520	0.33%
<b>TOTAL Public Safety</b>	<b><u>\$10,677,071</u></b>	<b><u>\$11,133,723</u></b>	<b><u>\$11,365,460</u></b>	<b>2.08%</b>

*Note: Utilities for these departments are included under FMD Maintenance Services.*

**Police Department – 58.0 FTE**

The FY16 budget for the Police Department funds 44 sworn personnel, including the Chief, Deputy Chief, three Lieutenants, six Sergeants and 33 Police Officers.<sup>25</sup> The operating budget also funds 10 civilian dispatchers, an animal control officer, and three clerical employees. A new traffic officer was added to the department in FY15; the employee’s salary was funded partially by parking meter receipts and partially by the Police Detail fund. In FY16, this employee’s salary is within the Police Department operating budget. The Police Superior Officers’ (Lieutenants and Sergeants) and the Patrolmen’s contract bargaining agreements expire on June 30, 2016 and the Dispatchers’ agreement expires June 30, 2017. Personal services for the FY16 Police Department are up \$126,109 (2.54%) to \$5,092,177 and the FY16 expenses (specifically vehicle maintenance, vehicle replacement, telephone/electronic systems, training, uniforms, and development costs) are \$631,154 or 0.84% lower than last year’s expense budget. The Police Department anticipates approximately \$218,466 in receipts from fines and permit fees in FY16.

**Special School Police – 18.0 FTE**

The school crossing guards provide safe passage for school children at 22 busy intersections and thoroughfares. The FY16 budget provides funds for 17 school crossing guards (some working more than one crossing guard post each morning) and one substitute guard, all of whom are part-time employees. These positions can be difficult to fill and currently six positions remain open; police officers are assigned to cover unfilled posts.

**Fire Department – 57.0 FTE**

The Wellesley Fire Rescue Department is charged with the responsibility of protecting the lives and property of the citizens of Wellesley. The Fire Rescue Department has 57 full-time employees in the following positions: Fire Chief, Assistant Fire Chief, Deputy Chief Fire Inspector, four Deputy Chiefs, 12 Lieutenants, 36 Firefighters, Administrative Assistant and Mechanic. Additionally, the Fire Rescue Department supervises the AMR Paramedics under contract with the Town.<sup>26</sup> The

<sup>25</sup> Twenty-seven of the 33 police officers are assigned to perform community policing services, including patrol and emergency response; three are detectives; one is the Court Liaison Officer; one is the Youth/Elder Affairs/Safety Officer; and one officer manages the police network and information system as well as investigates computer-related crimes.

<sup>26</sup> The annual stipend for the AMR services was eliminated during contract renewal negotiations.

department operates out of two stations, one at Central Street and Weston Road (Station # 1) and one on Worcester Street in Wellesley Hills (Station # 2). Front line apparatus consists of two pumping engines, one Quint combination pump/ladder, and one tower ladder unit; a Special Operations/Emergency Response Vehicle; and boats and specialized equipment for water and ice rescues operations. Firefighters are trained in multiple disciplines such as fire suppression, medial training, rescue operations, hazard materials, fire prevention, and disaster response planning. The Fire Department anticipates approximately \$80,900 in receipts from permits and master box alarm fees in FY16. The collective bargaining agreement with the Firefighters Union (Firefighters, Lieutenants and Deputies) is currently effective until June 30, 2017.

**Building Department – 7.5 FTE**

The Building Department is charged with enforcing all provisions of appropriate codes, State statues, rules, regulations, ordinances and bylaws. Specifically, the Building Department enforces State building, electrical, and uniform plumbing and fuel gas codes; the Town’s Zoning Bylaw; and the Massachusetts Architectural Access Board (MAAB) codes by conducting 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 and the Town anticipates receiving \$1,502,500 from these fees in FY16.

**Sealer of Weights and Measures – 0.4 FTE**

The Sealer of Weights and Measures, certified by the Division of Standards, 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.

**BOARD OF PUBLIC WORKS – 97.52 FTE<sup>27</sup>**

	<b>FY14 Actual</b>	<b>FY15 Appropriation</b>	<b>FY16 Request</b>	<b>FY15-16 Change</b>
Engineering	\$544,253	\$569,355	\$576,092	1.18%
Highway	1,534,920	1,548,021	1,596,295	3.12%
Fleet Maintenance	190,023	193,674	196,418	1.42%
Park & Tree	1,300,042	1,389,547	1,432,796	3.11%
Recycling & Disposal*	2,019,028	2,273,045	2,278,630	0.25%
Management	384,703	399,460	401,452	0.50%
Winter Maintenance	998,703	348,703	348,703	0%
<b>TOTAL Board of Public Works</b>	<b><u>\$6,971,674</u></b>	<b><u>\$6,721,805</u></b>	<b><u>\$6,830,386</u></b>	<b>1.62%</b>

*\*Includes RDF Business Initiatives and Baler Replacement Fund*

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 financed 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

<sup>27</sup> The DPW FTE count is for tax-impact employees only; the Water and Sewer Enterprise Divisions employ an additional 29.0 FTEs. There have been no changes in FTEs for the DPW from FY15 to FY16.

on pages 92 and 94, respectively, and have been included in the Consent Agenda (see Article 3) at this ATM.

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, brooks and streams. The Recycling and Disposal Facility (RDF) is responsible for disposing of solid waste and recyclable materials and is the Town's most widely-used facility, with over 350,000 annual vehicle trips to the facility. 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 \$6,830,386 from Town funds to pay operating expenditures in FY16. This request represents an increase of \$133,628, or 1.99%, over the FY15 budget. A portion of this appropriation, \$132,033, supports the RDF Business Initiatives program which is reviewed in more detail below.

The FY16 operating budget is projected to have an additional \$76,442 in personal services costs (1.87% increase) over FY15, which reflects the 2.5% increase for Group 40 personnel and a 0% average increase for Series 50/60 employees (their \$30,213 increase is appropriated in the Merit Pay Pool in Article 5, Motion 3). This request also includes a 2.25% increase for the Production Unit and a 2.0% increase for Supervisory Unit union personnel based on contracts that have been settled through FY17. The FY16 budget is also projected to have an additional \$32,138 in expenses (1.22% increase) over FY15, mostly a result of higher utility costs, vehicle repairs and maintenance costs, and trash disposal fees, offset by reduced trash tonnage projected for FY16.

The Winter Maintenance budget is level funded for FY16; at the time this book went to press, the DPW had requested two supplemental appropriations from the BOS and Advisory Committee of totaling \$800,000 (see Article 7, Motion 1 on page 32). The initial FY16 budget of \$348,703 is significantly below the five-year average of actual snow removal costs of \$773,400<sup>28</sup> and below actual snow removal costs in three 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 every year from FY04-FY15 with the exception of FY12, 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, and the Town's typical practice is to exercise the former option.) 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 FY16 RDF revenues of \$617,033, 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 the projected cost of RDF business opportunities of \$132,033, a 0% increase from last year. Revenue from these business opportunities 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 from the RDF Business Initiatives through the end of FY14 is \$673,265.

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<sup>28</sup> See Article 7, Motion 1 for a chart of winter maintenance expenditures from FY09-FY15. The five year average does not include FY15; the DPW had already expended \$1,072,695 by February 17, 2015.

## Budget Risks

Under some circumstances, the DPW may deploy personnel for DPW capital projects or Town programs funded through other budgets. For FY16, the budget assumes that approximately \$976,000 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 FY16.

## FY16 DPW Program Budget

Consistent with recent budget reporting practice, the DPW FY16 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

	<b>FY14 Actual</b>	<b>FY15 Appropriation</b>	<b>FY16 Request</b>	<b>FY15-16 Change</b>
Personal Services	1,690,323	1,751,598	1,795,407	2.50%
Expenses	458,313	499,245	508,491	1.85%
<b>TOTAL Library Trustees</b>	<b><u>\$2,148,636</u></b>	<b><u>\$2,250,843</u></b>	<b><u>\$2,303,898</u></b>	<b>2.36%</b>

The Board of Library Trustees is responsible for overseeing the management of the Wellesley Free Library (WFL) which includes 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 programming, the WFL Library provides free and convenient access to information both within and beyond its walls. In the past ten years, use of the WFL website has increased over 500%, a single database has given rise to 48 databases, and books are now available in more than four formats, including e-books and audio books. Online book renewal and self-checkout are also increasingly popular.

The tax-impact WFL budget provides funding for all core services, primarily focused on staffing, collection and technology and accounts for 82% of the WFL budget. Enhancements in terms of programming, specialty collection items, and innovation initiatives are privately funded, primarily through private supporting organizations. Private sources of funding (non tax-impact) accounted for 18% of the total library budget in FY14 and are used to fund the educational and cultural programs/events, annual operating expenses of the branch libraries, collection enhancement, outreach to schools, and technology enhancements. The WFL collects fees and fines which are returned to the Town General Fund and do not contribute to Library operations; in FY14, a total of \$86,323 was returned to the General Fund.<sup>29</sup>

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<sup>29</sup> As allowed by MGL, Chapter 44, Section 53E ½, the Library Trustees have proposed to establish a new revolving fund to begin July 1, 2015 (see Article 14, Motion 2 on page 97) which will enable the fees collected for lost and damaged material to be used for repair and replacement; the late fines for materials returned after the due date will continue to be returned to the General Fund.

Personal services comprise 78% of the tax-impact budget, 15% is allocated for library materials, while 5% covers technology-related expenses and 2% covers supplies. The union contract was settled last year before the closing of the 2014 ATM. FY15 appropriation has been adjusted accordingly, and the post-settlement figures are reflected above. The personal services increases in the proposed budget reflect the new contract with step increases and longevity, an extra day in the FY16 fiscal year, and a State increase in minimum wage. There are no overtime hours in the Library budget but there are shift differentials for working after 5 p.m. and on weekends to reflect contractual obligations. In FY16, there are two significant expense savings. First, WFL will benefit from a change in the formulation of the membership fee for the Minuteman Library Network; this expense is a significant driver of expenses in the WFL budget. Second, the WFL is anticipating a website redesign which will allow for reduction in on-going site management expenses. Overall, the proposed budget is compliant with State guidelines for certification.

From a capital perspective, the proposed budget for the WFL is lower than anticipated in FY15. It includes a regular replacement schedule of computers and peripherals, furnishings repair/replacement, and RFID tags as well as several non-ordinary items, most significantly:

- The installation of a new security system designed in collaboration with the Wellesley Police Department, with cameras monitoring all exits. The current system installed when the building opened 12 years ago is dated and a critical component has failed.
- The redesign of the website intended to improve operating efficiency and customer service. The current site is dated and expensive to maintain, and it lacks functionality to support operating requirements.

Re-carpeting of the second floor of the Library was planned for FY16 and has been deferred to FY17 to accommodate some of the unplanned expenses.

## OTHER COMMISSIONS AND BOARDS

	FY14 Actual	FY15 Appropriation	FY16 Request	FY15-16 Change
Recreation Commission	\$312,817	\$338,714	\$337,833	-0.26%
Board of Health (BOH)	393,407	427,806	504,634	17.96%
BOH – Mental Health Services	215,608	215,691	255,691	18.55%
Natural Resources Commission (NRC)	167,331	223,081	220,942	-0.96%
Morses Pond Project (NRC/DPW/Rec)	144,914	148,670	149,394	0.49%
<b>TOTAL Other Commissions/Boards</b>	<b><u>\$1,234,077</u></b>	<b><u>\$1,353,962</u></b>	<b><u>\$1,468,494</u></b>	<b>8.46%</b>

*Note: Utilities are included under FMD Maintenance Services.*

### Recreation Commission – 5.0 FTE

Consistent with its mission to provide recreational and educational opportunities to Wellesley residents in the most cost-effective manner, the five full-time employees of the Recreation Department, headquartered in the Warren Building, conducted approximately 530 recreational programs serving 7,592 participants last year. Programs offered include cooking, summer camps, sports, technology, self-help, arts and crafts. Tennis court and all-purpose field lighting at Hunnewell Field is a Recreation Commission expense. The Summer Concert Series, the Town-Wide Yard Sale, Toys for Tots Kickoff, outdoor movies, The Wellesley Hills Merchants Halloween Parade and outdoor ice skating at Hunnewell Field are just a few of the free events that were facilitated by the Commission. In addition, the Commission operates the Town facilities at Morses Pond where attendance in 2014 numbered 24,170 visitors.

The Recreation Commission FY16 operating budget includes only tax-impact costs, primarily the salaries for the full-time staff of the Recreation Department. In addition, the Recreation Department has a non-tax impact program budget funded by fees charged to program participants. The competitively-priced program fees, deposited into the program revolving fund, are intended to cover the actual costs of the programs and pay the salary of the part-time employees. The program surplus amounts for the past three years were:

FY12 - \$123,356

FY13 - \$92,204

FY14 - \$65,947

The FY15 surplus is estimated to be \$75,000 and will be determined at the end of June. Beach attendance, which can be impacted by weather, is the major factor affecting the amount of the surplus. Barring any unforeseen events, the Recreation Commission expects beach attendance to increase this year. The department will implement new marketing approaches to boost beach tag sales.

### **Board of Health – 5.6 FTE<sup>30</sup>**

The Board of Health responds to the public health needs of the community, providing environmental health (sanitation) inspectional services, public health nursing services, community health services, communicable disease prevention services, reduction of environmental health hazards (e.g., mosquito and rabies control, lead and asbestos abatement monitoring), employee health/wellness programs, and emergency preparedness services. A core function of the Wellesley Health Department (WHD) is the enforcement of the Massachusetts sanitary codes and regulations pertaining to public health. These codes cover food establishments, housing, camps, swimming pools, Morses Pond, tobacco control and medical waste. In FY14, the BOH collected \$68,946 in fees and fines which was returned to the Town's General Fund.

The WHD budget also funds mental health counselors in the public schools, and subsidizes the Town's mental health service agency, Human Relations Services (HRS), and the Charles River Association, which provides affordable, accessible, quality mental health and counseling services to Town residents regardless of their ability to pay. In September 2013, WHD added a part-time Community Social Worker (CSW) to its staff to provide social services to residents aged 59 and younger (the Wellesley Council on Aging provides services to residents aged 60 and older).

The BOH budget, which has been essentially level-funded for the past decade, has increased by a total of \$116,828 (18.16%) in FY16. The BOH has reinstated the position of Assistant Director with a completely revised job description (Job Group 57) and deleted the Administrator position (Job Group 49); corrected long-standing inequities in the compensation for Public Health Nurses, the Community Health Coordinator and the Community Social Worker; provided for a 0.2 FTE increase in hours for the Community Social Worker; and funded an entry-level per-diem clerical position. These changes in personal services in the BOH budget represent approximately \$78,244 of the budget increase, a 21.8% increase from FY15.

The other driver of the BOH budget increase is an additional \$40,000 (18.5%) grant to the HRS Mental Health Service, bringing it to \$140,560 for FY16. HRS is a private, non-profit community mental health agency which serves Wellesley, Weston and Wayland and is funded entirely by grants from the three participating towns, patients' insurance and private donations. Over the past five years, HRS has seen a striking increase in the total number of children and families requiring services and in the severity of the problems they present; from July 1 to December 2, 2014, 21 Wellesley adolescents have undergone psychiatric hospitalization, the highest total ever in a five month period. From FY09 to FY15, the Town's appropriation for community mental health

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<sup>30</sup> Increase of 0.2 FTE from FY15 to FY16.

services has grown 5%, while HRS's service hours to Wellesley residents will have risen 108% (from 2,321 to 4,825 hours).<sup>31</sup> Concurrently, there has been a significant drop in insurance reimbursement for mental health services and a shift to family insurance plans that have a higher annual deductible.

The BOH budget for the past six years has been relatively flat (average annual growth rate of 1.4% from FY09 to FY15) which includes an essentially level Town appropriation for mental health services in the same time period (0.7% average increase). Although 19.4% is a significant budgetary increase, the total BOH budget is relatively small. Additionally, like all small departments, the BOH experiences "lumpy" budget variances from year to year wherein their budget can be strongly affected by personal service changes for one or two employees.

### **Natural Resources Commission – 3.5 FTE<sup>32</sup>**

The Natural Resources Commission manages park and conservation land, funds public shade tree plantings and care, acquires land and places conservation restrictions on available properties. The NRC also sets policies for pest control and pesticide use, the protection of the Town's forest, and promotes Town-wide environmental stewardship.<sup>33</sup> Representatives from the NRC serve on the Community Preservation Committee (CPC), Fuller Brook Park Committee, 900 Worcester Street Planning Committee, North 40 Steering Committee, Recycling Working Group and the Playing Fields Task Force.

The Commissioners' top priorities are those projects that have capital carry-over from previous allocations, including ongoing projects of the Morses Pond Management Plan; review and adoption of new procedures for the Integrated Pest Management Plan for parks and playing fields; encroachment corrections on NRC land; and parkland paths and sidewalk repairs. The NRC is also developing a long term management and maintenance plan for the Town's eight pond ecosystems not currently being actively managed, to be funded using Community Preservation Act (CPA) funds (see Article 15, Motion 5 on page 100 for more details). In addition, the CPC is funding \$20,000 for an erosion study of the Morses Pond shoreline (see Article 15, Motion 4).

### **Morses Pond Project**

Because the Morses Pond project has sufficient carry-over funds, there is no request for FY16 capital funding to execute the Morses Pond Comprehensive Management Plan. The Morses Pond cash capital principally funds the services of a consulting Pond Manager; the operation of the weed harvester; the operation of the phosphorous inactivation system; and enhanced watershed and low impact design education programs, including rain gardens. This appropriation does not include expenses for water treatment and related activities carried out by the NRC, Recreation, and DPW within their own budgets. More than 465,000 pounds of invasive weeds were removed

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<sup>31</sup> Another way of stating this change is that the Town's funding per service hour has dropped 50%, from \$41.43 in FY09 to \$20.84 in FY15. The BOH has tried to offset a portion of this funding gap by awarding HRS additional end-of-year grants in FY12 through FY15 averaging \$11,467 per year, which raised the compensation by an additional \$2.38 per service hour in FY15.

<sup>32</sup> The NRC has reorganized its employees in FY16, removing the Special Projects position (-1.0 FTE) and increasing the Wetlands Administrator +0.4 FTE to a full-time position. An additional half time (+0.5 FTE) Education and Outreach position has also been added, for a net 0.1 FTE decrease in FY16. The personal services component of the NRC budget has therefore decreased \$12,056 or 5.68% from FY15 with the same number of benefits-eligible positions.

<sup>33</sup> The NRC is charged under Massachusetts General Laws Chapters 40, 45, 87, 131 and 132 and Article 97 of the State Constitution with the statutory responsibilities of Parks Commission, Conservation Commission, Tree Warden, Shade Tree and Pest Control Officer, and Town Forest Committee. The Commission appoints the Wetlands Protection Committee, the Trails Committee, and the Public Shade Tree Subcommittee and oversees special committees such as the Morses Pond Management Committee.

from the pond in 2014, and water quality continues to show improvement with refined treatment practices.

**WELLESLEY PUBLIC SCHOOLS**

	<b>FY15 Appropriation</b>	<b>FY16 Request</b>	<b>FY15-16 % Change</b>
General Education			
Personal Services	\$42,463,141	\$44,445,079	4.67%
Expenses	\$2,988,010	\$3,095,884	3.61%
Total General Operating	\$45,451,151	\$47,540,963	4.60%
Special Education			
In-District	\$13,905,204	\$14,789,408	6.36%
Out-of-District	\$6,974,426	\$7,403,764	6.16%
Circuit Breaker Offset	(\$2,806,162)	(\$2,619,319)	-6.66%
Total Special Education	\$18,073,468	\$19,573,853	8.30%
Total Personal Services	\$55,688,507	\$58,581,251	5.19%
Total Expenses	\$7,836,112	\$8,533,565	8.90%
<b>TOTAL OPERATING BUDGET</b>	<b><u>\$63,524,619</u></b>	<b><u>\$67,114,816</u></b>	<b>5.65%</b>

In FY15, the Wellesley Public School (WPS) system is comprised of ten school facilities, approximately 750 full-time equivalent employees (FTEs) and 4,970 students. For FY16, the School Committee has approved a School Department request for a total budget appropriation of \$67,114,816, reflecting an increase of \$3,590,197 or 5.65% over the FY15 budget appropriation. Personal services comprise the most significant segment of the budget request at \$58,581,251, or 87.3%, of the projected total School Department spending. An analysis of the personal services portion of the budget and on teacher compensation can be found in Appendix E on page 177. The complete details of the FY16 School Budget Request can be found on the Wellesley Public Schools website, [www.wellesley.k12.ma.us](http://www.wellesley.k12.ma.us).

General Education personal services increases are driven by contractual salary increases and by proposed programs described in more detail on pages 66-70. Special Education In-District cost increases result from contractual salary increases and mandated and some elective additional staffing. Out-of-District expense increases arise from tuition increases and Circuit Breaker reimbursement funds. These expense challenges are exacerbated by a reduction in the availability of FY15 carryover Circuit Breaker funds, resulting in an overall Special Education increase of 8.3%. The Special Education budget request is described in more detail starting on pages 71 and in Appendix G on page 184.

## FY16 Budget Summary

The table below summarizes the FY16 budget proposal:

FY16 Budget Components	Budget and \$ Growth	% Budget Growth
<b>FY15 Budget</b>	<b>\$63,524,619</b>	
Base Growth	3,013,127	4.74%
Reconciliation	60,067	0.09%
Level and Mandated Services	839,511	1.32%
Strategic Plan	170,525	0.27%
Other Critical Needs	176,234	0.28%
Savings	(669,267)	-1.05%
<b>FY16 Budget</b>	<b><u>\$67,114,816</u></b>	<b>5.65%</b>

*\*Required to reconcile aggregate salary to detailed salary by employee*

For reasons described in an upcoming section, growth of the “Base” elements of the budget is much larger than in recent years. The Base budget includes salary increases and contractual and mandated items that do not add any internal resources or capabilities to the schools. The contribution to budget growth of 1.3% for Level and Other Mandated Services (which do add to internal educational capability) is similar to experience in recent years. FY15 was the first year of implementation of the strategic plan and Strategic Plan and Other Critical need items accounted for about 2.1% of the 5.6% FY15 budget increase. Because the plan was somewhat front loaded, FY16 Strategic Plan and Other Critical Need items account for 0.6% of the increase, about one fourth the FY15 percentage. Savings were identified that more than offset these items and also covered about one third of the Level Service increase. As a result, Base items contributed to over 83% of the year-to-year budget growth; all other growth totals \$517,003 for level service, strategic plan, other critical needs and savings.

A summary of where the spending is occurring is shown in the following chart for both costs (personal services plus expenses) as well as staffing (FTEs) across the schools and district as well as across the different budget categories. A discussion of each of these components can be found in subsequent sections which address Level Service/Mandated needs, budget reductions, and the categories of Strategic Plan and Other Critical Needs.

## FY16 Budget Process

Similar to FY15, the FY16 budget was built by projecting increases for current staff and known expense requirements and adding Level Services, Strategic Plan investments and finally Other Critical Needs identified during the budget process. The Administration provided three different budget increase proposals: 4.5%, 5.2% and 5.9% and proposed measures to achieve significant savings which were necessary to permit a meaningful level of investment given the significant base budget drivers outlined below. The 5.2% proposal represented a Level Service budget. After consideration, the School Committee voted a 5.65% increase to permit some Strategic Plan investments. The significant cuts that were proposed to create the 4.5% budget, which included approximately 7 FTE position reductions, were not automatically restored in the 5.2% and 5.9% budgets; these resources were redeployed so as to be able to continue to invest in the Strategic Plan initiatives for the district.

<b>Total Non-Base Cost Increases in FY16 School Budget</b>					
	<b>Reductions</b>	<b>Level/Mandated</b>	<b>Strategic Plan</b>	<b>Other Critical Needs</b>	<b>Totals</b>
Preschool	(30,000)	239,496*			<b>\$209,496</b>
Elementary	(59,633)	34,105	102,315	54,568	<b>131,355</b>
Middle		168,189		34,105	<b>202,294</b>
High	(34,105)	306,313	68,210	50,526	<b>390,944</b>
District	(545,529)	91,408		37,035	<b>(417,086)</b>
<b>Total Cost</b>	<b><u>(\$669,267)</u></b>	<b><u>\$839,511</u></b>	<b><u>\$170,525</u></b>	<b><u>\$176,234</u></b>	<b><u>\$517,003</u></b>
<b>Total Non-Base FTE Increases in FY16 School Budget</b>					
	<b>Reductions</b>	<b>Level/Mandated</b>	<b>Strategic Plan</b>	<b>Other Critical Needs</b>	<b>Totals</b>
Preschool		1.0			<b>1.0</b>
Elementary	-2.43	0.5	1.5	0.8	<b>0.37</b>
Middle		2.4		0.5	<b>2.9</b>
High	0.5	4.7	1.0	0.8	<b>6.0</b>
District	-4.61			0.3	<b>-4.31</b>
<b>Total FTEs</b>	<b>-6.54</b>	<b>6.2</b>	<b>2.5</b>	<b>2.4</b>	<b>6.96</b>

\*\$162,718 of Special Education IEP Services are included here to match the detailed review below. The actual distribution is Pre-School, \$56,683; Elementary, \$22,113; Middle School, \$36,201; and High School, \$47,721.

### **FY16 Budget Base**

FY15 was the first year of the Strategic Plan implementation and the budget supported several strategic programs such as Full-day Kindergarten, the House Model at the High School, and materials to support new Science and Social Studies curricula. Budget growth was 5.6% in FY15. Strategic Plan items account for about 2.2% of the growth while Level Service Mandates and Investments accounted for 1.2% and Base increases (primarily salary) accounted for 2.3%.

Anticipating the reduced Strategic Plan expenses in the second year of the plan, the School Committee and Administration responded to the Selectmen's March 2014 request for an FY16 expense growth projection with a 4.5% estimate. Unfortunately, FY15 expenses are projected to be well above budget, creating significant challenges relative to the 4.5% growth target (see Article 7, Motion 2 on page 34 for details of the additional school supplemental funding request for the FY15 budget).

Because FY15 budget gap items have a significant impact on the FY16 budget, Advisory is providing an analysis of what we are calling the Base budget increase, where again the Base portion reflects increases that do not add any internal resources or capabilities. It includes non-controllable items such as contractual salary obligations, mandated Out-of-District Special Education tuitions and other budget increases that are continuations of unplanned FY15 expenditures. Level and additional mandated services will include additional staff and expenses in FY16 that are needed to provide the same quality of education to respond to changes in enrollment and in the needs of the Special Education student population. The table below shows the primary FY15 expense gap items that will affect FY16 and the non-controllable FY16 budget items that together form a Base FY16 expense level.

Base Budget Increases	FY15 Budget Gaps	FY16 Increase	Total Increase
Salary	(\$271,330)	\$2,169,458	\$1,898,128
Special Education	660,332	(72,209)	588,123
Other	501,408	25,468	526,876
<b>Total Increase</b>	<b><u>890,410</u></b>	<b><u>2,122,717</u></b>	<b><u>3,013,127</u></b>
% of FY15 Budget	1.40%	3.34%	4.74%

The FY15 Budget Gaps column in the chart above identifies issues which are driving expenses above budget in FY15. Because of higher than anticipated turnover, salaries are expected to be favorable to the FY15 budget. The FY16 Salary item consists of contractual Cost of Living Adjustment (COLA), step, lane and longevity increases as well as anticipated turnover. Unfortunately, due primarily to some unplanned and expensive external placements, Special Education will be significantly over budget in FY15 and that is expected to carry into FY16. The "Other" category includes a number of significant items. A new law passed last summer (Chapter 222) requires school districts to provide external educational support for students who are excluded from WPS for legal or disciplinary reasons, contributing about \$80,000 to the FY15 budget gap and an additional \$15,500 to the FY16 increase. Underestimates on substitute teacher costs and significant budget trend corrections also contributed and these additional items are expected to carry over into FY16 as well.

The 4.7% Base budget increase is much higher than would normally be expected. Over the last few years, Base items have contributed about 2.5% of the budget growth. In FY16, about 30% of the increase is based on FY15 unplanned expenses that will continue and the other 70% is driven by FY16 salary increases, most of which are contractual. More detail on each of these drivers can be found in Appendix D on page 175.

The proposed overall budget increase is \$3.6 million of which the base budget increase is approximately \$3.0 million. As indicated above, salary-related items for existing staff account for about \$1.9 million of the increase. After salary, Special Education accounts for most of the remaining increase:

Approximate Increases in FY16 Special Education budget	
Base*	\$600,000
Level Service, Strategic Plan, Other Critical	480,000
Salary increases for existing staff**	510,000
Savings	(90,000)
<b>Total</b>	<b><u>\$1,500,000</u></b>

\*Includes Circuit Breaker. \*\*Is Included within the overall \$1.9 million of salary increase.

Together, salary increases and Special Education account for 68% of the gross spending increase in FY16 and 80% of the net spending increase (after savings).

### Additional Revenue Sources

It is important to note that the tax-impact appropriations identified in the operating budget above are only a part of the total school budget, as there are significant additional resources which come from local revenue as well as state and federal grants. The FY16 local revenue includes Circuit

Breaker funding of approximately \$2.6 million to offset some Special Education costs, a METCO<sup>34</sup> offset of \$90,000 and \$1.14 million (down from 1.3 million in FY15) in parent-generated fees for arts, athletics, student activities, buses, and parking. The largest state and federal grants include the Individuals with Disabilities Education Act (IDEA) grant for \$1.1 million to support Special Education and a METCO grant of \$826,000.

	<b>FY15 Appropriation</b>	<b>FY16 Request</b>	<b>% Inc/Dec</b>
Total Local Revenue & offsets	\$4,527,931	\$4,182,298	-7.63%
Total State, Federal and Other	2,564,635	2,644,804	3.13%
<b>Total</b>	<b><u>\$7,092,566</u></b>	<b><u>\$6,827,101</u></b>	<b>-3.74%</b>

**SCHOOLS – Level and Mandated Services**

<b>Level and Mandated Services</b>	<b>8.6 FTE</b>	<b>\$839,511</b>
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The increase in the FY16 budget to support Level and Mandated Services, driven primarily by enrollment changes and the impact of different size cohorts as they move through the system, is \$839,511. This figure is comprised of \$576,817 in Personal Services and \$262,694 of Expenses.

Staff additions to support Level and Mandated Services are 8.6 FTE and are primarily at the Middle and High schools as that is where the enrollment increase will be seen this year and in FY17 (see chart on page 64). The projected increase across the district for FY16 is essentially flat; there was a decrease of seven at the elementary schools, a decrease of 19 at the middle school and an increase of 26 students in the high school. For an in-depth look at the enrollment history, projections and analysis, see Appendix F on page 182 of this Report.

<b>Pre-School and Special Education Level Service and Mandates</b>	<b>1.0 FTE</b>	<b>\$239,496</b>
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School districts are mandated by federal Special Education law to provide services for children who have been identified with a disability beginning on their third birthday and extending through graduation from high school or age 22, whichever comes first. Planning for these incoming students is unpredictable and therefore the needs fluctuate from year-to-year.

<u>Individual Education Plan (IEP) Services</u>	<u>\$162,718</u>
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As more students with needs enter the WPS, the number of IEPs to be administered increases and the number of students eligible for IEPs has been steadily growing over the years. Currently, there are 909 IEPs compared to 888 in FY14. As students move through the system, their needs generally change and the costs often increase.

<u>Additional PAWS Classroom</u>	<u>1.0 FTE</u>	<u>\$ 68,210</u>
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Many students with special needs enter WPS at the preschool level and take part in Wellesley’s integrate preschool, PAWS. Currently at PAWS there are 70 students (about half with special needs) with a projected enrollment of 72 in FY16 and 99 in FY17. There are currently two sections over the State’s class size guidelines (seven special needs children and eight “typical” children per classroom). Because PAWS is not currently in compliance with State guidelines, the School

<sup>34</sup> The METCO program is a grant program funded by the Commonwealth intended to expand educational opportunities, increase diversity, and reduce racial isolation, by permitting students in certain cities to attend public schools in other communities which have agreed to participate.

Committee is operating under a one-year waiver from the Department Elementary and Secondary Education (DESE), which must to be addressed in FY16. An additional classroom is required to bring the Town into compliance. The School Facilities Committee (SFC) is addressing preschool enrollment needs by requesting feasibility funds at this Town Meeting to consider adding classroom space; see Article 16 on page 102 of this Report.

Special Education Translations \$8,568

Several families require a translator be present when they meet with district personnel. This covers that cost. Document translations are handled under the district translation budget.

<b>Elementary School Level and Mandated Services</b>	<b>0.5 FTE</b>	<b>\$34,105</b>
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<u>ELL Teacher</u>	<u>0.5 FTE</u>	<u>\$34,105</u>
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The number of ELL students has steadily increased and is now over 100 with an increase of 12 ELL students at Hardy from October 2013 to October 2014. The State has cited WPS as needing additional staff for instruction. Many students enter with very little English or formal schooling. To address the needs of this growing cohort, additional staffing is required that will enable the school to accommodate these students' needs through flexible grouping. In FY15, a 0.5 FTE position was added at Hardy and this position will likely be shared between Fiske and Hardy, depending on enrollment.

<b>Middle School Level and Mandated Services</b>	<b>2.4 FTE</b>	<b>\$168,189</b>
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<u>Cluster/Team Staffing</u>	<u>2.0 FTE</u>	<u>\$136,420</u>
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To fulfill a contractual agreement to reduce Department Head's teaching load by one class in FY16 and have the ability to shift the teaching staff around, the addition of 2 FTEs is requested. Each grade level has a unique configuration of teachers geared towards managing the almost 1200 students in the middle school. Both the School Committee and the Administration agree that this will allow for flexibility in dealing with spikes in enrollment while maintaining consistency in the teaching structure at the middle school.

<u>Two Additional CML sections</u>	<u>0.4 FTE</u>	<u>\$ 27,284</u>
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The projected Grade 7 enrollment increase of 32 students has created the need for two additional Spanish sections in FY16 to reduce class size from 25 to 22.

<u>Athletic Coaches</u>		<u>\$ 4,485</u>
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<b>High School Level and Mandated Services</b>	<b>4.7 FTE</b>	<b>\$306,313</b>
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An enrollment increase of 26 students at the high school has resulted in the need for additional staff.

<u>HS Special Education Language-Based Program Teacher</u>	<u>1.0 FTE</u>	<u>\$ 68,210</u>
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Eight students requiring support are transitioning from the Middle School to the High School in addition to the 16 students currently in a language program Learning Center

<u>HS Special Education Literacy Teacher</u>	<u>0.5 FTE</u>	<u>\$ 34,105</u>
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The creation of an in-district literacy program for students with traits and characteristics of dyslexia at the Schofield Elementary School nine years ago has generated a cohort of students who are now entering the high school. The current caseload is 31, and with an expected 20 additional students in FY16, more staffing is requested. As a result of the intervention support in both

General and Special Education for students moving from the elementary school to the Middle School, there is still a need for the same level of staffing at the Middle School.

Classic and Modern Language section	0.2 FTE	\$13,642
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Math section	0.2 FTE	\$13,642
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English section	0.2 FTE	\$13,642
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Computer Science section	0.2 FTE	\$13,642
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To meet student demand, additional sections are needed for Classic and Modern Languages, Computer Science, Math and English. Computer science is one of the most in-demand electives at the high school and only one class a semester is offered. The addition of this section would allow Introduction to Computer Science and AP Computer Science to be offered every year.

Classic and Modern Language Lab	0.2 FTE	\$13,642
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Math Lab	0.4 FTE	\$27,284
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These sections were negotiated as part of the contract to provide more options for student support and CML.

Mental Health Worker	1.0 FTE	\$68,210
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This position is proposed to assist Guidance Counselors, House Masters and Special Education professionals in dealing with increases in mental health issues across the High School population. Two positions in this area were eliminated to support this role.

Library TA	0.8 FTE	\$20,246
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This position will replace a 0.5 FTE Library teacher and will reduce cost and increase coverage.

Assistant Athletic Trainer		\$12,500
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Athletic Coaches		\$ 7,548
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Wellesley has the highest number of students participating in athletics in the State. As an increasing number of students participate in the athletics program, there is the need for an additional athletic trainer and coaches for volleyball and track.

<b>District Needs</b>		<b>\$91,408</b>
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This category covers network technology warranties, production center paper costs, and software licenses.

<b>Savings</b>	<b>(7.54 FTE)</b>	<b>(\$669,267)</b>
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In order to meet the increasing contractual obligations while at the same time meeting the needs of the growing and shifting enrollment of the Wellesley Public Schools, the School Department and the School Committee began their budget process by identifying savings and efficiencies. Through this process, they identified savings of \$384,245 in personal services and \$194,307 in expenses which helped establish their 4.5% budget. These cuts were not fully restored in the 5.65% budget approved by the School Committee. The following reductions are part of the current budget:

Reduction of hours for TAs and Paraprofessionals (\$156,733)  
 Currently, paraprofessionals and teaching assistants work full days on early release days. This proposes the reduction of six hours/month at the elementary level corresponding to two of the four early release days and three hours/month at the secondary level.

Special Education TA/Paraprofessional	-3.0 FTE	(\$100,128)
Education Materials		(\$67,521)
Elementary TAs, lunch monitor	-2.43 FTE	(\$59,633)
Admin, Consulting, Advertising, Technology		(\$57,900)
Secretarial, Production Center Reductions	-1.11 FTE	(\$45,901)
Vocational School Tuitions		(\$49,256)
High School Library teacher	-0.5 FTE	(\$34,105)
Professional Development Substitutes		(\$30,000)
ELL Translations		(\$28,390)
Transportation Dispatch	-0.5 FTE	(\$18,460)
Preschool tuition increases		(\$30,000)
Budget offset changes		\$8,760

**SCHOOLS – STRATEGIC PLAN INVESTMENTS**

<b>Strategic Plan Investments</b>	<b>2.5 FTE</b>	<b>PS: \$170,525</b>
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Note: As a reference for this section, the full Strategic Plan for Wellesley Public Schools can be found on the WPS website, [www.wellesley.k12.us](http://www.wellesley.k12.us).

Elementary World Language 1.5 FTE \$102,315

The FY15 budget funded a consultant to help develop a World Language program across all elementary grades with language acquisition as a key goal. The instructional time goal is 90 minutes per week. After-school world language programs were instituted at every elementary school this year. The FY16 budget proposes piloting World Language at two schools in grades K-2 by hiring teaching staff at the level of 1.5 FTE. Each of the two schools would be staffed by a 0.5 FTE teacher and the additional 0.5 FTE would be the coordinator for the program in the pilot stage who would manage the full-scale implementation of the World Language program in future years. In FY17, 3.0 FTEs would be added to implement the program across all K-2 sections and pilot the program in Grades 3-5. In FY18, 3.0 FTEs would be added to complete the program across all elementary grades.

High School Evolutions Program 1.0 FTE \$68,210

Last year, the Administration began investigating interdisciplinary programs to see if see if an innovative approach might create different kinds of learning opportunities for students. There was extensive investigation of programs at Concord-Carlisle, Needham and Brookline. Evolutions will be a year-long program for juniors and seniors with capacity of 80 to 100 students. It will be an interdisciplinary, project-based approach to learning which will incorporate Math, English, Social Studies, Science (primarily biology), and art. Existing staff members are available to fill all positions except for the art component of the program; this request is for an art teacher to complete the staff roster. Students will have the opportunity to take one class outside the program and Evolutions faculty will teach one class outside the program.

## SCHOOLS – OTHER CRITICAL NEEDS INVESTMENTS

<b>Other Critical Needs</b>	<b>2.4 FTE</b>	<b>PS: \$176,234</b>
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<u>High School/Middle School Team Chair</u>	<u>1.0 FTE</u>	<u>\$68,210</u>
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Special Education services are managed by department heads at both the Middle School and High School. Currently, they are assisted by a 0.5 FTE (half time staff) Team Chair at each school. This request increases the Team Chair role to a full time position at each school and is being driven by student caseload as well as supervision and evaluation requirements. At the Middle School, there are currently 195 students eligible for Special Education services and 22 students at private school (paid by parents) for whom the district still has legal responsibility. Management responsibilities include 5 specialized programs and 10 learning centers. From a staff standpoint, 24 Special Education teachers need to be evaluated six times annually and 33 teaching assistants and paraprofessionals need to be evaluated annually. At the High School, 217 students are eligible for Special Education services with 26 students at private school. Management responsibilities include six specialized programs and nine learning centers. From a staff standpoint, 24 Special Education teachers need to be evaluated six times annually and 30 teaching assistants and paraprofessionals need to be evaluated annually.

<u>Elementary General Education Social Worker</u>	<u>0.5 FTE</u>	<u>\$34,105</u>
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This position is proposed to support students and families with social and emotional challenges that impact learning capacity. This role will provide direct service to students and families in the areas of mental health, absences and housing and will provide referrals to outside agencies that can provide assistance. These needs are being addressed now by principals and school psychologists, diluting their ability to fulfill core responsibilities.

<u>Position expansions</u>	<u>0.9 FTE</u>	<u>\$73,919</u>
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The Upham Literacy Specialist position will be increased from 0.5 FTE to 0.8 FTE. All other elementary schools have 1.0 FTE Literary Specialist. The ELL Director position will be increased from 0.5 FTE to 0.6 FTE to manage an ELL population which has grown from 94 students in FY14 to 110 in FY15, with correspondingly increased staff. The Performing Arts Auditorium Manager will be increased from 0.4 FTE to 0.7 FTE to manage the increasingly complex productions and equipment at the High School and provide courses in stage craft and technical theater. Finally, the position of Library Director at the High School will increase from 0.4 FTE to 0.6 FTE.

### **School Benefits Estimate**

In 2013, the BOS implemented a policy that required any department proposing to add a benefited position in the next fiscal year to make a one-time payment of \$20,000 to the General Insurance Fund to cover the new employee's benefits for one year. Similar contributions are made annually on behalf of each existing full-time Town employee but these costs do not appear in the operating budgets of the individual departments. The \$20,000 payment is a reminder to Town Meeting and Town departments of the non-salary costs associated with benefited positions. In the case of a Teaching Assistant, the payment is \$7,900 which reflects the fact that on average, this group of employees selects Individual rather than Family health plans. The benefits payments do not actually come out of the operating budgets of the department in the first (or any subsequent) year of full-time employment but this policy helps to make the employee benefits costs more transparent. The chart below shows the estimated benefit impact for new, reduced and eliminated positions in the school department. Only position changes with benefit impacts are included.

FTE	Position	Salary	Est. Benefit Cost	FTE	Position	Salary	Est. Benefit (Savings)
1.00	Pre-K Teacher	\$68,210	\$20,000	-0.55	Central Office Special Ed Sec	(\$26,460)	(\$20,000)
0.50	ELL Teacher	34,105	20,000	-0.50	Librarian	(34,105)	(20,000)
1.00	World Language	68,210	20,000	-1.00	Grade 1 TA	(25,308)	(7,900)
0.50	World Language	34,105	20,000	-1.00	Grade 1 TA	(25,308)	(7,900)
0.50	Social Worker	34,105	20,000	-1.00	TA/Para	(33,376)	(7,900)
1.00	MS Team Teacher	68,210	20,000	-1.00	TA/Para	(33,376)	(7,900)
1.00	MS Team Teacher	68,210	20,000	-1.00	TA/Para	(33,376)	(7,900)
1.00	MS/HS Team Chair	68,210	20,000	-0.50	Dispatcher	(18,460)	(20,000)
1.00	HS Evolutions Teacher	68,210	20,000				
0.80	HS Library TA	20,246	7,900				
0.60	HS Math Enroll/Labs	40,926	20,000				
0.30	HS Auditorium Manager	16,421	20,000				
0.50	HS Special Ed Literacy	34,105	20,000				
1.00	HS Language Based	68,210	20,000				
1.00	HS Mental Health	68,210	20,000				
<b>11.70</b>	<b>New Positions</b>	<b><u>\$759,693</u></b>	<b><u>\$287,900</u></b>	<b>-7.54</b>	<b>Reductions</b>	<b><u>(\$417,700)</u></b>	<b><u>(\$99,500)</u></b>
<b>4.16</b>	<b>Net Change</b>	<b>\$341,993</b>					

## SCHOOLS – SPECIAL EDUCATION

State and Federal law mandates that Wellesley Public Schools provide Special Education services to eligible students, beginning at age three and continuing until age twenty-two or high school graduation, whichever occurs first. Students are evaluated and, if eligible, an Individual Educational Program (IEP) is developed for them. The law mandates that all Special Education children receive services that allow them to access and progress in public education in the least restrictive environment possible. The majority of Special Education students are served by WPS staff through In-District (ID) programs. 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 (OOD), State-approved Special Education placement. For more detail on Special Education, please see the Advisory March 2015 Update in Appendix G on page 184.

The total Special Education portion of the general operating budget request is \$19,573,853, an overall increase of \$1,497,385 (8.3%) from FY15. Both ID and OOD costs are up significantly.

Program	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Request	% Inc/Dec
In-District	\$11,456,289	\$12,650,135	\$13,688,527	\$13,706,166	\$14,789,408	7.9%
Out-of-District	\$3,642,415	\$4,731,158	\$4,161,911	\$4,367,302	\$4,784,445	9.6%
<b>TOTAL</b>	<b><u>\$15,098,704</u></b>	<b><u>\$17,381,293</u></b>	<b><u>\$17,850,438</u></b>	<b><u>\$18,076,468</u></b>	<b><u>\$19,573,853</u></b>	<b>8.3%</b>

To offset the costs generated by these mandated programs, the Schools receive reimbursement from the State in the form of Circuit Breaker<sup>35</sup> (CB) funding. The table above is net of these reimbursements, which are designed to assist school districts in managing the increasingly high costs associated with OOD tuition. CB reimbursement is based on costs from the previous year. Because CB reimbursement lags actual expense increases or decreases by one year and because School Committees can carry over reimbursement for one year and use it to reduce expenses in the next year, the use of CB reimbursement funds can mask changes in actual spending. The table below illustrates some of the distortions in spending growth that the timing and amount of CB funding can create:

Program	FY16 Net Growth	FY16 Growth	5 Year Net Growth	5 Year Growth
In-District	7.9%	6.4%	5.2%	5.2%
Out-of-District	9.6%	6.2%	5.6%	1.6%
<b>TOTAL</b>	<b>8.3%</b>	<b>6.3%</b>	<b>5.3%</b>	<b>3.9%</b>

Net Growth columns in the above table includes the use of CB funds to reduce spending and match the operating budget. The Growth columns represent gross program spending. In FY16, the level of CB funds available will be less than in FY15 so the net budget growth overstates growth in real program spending. Looking at changes over five years, the Net column indicates similar growth for ID and OOD programs while the gross growth percentages show that ID programs have grown faster as we introduced additional programs within WPS and that the resulting ability to serve more students in-house reduced OOD program cost growth. Net growth is what we see in the operating budget but real program growth is what the School Committee and Administration can manage. Advisory believes a more explicit policy for the use of CB is one element that could improve understanding and management of real WPS spending growth.

<sup>35</sup> Circuit Breaker funding is not calculated on an aggregate basis for the school system but rather on an individual student basis if that child's costs exceed the CB threshold. Circuit Breaker funding reimburses a percentage of costs above the CB threshold and both the threshold and percentage are set by the State and vary annually. In addition, a certain percentage of CB funding may be carried over for one additional fiscal year to help "smooth out" the OOD budget, which is subject to large, unpredictable swings. For FY16, the CB threshold is estimated to be \$41,408 and the percentage is expected to be 70%. See Appendix G on page 184 for more details.

## In-District Budget

Program	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Request	% Inc/Dec
Inclusion	\$6,350,411	\$8,310,275	\$8,215,159	\$8,425,675	\$9,103,381	8.0%
Specialized Programs	\$4,979,748	\$4,443,829	\$4,946,163	\$5,120,568	\$5,328,910	4.1%
Transportation	\$126,130	\$171,031	\$527,205	\$358,961	\$357,117	-0.5%
Circuit Breaker		(\$250,000)		(\$199,038)		
<b>Total In-District</b>	<b><u>\$11,456,289</u></b>	<b><u>\$12,650,135</u></b>	<b><u>\$13,688,527</u></b>	<b><u>\$13,706,166</u></b>	<b><u>\$14,789,408</u></b>	<b>7.9%</b>
<i>Number of students*</i>	888	809	772	877	854	

\*NOTE: All student numbers are given as of October 1 for the actual or budget year and as of March 2015 for FY16.

In-District costs increased in total by almost \$1.1 million. Personal services, which typically account for about 90% of ID costs, contributed about \$900,000 of the increase, and salary increases for current staff dominates. Proposed additional staff members, listed below and described in more detail in the Level Service and Strategic Plan sections, contribute \$306,945 to the \$1.1 million increase. Savings resulting from the elimination of 3.5 FTEs and the reduction of TA and paraprofessional hours totaled over \$200,000, offsetting some of the increase. Circuit Breaker was used in 2015 to reduce ID salaries but will not be able to be used as an ID offset in FY16, contributing almost \$200,000 to the personal services increase so these two factors effectively cancel each other out. ID expenses increased by almost \$200,000 due to increases in specific support for individual students as required by their IEPs.

Staff Increase	FTEs	Salary
Pre-K teacher	1.0	\$68,210
High School Language teacher	1.0	\$68,210
High School Literacy teacher	0.5	\$34,105
High School/Middle School Team Chair	1.0	\$68,210
Mental Health professional	1.0	\$68,210
<b>Total</b>	<b>4.5</b>	<b><u>\$306,945</u></b>

## Out-of-District Budget

Program	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Request	% Inc/Dec
Tuitions	\$6,209,505	\$6,232,112	\$5,853,598	\$6,000,916	\$6,484,852	8.1%
Transportation	\$635,833	\$712,604	\$630,092	\$973,510	\$918,912	-5.6%
Circuit Breaker	(3,202,923)	(2,213,558)	(2,321,779)	(2,607,124)	(2,619,319)	
<b>Out-of-District</b>	<b><u>\$3,642,415</u></b>	<b><u>\$4,731,158</u></b>	<b><u>\$4,161,911</u></b>	<b><u>\$4,367,302</u></b>	<b><u>\$4,784,445</u></b>	<b>9.6%</b>
<i>Number of students*</i>	78	75	66	67	66	

The Out-of-District (OOD) budget is comprised of three elements: the tuition costs for students who are placed in programs outside of the District where the students' specific disabilities can be addressed, transportation costs and the revenue offset from Circuit Breaker funds received from the State. Tuitions for OOD students are increasing by almost \$500,000 in FY16. The number of

OOD students in FY16 is almost the same as the FY15 budget but the composition has shifted significantly and this pattern is expected to continue into FY16. The FY15 budgeted number of students in WPS directed placements was 61 with six placements based on legal settlements. The actual experience is 52 WPS placements and 11 legal settlements, contributing about \$200,000 to the increase. The rest of the increase resulted from the placement of two OOD students from day to residential programs. Transportation costs fell by almost \$55,000 and Circuit Breaker funds used to offset expenses are almost flat. It looks a little counterintuitive that the overall increase of 9.6% is higher than the tuition increase as the dollar increase in both cases is about the same. However, for OOD total cost, the increase is calculated on a smaller FY15 base (\$4.4 million) than that of tuitions (\$6.0 million) because of the Circuit Breaker impact.

**SCHOOLS – CASH CAPITAL**

The School Committee is requesting \$856,066 for the FY16 capital budget; \$128,381 for Furniture, Fixtures and Equipment (FF&E) and \$727,685 for Technology. This budget is \$65,036 (8.2%) above the FY15 Cash Capital appropriation of \$791,030.

	<b>FY13 Actual</b>	<b>FY14 Actual</b>	<b>FY15 Appropriated</b>	<b>FY16 Request</b>	<b>% Increase</b>
FF&E	\$296,544	\$212,666	\$163,562	\$128,381	-21.6%
Technology	\$553,661	\$590,469	\$627,468	\$727,685	16.0%
<b>Total</b>	<b><u>\$850,205</u></b>	<b><u>\$803,135</u></b>	<b><u>\$791,030</u></b>	<b><u>\$856,066</u></b>	<b>8.2%</b>

**Furniture, Fixtures & Equipment (FF&E) **\$128,381****

Items included in this portion of the budget have a limited life cycle but are not replaced annually. About 62% of the FY16 FF&E budget (\$80,000) is being spent at the elementary schools for various rugs, risers, locking file cabinets, shelves, storage carts, carpets, chairs, risers, music stands, and a medical cart. Each elementary school’s cash capital request is individualized, but they are all receiving roughly \$10,000 in cash capital spending with Bates and Hunnewell receiving slightly more (about \$15,000 each). About 23% of the spending is district-wide, to be used for cameras on the Special Education vans, replacement of a vision machine (nursing equipment which is used by all schools), and to digitize payroll and Special Education records that the district is mandated to retain. The Middle School is requesting a total of \$7,000 for room partitions, an Automated External Defibrillator (AED) machine and art equipment, while the High School is requesting \$3,000 to replace a fitness room bicycle. The preschool (PAWS) is requesting about \$9,000 for replacement furniture for two classrooms and new furniture for an anticipated additional classroom in FY16.

**Technology **\$727,685****

Three components make up the technology piece of the capital budget: replacement hardware, new hardware, and infrastructure. Computers, tablets and accessories are for both students and staff. They support the new online Department of Elementary and Secondary Education (DESE) Assessment system and Partnership for Assessment of Readiness for College and Careers (PARCC) field testing beginning in FY14 with full implementation planned for FY15.

<b>TECHNOLOGY</b>	<b>FY16 Request</b>
Hardware - new	\$236,320
Hardware - replacement	\$483,865
Infrastructure	\$7,500
<b>Technology Total</b>	<b><u>\$727,685</u></b>

The replacement cycle for desktop and laptop computers is seven and five years, respectively. In FY16, \$483,865 will be spent on the replacement of desktops, laptops, iPads, printers, network infrastructure, servers, projectors, scanners and digital video cameras in keeping with this schedule. Laptop MACs at \$159,692 and Network Infrastructure at \$150,489 are the largest components of replacement spending. Network infrastructure includes switch replacements and wireless access points. In FY16, the School Department plans to complete its wireless infrastructure upgrades, providing one wireless Access Point (AP) in each Grade 5-12 classroom and one AP in every other classroom in preschool and Grades K-4. Significant improvements in bandwidth with the new 802.11ac standard APs will allow multiple devices on a network which will greatly benefit the 1:1 classes. Greater efficiency in data transfer will also use less power consumption and improve the battery life of all devices.

The new hardware cost of \$236,320 will be spent on SmartBoard/projector installations, additional computers for enrollment and program changes, audio-visual installations for Grades 7-8 and eight new black and white printers for the elementary schools as the School Department transitions from printing with classroom inkjets to printing with one centralized printer in each library.<sup>36</sup> The largest new capital request is \$102,136 (43% of the new hardware budget) for the 1:1 initiative at the Middle School to be used for the purchase of tablets for educators, charging carts, loaner tablets, and tablets for those students who do not have their own. An earlier budget request of \$108,864 to purchase iPads for eighth graders (which would later be repurposed for the Grades 3-4 1:1 initiative pilot starting in FY17) was removed from the budget by the School Committee.

The Grade 6 1:1 initiative was launched in October 2014 and includes three options for participation. “Bring Your Own Device” (BYOD), purchase/lease, or use of a school-based loaner iPad during the day are all possibilities, and students choosing the last option now have the ability to take home their iPads for homework and projects. The budget also includes accommodations for financial assistance.<sup>37</sup> New apps for iPads (as well as all software licenses) are funded through the operating budget, not cash capital.

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<sup>36</sup> Eliminating individual classroom printers reduces the toner supply cost for both color and black and white printing.

<sup>37</sup> Currently, 65% of the students have leased or purchased a device, 21% have chosen BYOD, 9% use a school device, and 5% need financial assistance.

## BOARD OF SELECTMEN – EMPLOYEE BENEFITS

	FY14 Actual	FY15 Appropriation	FY16 Request	FY15-16 Change
Group Insurance	\$14,899,564	\$16,069,084	\$17,978,383	11.88%
Workers Compensation	720,209	517,860	517,860	0%
OPEB Liability Funding	1,200,000	1,200,000	1,200,000	0%
OPEB Liability Funding Exclusion	1,800,000	1,800,000	1,800,000	0%
Retirement Contribution	5,008,205	5,943,377	6,150,755	3.49%
Unemployment Compensation	200,000	200,000	150,000	-25.00%
Compensated Absences	15,132	90,000	90,000	0%
Non-Contributory Pensions	16,688	16,700	18,116	8.48%
<b>TOTAL Employee Benefits</b>	<b><u>\$23,895,798</u></b>	<b><u>\$25,837,021</u></b>	<b><u>\$27,905,114</u></b>	<b>8.00%</b>

### Group Insurance

The Group Insurance budget covers the Town's share of annual health insurance premiums for active and retired employees. In addition, it includes life insurance, dental insurance, long-term disability insurance, worker's compensation, an employee assistance program, and the Town's share of the Federal Medicare tax. 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 percentage of the total budget (\$18.0 million, an 11.9% increase, corresponding to 13.0% of the \$137,895,819 in net revenue projected for FY16). Growth in premium cost had slowed in recent years because the Town had moved to alternate coverage (the Rate Saver plans) within the health insurance collaborative, West Suburban Health Group (WSHG), to which it belongs. Last year, WSHG had a total reserve of \$21 million, which was anticipated would be paid to members as a one-time dividend or a rate reduction for FY16. Unfortunately, rates have increased so significantly (by 9-14% for active employees and 2.5% for retirees) that the Town is in the process of deciding whether it will leave the WSHG. Its options include negotiating a new health plan arrangement within the WSHS (which would require agreement with the unions) or joining the Group Insurance Commission (GIC) instead. The GIC provides health insurance benefits for State employees and some other municipalities, including Bedford, Brookline and Weston. The procedure for a town to move to the GIC is outlined in the Massachusetts General Laws, Chapter 32B, Sections 21-23, and requires a vote by the Selectmen without the need for a collective bargaining agreement from the unions. There is a minimum three-year commitment to remain in the GIC and the earliest effective date of entry would be July 1, 2016. The projected annual savings of \$3 to \$4 million from a move to the GIC could therefore not be realized until FY17.

The Town has been in negotiation with the unions since January 2015 to achieve savings in the West Suburban Health Care plans by moving to a "Fallon as Primary" option. Under this arrangement, the Town would continue the current Fallon healthcare plans and convert the Town's contributions to these plans to a dollar amount that would be the Town's maximum contribution towards the premium of all other non-Fallon HMOs. The Town might also pay employees to "opt out" of the Town's health insurance programs. The BOS estimates that savings to the Group Insurance could exceed \$1.5 to \$2 million in FY16. The Town and unions are expected to reach a decision on the "Fallon as Primary" option before ATM, but after this report

goes to print. Budget closure scenarios are expected to be highly dependent on whether the Town can achieve these projected savings.

### **OPEB Liability Fund**

Other (than pension) Post-Employment Benefits (OPEB) liabilities are the actuarially-determined amount of the Town's obligation to subsidize a portion of the cost of medical insurance in future years for retired Town and School employees.<sup>38</sup> Drivers of OPEB liability costs include health care costs, the size of the eligible population, and the level of benefits provided. Health care cost inflation, an aging population, consistent benefit offerings, and longer life expectancy have collectively served to increase OPEB costs in recent years.

Until FY06, Wellesley, like other municipalities, funded retiree health care costs entirely on a pay-as-you-go basis. Unfortunately, these funds were not adequate to cover the actuarial cost of benefits earned during prior years, resulting in an OPEB funding liability. As of June 30, 2014, the unfunded liability was \$78.3 million, and it is projected to grow modestly in FY16 before declining in subsequent years. The annual \$3 million appropriation is intended to eliminate that unfunded liability by 2037, and is made in addition to the pay-as-you-go ("normal") costs. Of the \$3 million funding, \$1.2 million comes from within the tax levy and \$1.8 million comes from a ten-year exclusion voted in FY07. The BOS is currently evaluating how to address the obligation when the exclusion expires in FY17. One option is to vote a new 10-year debt exclusion, which would have no new tax impact to Town residents. Another option is to increase the amount included under the levy each year by \$600,000 until the full \$3 million is covered without a debt exclusion (*i.e.*, increase the OPEB contribution to \$1.8 million within the levy in the first year, to \$2.4 million the next, and finally to \$3 million). Although the BOS contemplated this latter approach, it ultimately decided to leave the OPEB funding plan unchanged from FY15. Note that the Town's Electric, Water and Sewer enterprises fully fund their own share of the OPEB liability.

### **Pension/Retirement Contribution**

The majority of Town employees participate in a defined benefit plan, the Wellesley Contributory Retirement System (WCRS). Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System to which the Town does not contribute. WCRS members are required to contribute between 5% and 11% of annual covered compensation, with the Town required to pay its share of the actuarially-determined contribution. A chart of the pension contribution from FY10-FY16 is shown below:

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<sup>38</sup> Teachers do not participate in the Town's pension program because they are covered by the teachers' pension system administered by the State. Municipalities do, however, bear a portion of the cost for the teachers' post-retirement health insurance.

	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Requested
Contributory Retirement Pension Contribution	\$1,000,000	\$2,000,000	\$3,125,026	\$3,813,733	\$5,940,854	\$6,990,627	\$7,234,604
Tax Impact Portion	1,000,000	1,732,000	2,630,273	3,209,844	5,008,205	5,943,377	6,150,755
Year-over-year increase in tax impact portion	+1,000,000	+732,000	+898,273	+579,571	+1,798,361	+935,172	+207,378
Percentage increase in tax impact portion		73.2%	51.9%	22.0%	56.0%	18.7%	3.5%
<i>NOTE: Town contributions to the Retirement Pension Fund recommenced in FY10.</i>							

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 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. Beginning with a request from the Board of \$1.0 million in funding for FY10, the contribution has increased substantially each year to \$7 million in FY15. Though global financial markets have recovered since 2008, a large unfunded pension liability still exists. This liability necessitates a \$7,234,604 contribution for FY16 and higher contributions in future years to amortize the still-remaining unfunded liability, in addition to paying the yearly normal cost for new growth. 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 FY16 of \$6,150,755. The retirement contribution in FY16 is a 3.5% increase over FY15, a much lower rate of growth than the 42.8% compounded annual growth rate of the tax impact portion of the pension contribution observed over the past five years from FY11-FY15.

The Town's contribution to the WCRS is expected to grow until 2030, although the annual increases will be significantly less than in prior years. Projected increases for FY17 and the following few years are in the \$300,000 to \$350,000 range. The contribution is expected to increase steadily from \$7.2 million in FY16 to \$12.4 million in 2030, at which time the unfunded liability will be reduced to zero. The size of the contributions and the rate at which they increase may change, however, depending on the performance of financial markets and the Town's actuarial experience. The current schedule is based on the assumption that the average annual investment return for the pension assets will be 7% and that the unfunded liability will be paid off by 2030 (10 years earlier than the law requires).

### **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.

### **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 Town Bylaws require 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 Bylaws to grant exceptions to this rule for individual requests. In the instances where an employee is allowed to carry over vacation time, typically not more than 10 days, the carried-forward time must be used in the following year.

### **Non-Contributory Pensions**

The non-contributory pension budget provides retirement benefits for retired employees or their surviving spouses who elected not to become members of the WCRS 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.

### **CASH CAPITAL AND DEBT SERVICE**

**Cash capital** is the routine annual purchase of capital assets (such as equipment or furnishings) or minor construction and/or capital projects that, 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 2 ½, or “outside the levy,” meaning it is debt service on projects that the voters have excluded from the limits of Proposition 2 ½.

Historically, the Town’s general policy was to maintain the combined funding for cash capital and inside the levy debt service at a level between 7% and 8% of inside the levy taxes added to current revenues (State Aid plus Local Revenue). The intention was 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. Looking back more than a decade, this percentage has fluctuated from a high (7.3% in FY04 and FY06) to a low (5.7% in FY12 and FY13). 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.

For FY16, outside-the-levy debt service will make up 9.0% of total taxes plus current revenues, up from 7.3% in FY14 and 6.6% in FY15, mainly as a result of borrowing for the North 40 (\$35 million) and 900 Worcester Street (\$5.1 million) projects as well as the school capital projects – Fiske and Schofield (\$22.3 million) and replacement of the original Middle School windows (\$4.9 million) – approved at the October 2014 STM. These projects, as well as ongoing debt service on older projects like the high school, account for the \$4.24 million (46.4%) increase in excluded debt service from FY15 to FY16.

<b>Trends in Wellesley Capital Costs (\$000s)*</b>						
	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
Cash Capital	2,757	3,008	3,526	3,872	4,283	4,502
<i>as % of Inside Levy Taxes plus Current Revenue**</i>	2.3%	2.4%	2.8%	3.2%	3.3%	3.4%
Inside Levy Debt Service	3,591	3,392	3,109	3,179	3,728	3,970
<i>as % of Inside Levy Taxes plus Current Revenue</i>	3.0%	2.7%	2.4%	2.6%	2.9%	3.0%
<i>Cash Capital + Inside Debt as % of Inside Levy Taxes plus Current Revenue</i>	5.9%	5.7%	5.7%	5.8%	6.2%	6.3%
Outside Levy Debt Service	9,688	10,816	11,059	9,563	9,143	13,383
<i>as % of Total Taxes plus Current Revenue</i>	8.2%	8.8%	8.6%	7.3%	6.6%	9.0%
Total Debt Service	13,279	14,461	14,168	12,741	12,871	17,353
<i>as % of Total Taxes plus Current Revenue</i>	11.2%	11.7%	11.1%	9.7%	9.2%	11.7%
Total Capital Costs***	16,036	17,216	17,694	16,613	17,154	21,855
<i>as % of Total Taxes plus Current Revenue</i>	13.5%	13.9%	13.8%	12.6%	12.3%	14.8%
Inside Levy Taxes plus Current Revenue	107,978	111,670	115,771	120,635	128,531	133,543
Total Taxes plus Current Revenue	118,732	123,529	128,008	131,805	139,489	148,146
<i>Inside Levy as % Total Taxes</i>	91%	90%	90%	90%	91%	89%

\*FY11 – FY14 are actuals; FY15 is appropriated; and FY16 is requested. \*\*Current revenue equals State Aid plus Local Revenue. \*\*\*Total capital costs equal cash capital plus total debt service.

## DEPARTMENT CASH CAPITAL

	<b>FY12 Actual</b>	<b>FY13 Actual</b>	<b>FY14 Actual</b>	<b>FY15 Appropriation</b>	<b>FY16 Request</b>	<b>FY15-16 Change</b>
Public Works	\$1,322,700	\$1,322,500	\$1,524,000	\$1,611,000	\$1,528,000	-5.15%
Schools	885,710	962,554	803,134	791,030	856,066	8.22%
Facilities – Schools	101,422	611,250	811,200	929,400	790,000	-15.00%
Facilities – Town	346,636	282,333	330,000	570,600	785,000	37.57%
Facilities – Total	\$448,058	\$893,583	\$1,141,200	\$1,500,000	\$1,575,000	5.00%
Planning Board	0	0	0	0	30,000	
Selectmen	219,974	231,936	206,457	262,238	334,486	27.55%
Library	34,000	40,500	43,000	46,000	115,700	151.52%
Town Clerk	0	0	79,550	7,000	7,000	0%
NRC	75,000	75,000	75,000	65,500	55,500	-15.27%
Morses Pond	0	0	0	0	0	0%
<b>Total Cash Capital</b>	<b><u>\$2,995,442</u></b>	<b><u>\$3,526,073</u></b>	<b><u>\$3,872,341</u></b>	<b><u>\$4,282,768</u></b>	<b><u>\$4,501,752</u></b>	<b>5.11%</b>

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 are instead

paid for from cash on a current basis. Purchases are considered capital assets if they possess a multi-year useful life, are non-recurring budget items, or have a substantial cost compared to the size of the department's operating budget. The complete Five Year Capital Budget Program is provided on page 166 and includes descriptions of each request. Note that the FMD cash capital spending has substantially increased over the past five years, with the goal of reaching a spending level of \$2 million by FY17; through its FMD cash capital spending, the Town is committing to appropriate investment in and maintenance of a central Town asset – its buildings. However, the pace of FMD capital spending has slowed somewhat in FY16 because of budgetary constraints; it was projected to reach \$2 million in FY16 in the *2014 Advisory Report*, but it is currently budgeted for \$1.575 million instead.

This increased spending on maintenance is only a part of the bigger facilities picture. In 2011, the School Department commissioned a study by Symmes, Maini, McKee & Associates (SMMA) to provide a detailed review of all school facilities (with the exception of the new High School), including an assessment of the condition and status of all systems and their structural integrity. The results of this review, received in June 2012, were provided in the form of a comprehensive database, including schematics of all buildings, a room-by-room listing of features and maintenance requirements, and a classification of all work by type and urgency. This study not only provides a detailed snapshot of the condition of school facilities today, but also a viable database for tracking facilities management going forward.

In September 2012, the BOS appointed a School Facilities Master Plan (SFMP) Task Force to use the SMMA study to identify short and long term capital needs, to prioritize the projects, and to develop a multi-year implementation and funding plan. The School Facilities Committee (SFC) was formed in June 2013 to continue this work. Its recommendations to the 2013 and 2014 STM led to the appropriation of \$22.3 million to renovate Fiske and Schofield; plan the potential renovation, reconstruction, addition and/or consolidation of Hardy, Hunnewell, and Upham; evaluate the HVAC systems in the Middle School; and replace the original Middle School windows for \$4.9 million. In addition to the FMD Cash Capital request, the FY16 Five Year Capital Budget Program includes a request for feasibility funds for a number of school capital projects (see Articles 16-18 on pages 105-114) which will enhance school security; potentially enlarge the PAWS preschool; and continue further study of Hardy, Hunnewell, and Upham.

## DEBT SERVICE

This budget provides funds to pay the FY16 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. No additional inside or outside the levy debt is proposed for this Town Meeting;<sup>39</sup> the increases in debt service arise from major capital projects approved at the October 2014 and January 2015 Special Town Meetings, primarily the acquisitions of 900 Worcester Street and the North 40 and the renovations of Fiske and Schofield and the Middle School windows.

<b>Inside the Levy</b>	<b>FY14 Tax-Impact</b>	<b>FY15 Tax-Impact</b>	<b>FY16 Request</b>	<b>FY15-16 Change</b>
Debt Service on Existing Debt	\$3,090,678	\$2,923,614	\$2,423,407	-17.11%
Projected New Debt Service	88,789	804,482	1,546,718	92.26%
<b>Total Inside Levy Debt Service</b>	<b><u>\$3,179,467</u></b>	<b><u>\$3,728,096</u></b>	<b><u>\$3,970,125</u></b>	6.49%
<b>Outside the Levy</b>				
Debt Service on Existing Debt	\$9,368,534	\$9,142,965	13,383,348	46.38%
Projected New Debt Service	192,987	0	0	
<b>TOTAL Outside Levy Debt Service</b>	<b><u>\$9,561,521</u></b>	<b><u>\$9,142,965</u></b>	<b><u>\$13,383,348</u></b>	46.38%

## RECEIPTS RESERVED FOR APPROPRIATIONS

### TRAFFIC AND PARKING – 4.1 FTE

	<b>FY14 Actual</b>	<b>FY15 Appropriation</b>	<b>FY16 Request</b>	<b>FY15-16 Change</b>
Traffic & Parking Operations	\$693,417	\$850,591	\$868,721	2.03%

Funds for Traffic and Parking expenditures are provided by parking meter receipts from on-street parking meters and the municipal parking lots, which are deposited into the Town Traffic and Parking Fund. In FY16, the parking meter receipts are projected to be \$882,000. The operating budget for the Traffic Fines Processing Department, formerly under General Government, has been moved to this non-tax impact budget. This budget also funds traffic and engineering services; meter maintenance; snow removal; sanding services for the Town's parking lots; and parking lot repair and maintenance. One Parking Clerk, five part-time Parking Attendants and one part-time Meter/Sign Repair person are included in the budget in addition to half the salary of the Town's Deputy Director (the rest of his salary is budgeted in the Executive Director's Department; his 1.0 FTE is fully accounted for in that department as well). In 2014, the Police Department hired a new officer specifically to enforce traffic regulations, with this employee's salary split evenly between Traffic and Parking Operations and the Police Detail fund. This position therefore has no net tax impact to the Town.

<sup>39</sup> The way in which the school security appropriation in Article 17 will be funded has not yet been determined.

## CONCLUSIONS AND RECOMMENDATION – ARTICLE 8, MOTION 2

The FY16 budget request for operations, cash capital and debt service inside the levy limit is an increase of 5.0% over the FY15 appropriation. Although all union salary contracts had been established by the start of this budget cycle, significant increases to the Group Insurance budget (up 11.9% though predicted to grow at a rate of 5%) has led to a deficit of \$1.66 million at the time this *Advisory Report* went to press.<sup>40</sup> The Town Bylaws require a balanced budget and the BOS is cautiously optimistic that a healthcare premium agreement with the unions will go a long way to closing the budget gap. Absent that agreement, further cuts will need to be made to departments and cash capital and these cuts can be expected to be pronounced and painful. One bright spot in the FY16 budget is that the rate of pension increase has finally started to slow, increasing 3.5% in FY16, compared to the Town's more recent five year history of double digit increases, ranging from 11% to 73%.

The FY16 budget, similar to that of FY15, continues to include a commitment to fund both the pension and OPEB liabilities. Additionally, the Town continues to raise the spending level of the Facilities Maintenance Department towards the objective of spending approximately \$2 million per year through both Cash Capital and the long-term capital plan, although this year the rate of spending increases in the FMD Cash Capital budget has slowed significantly (increasing only \$75,000 rather than the last year's projected \$250,000).

Significant outside the levy borrowing is another theme of the FY16 budget. With the "once in a generation" opportunities to acquire the North 40 and 900 Worcester Street, and the need to fund long-deferred building infrastructure projects at Fiske, Schofield and the Middle School, the Town expects to borrow \$4.24 million in FY16 (a 46% increase over FY15). The voters of Wellesley have been willing to raise taxes for these projects, but Advisory notes that the outside levy debt as a percentage of total taxes plus revenue will exceed 9% in FY16, which is the highest level of outside the levy borrowing over the past decade; there was a similar peak in FY11 during the initial borrowing for the High School. The debt service for the school projects generally "rolls off" relatively quickly as the Town often opts to repay this borrowing on a level principal basis and the loan periods are relatively short. Borrowing for the North 40 acquisition will instead be repaid with level payments installments over the next 30 years so the debt service on the North 40 will decline more slowly.

### Primary Budget Drivers

Personal services have been the largest driver of budget increases in the past few years (FY12 at 2.6%, FY13 at 5.7%, FY14 at 3.1% and FY15 at 5.2%). FY16 is no exception, with a \$3.6 million increase (4.5%) predicted at this point, though this number will evolve somewhat as the budget comes into balance. Given the effective 4% annual increase in property taxes (combination of the 2.5% annual levy increase plus about \$1.6 million in new growth), the personal service increases are unsustainable without other budget reductions or tax increases through overrides of Proposition 2 ½. The voters supported a \$3.345 million override and three debt exclusions from May 2014 to March 2015, but this level of overrides and debt exclusions does not appear to be sustainable long term.

### Long-term Capital Spending

Despite the comprehensive information provided by the SMMA database and the work of the SFMP Task Force and SFC, there remains uncertainty about the magnitude and timing of investments in school facilities that will be required over the course of the next 10 to 12 years.

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<sup>40</sup> If the Group Insurance budget had increased by 5%, the deficit would be \$1.1 million less, or approximately \$545,700 rather than \$1.66 million.

The estimated cost of work required on the Hardy, Hunnewell and Upham new construction/renovation/consolidation is estimated to total \$90 million over the next five years (see Five Year Capital Budget Program on page 166). In addition, other Town facilities will require investments in maintenance, renovation, and construction over the next several years. The \$6.9 million Tolles-Parsons Center is projected for FY16, and a \$7.0 million Middle School infrastructure project is predicted for FY17. The BOS and Executive Director have indicated that possible FY16 budget cuts may focus on capital spending which did not appear on the Five Year Capital Plan in FY15. Advisory would like to see items proposed for inclusion on the Plan undergo a more stringent review process, with greater scrutiny placed on projects added to the “out” years of the Plan. An annual review which re-evaluates all projects in light of the Town’s current priorities would also be helpful, so projects do not remain on the Plan if they are no longer truly necessary.

### **Use of Free Cash**

The use of reserves over the past several years, as well as the proposed level for FY16 (\$2.625 million), has been significant. The Town has used Free Cash to balance five of its last six budgets, at an average level of \$1.67 million each time. At the current juncture of this budget cycle, the reserve level has dropped to 7.9%, slightly below the 8% floor established in the BOS Reserve Policy in 2012, though Advisory notes that the BOS is using a higher amount of projected turnback (\$1.5 million) in the Reserves calculation than they have in the past. To mitigate the FY15 winter supplemental occasioned by record-breaking snowfall in February, the Town is applying for extraordinary relief to the Massachusetts Emergency Management Agency (MEMA). Similarly, the Schools hope to qualify for \$150,000 in additional Circuit Breaker funding because of expensive and unexpected Out-of-District Special Education placements. Unfortunately, the status of both of these funding requests will be dependent on other towns’ needs and Wellesley will not know the results of any funding decisions in advance of Annual Town Meeting.

Despite the current budget deficit, Advisory continues to have a positive assessment of the Town’s general financial health, including the current adequacy of reserves, the significant progress the Town has made toward funding pension and Other Post-Employment Benefits (OPEB) liabilities, and the continued investment in facilities maintenance. Advisory is pleased that the Executive Director and the BOS have been proactively working with the unions to contain healthcare costs. The use of Free Cash as proposed for FY16 does not change this assessment.

### **FY16 School Budget**

The Advisory School Subcommittee notes that substantial spending changes occur between the time a budget is voted and the next budget is formulated. As a result, it is important to update the budget status in the fall during the beginning of budget season because the updated budget is a more relevant foundation and comparison point for the new budget, especially with respect to salaries. The School Subcommittee felt that establishing this process during the current budget cycle was somewhat of a struggle but that this improved process should establish a path for next year. Updating the budget in the fall was very instructive, building a stronger understanding of the basis for the new budget.

Advisory also noted that revolving funds require more consistent review to minimize budget surprises. The High School Activities Fees and Child Lab are two such examples.

The Administration sets multi-year goals and they are reviewed semi-annually. The District Scorecard Committee established by Dr. Lussier as one of his Superintendent’s Advisory Committees is expected to establish a scorecard that creates both qualitative and quantitative goals and a level of accountability that is responsive to the entire community. Advisory hopes that can be in place early in FY16.

## **Long Term Planning**

Everyone on Advisory agrees that long-range planning and a more collaborative approach to the budget process across the Town is a necessity, noting that recent school budget increases in the range of 4.5% to close to 6.0% are not sustainable in Wellesley's revenue environment. Advisory strongly recommends that the School Committee and Board of Selectmen work together to develop a long term budget strategy. The School Committee needs to increase focus on strategies related to hiring practices, compensation, Special Education and efficiencies through program review, process improvements and technology leverage and build a budget model accordingly. Even with progress in those areas, the WPS budget will continue to be a challenge as the School Administration continues to implement key elements of the Strategic Plan. The BOS can improve the budget process by including more realistic long term WPS budget goals and building planned periodic overrides into a long term financial plan. Advisory believes that it is critical that implementation of multiyear aspects of the Schools' Strategic Plan (like Elementary World Language) should be a part of this Town-wide long term budget strategy.

Special Education volatility is significant in FY15. The School Committee should decide what spending issue is most critical, budget-to-budget changes or budget-to-actual variance and work with the Town to address this going forward. Advisory suggestions include creating a stabilization fund and/or explicit policies around the use of circuit breaker funds.

The Hardy-Hunnewell-Upham decisions will have a long term effect on WPS operating cost structure, potentially offering substantial efficiencies, and that should be an important part of the analysis and ultimate decision about what strategy to pursue at these schools.

## **Conclusions**

Advisory appreciates the time and effort the Office of Financial Services and the Town boards and staff have committed to the development of the annual budget. Short and long term planning continue to be a challenge. The budget process continues almost year-round and several iterations are needed to determine appropriate levels of cost-cutting and refinements to projections to yield the budget that is brought before Town Meeting. The Executive Director and Finance Director have endeavored to set budget guidelines appropriately so that projections align as closely as possible with actual costs and spending, yet it is difficult to predict accurately more than a year ahead the factors that will affect actual costs. Acquisition of the North 40 is an example of an opportunity that was unknown at this time last year and could not have easily been foreseen.

In addition, the BOS and Advisory expended a lot of effort in the two Special Town Meetings which occurred during this budget cycle, leading to the purchase of the North 40. Evaluation and deliberation over budgets was consequently pushed later into the budget cycle than is optimal. Large uncertainties around healthcare, which exist even as this report goes to print, have also made it difficult to effectively address the budget gaps. Some on Advisory have questioned the budget guidelines, noting that the proposed increases were smaller than required by contractual agreements and mandated spending. Others are concerned that we are not being fiscally responsible by approving as many projects and expenses as we do and that the tax rates are rising more than they should and could threaten the ability of some of the Town's residents to continue to live in Wellesley. Advisory intends to issue a supplement to Article 8 which will describe how the budget deficit is closed over the next weeks before Annual Town Meeting. It will be sent with the motion packet to all Town Meeting Members and will be posted on the Town's website.

**Advisory will make its recommendation on Motion 2 at or before Town Meeting.**

### **ARTICLE 8, MOTION 3**

This Motion authorizes the Town to transfer funds from Free Cash to Available Funds to balance the FY16 tax-impact budget, and in so doing, avoid balancing the budget with further taxes by an override of Proposition 2 ½. In 2013, the Massachusetts Department of Revenue requested this specific action when the use of Free Cash is proposed as part of the budget approval process. Town Meeting action on this Motion is contingent upon passage of Motion 2.

Because the Town has not yet balanced the budget, this Motion is premature. Advisory expects to provide a supplement to this Advisory Report in advance of Town Meeting.

**Advisory will make its recommendation on Motion 3 at or before Town Meeting.**

**ARTICLE 9.** To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money for the Stabilization Fund in accordance with the provisions of Section 5B of Chapter 40 of the General Laws, for the Fiscal Year beginning July 1, 2015, or to take any other action in relation thereto.

**(Board of Selectmen)**

**Advisory expects no motion under this Article.**

**ARTICLE 10.** To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money for the special purpose municipal stabilization fund for unanticipated future claims for personal injury and medical and other expenses incurred by on-duty members of the Police and Fire Departments established by Motion 1 of Article 5 of the December 9, 2013 Special Town Meeting, in accordance with the provisions of Section 5B of Chapter 40 of the General Laws, or to take any other action in relation thereto.

**(Board of Selectmen)**

Under this Article, the Board of Selectmen (BOS) requests Town Meeting approval to appropriate \$40,946 from Free Cash to the special purpose municipal stabilization fund established at the December 2013 Special Town Meeting (see Article 5 on pages 17-19 in that *Advisory Report*) which has been specifically designated to pay the medical claims of firefighters and police officers who are injured in the line of duty.<sup>41</sup> The fund was established with an initial appropriation of \$250,000 which covers the liability limit of a single injury. However, the Town's financial advisors, including the Chair of the Retirement Board, have recommended that the fund be increased to a more prudent level of \$500,000 to provide additional funding in a situation where multiple Town personnel are injured in the same year.

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<sup>41</sup> The BOS proposes to use the special purpose municipal stabilization fund, rather than the Town's general stabilization fund, to better manage the Town's financial risk associated with its obligation to these employees. Police officers and firefighters are subject to the special statutory arrangement of MGL Chapter 41 Sections 100 and 111F, requiring the Town to fund wages and medical expenses resulting from injuries incurred in the line of duty. The arrangement is comparable to workers' compensation for other salaried employees. The statute does not specify, however, how cities and towns may arrange to fund these lost wages and medical costs, or how municipalities should manage the risk of this financial obligation.

The BOS has also been supplementing the special purpose municipal stabilization fund by seeking annual ATM approval for a \$100,000 appropriation to the Risk Management budget within Article 8, starting at the 2014 ATM. This appropriation covers annual expenses resulting from injured-on-duty medical expense claims. In FY15, only \$59,054 of the appropriation was spent on claims and the BOS is proposing to appropriate the unspent amount, \$40,946, to the special purpose stabilization fund rather than return it to the General Fund as would be the usual practice. The BOS intends to continue this plan until the fund contains \$500,000, consistent with the policy it specified in its original establishment of the fund.

If, in any given year, the medical claims of injured-on-duty police and firefighters exceed the annual \$100,000 appropriation, the BOS will request Town Meeting approval to use funds from the new special purpose municipal stabilization fund, which it will then seek to replenish at the next ATM. By establishing the special purpose municipal stabilization fund, the Town avoids having to budget \$250,000 each year as a regular appropriation to cover its full retained risk.

From FY09 through FY13, the Town maintained insurance with a private insurance carrier, The Hartford, which covered both medical costs and lost wages for injured-on-duty firefighters and police. During this five-year period, benefit payments to these employees totaled approximately \$856,000, roughly four times the cost to the Town of the insurance. Unfortunately, the high claims-to-policy cost ratio led The Hartford to decline to renew Wellesley's coverage at the end of FY13.

In FY14, the Town engaged Chubb through a pilot insurance program which is structured differently. The Town is now self-insured (in other words, the Town "retains the risk") for the first \$250,000 of loss on each claim. The insurance company pays for medical costs exceeding \$250,000 but less than \$1,000,000. The cost of the new Chubb policy is \$6,500 for FY14 and the Town expects it will be renewed at a similar premium cost and for a similar coverage limit in FY15. The Chubb policy provides a substantially higher level of insurance to the Town (albeit with a higher deductible) but unlike the previous insurance policy, it does not cover lost wages. As an additional policy change, the Police and Fire Departments will now be responsible for covering the lost wages of their injured-on-duty employees.

Advisory unanimously supported the establishment of the special purpose municipal fund in December 2013 to cover the medical expenses and wages for police officers and firefighters who are injured in the line of duty, as well as the appropriation of \$100,000 each year to the Risk Management budget to cover injured-on-duty claims. Advisory agrees that it is prudent to increase the level of funding in the special purpose fund by a factor of two, as the current level of funding is only sufficient to cover the liability limit of a single injury. Using the "turn-back" from the unspent funds in the Risk Management budget is a reasonable way to grow the special purpose fund.

**Passage requires a 2/3 vote.**

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 11.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to be expended under the direction of the Municipal Light Board for purposes of operating and managing the Municipal Light Plant, or to take any other action in relation thereto.

**(Municipal Light Board)**

Through this Motion, the Municipal Light Board (MLB) requests the appropriation of revenues from ratepayers and other sources and cash on hand as of June 30, 2015, for payment of the Municipal Light Plant (MLP) operating and capital expenditures in FY16.

### **Overview**

The MLP has been established and is governed by Massachusetts General Law Chapter 164 and operates as an independent, Town-owned electric utility. The MLP provides electricity to approximately 8,900 residential customers and 1,200 commercial customers. All operations are funded from the sale of electricity to customers during the current year and retained earnings from prior years. The MLP also generates non-operating income from various related services including:

- Providing operations and maintenance to MassDevelopment-Devens<sup>42</sup>;
- Providing fiber connectivity for a distributed antenna system for T-Mobile;
- Providing fiber connectivity for high speed internet for Lighttower<sup>43</sup>; and
- Providing streetlight maintenance for the Town of Acton.

The MLP's principal expenses are the purchase of energy on the wholesale market (\$17.7 million); Forward Capacity Market (FCM) expenditures<sup>44</sup> (\$3.6 million); and transmission (\$4.4 million) which totals \$25.7 million in FY16 or 82% of the MLP's operating budget. Although the MLB has been able to reduce energy costs by more than \$1 million compared to FY14 and \$289,000 compared to FY15 by using favorable hedging strategies, there is a major cost increase on the horizon for FCM expenditures, which could rise by as much as \$5.7 million over the next two fiscal years. Municipal electrical costs (which affect the FMD budget, in particular) are estimate to be 16% higher than in FY16 than in FY15, though residential consumers will not see the same rate increase.

The MLP also owns and is responsible for the maintenance and improvement of the electric distribution system in Town as well as sub-transmission lines into Newton and Needham.

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<sup>42</sup> The MLP maintains the electric infrastructure and supply lines to the MassDevelopment real estate projects in Devens, a 4,400 acre former military base which was converted into a planned community in the late 1990s. The Devens contract generates the largest percentage of the non-operating MLP revenue.

<sup>43</sup> Lighttower is a business-class internet access service located in Boxborough, MA.

<sup>44</sup> FCM revenues are set by the Independent System Operator-New England (ISO-NE) based on the MLP's demand at the time of the New England system peak from June 1 to May 31 and paid to generators to encourage the construction of new power plants. According to the MLP FY16 Operating Budget report, "Buyers of existing power plants are prematurely shuttering the facilities and taking advantage of poor ISO-NE policies to enrich themselves. Footprint Power's purchase and subsequent closing of the Salem Harbor Power plant will increase FCM costs by \$5.7 million annually. This funding requirement alone will result in an approximately 15% rate increase... [In addition], the deregulation of the electric industry has reduced the profitability of New England's investor-owned utilities (IOUs). Since IOU's are also the transmission owners and receive a guaranteed, risk-free return of 10.6% on all transmission investments, major projects are being proposed and approved at an unprecedented rate."

## Revenues

The MLP has estimated that \$31.3 million in revenues would be required to cover all operating expenses in FY16 (including the \$1.0 million payment to the Town), which is an increase of 0.3% over FY15. It is likely, however, that additional revenues may be required to fund major increases in wholesale power costs resulting from higher natural gas prices during the winter months. To date, the MLP has been able to absorb these higher costs by drawing down its cash reserves. Wellesley residents and businesses continue to enjoy electric rates that are well below those charged in surrounding communities. As of January 1, 2015, residents in Newton, Needham and Natick using 500 kilowatt-hours per month were paying 86% more than those living in Wellesley.

The MLP continues to explore opportunities to increase non-operating revenues, one example being a partnership arrangement with American Tower Corporation (ATC) to install and operate a distributed antenna system (DAS); see the “Outlook” section on page 91 for more details. The MLP also utilizes non-operating profits to reduce electric rates and fund energy conservation and renewable energy initiatives.

## Operating Expenses

The FY16 Operating Expense budget of \$31.3 million is 0.3% higher than in FY15, an increase of \$108,500. The table below compares the MLP’s historical and projected expenditures for FY11 to FY16:

<b>Operating Expenses</b>	<b>FY11 Actual</b>	<b>FY12 Actual</b>	<b>FY13 Actual</b>	<b>FY14 Actual</b>	<b>FY15 Appropriated</b>	<b>FY16 Proposed</b>
Administrative & General	\$572,300	\$635,000	\$590,400	\$638,100	\$660,000	\$692,200
Purchased Power	17,855,100	16,197,600	17,777,100	18,699,400	17,966,000*	17,677,300
Forward Capacity	3,325,700	3,452,000	3,248,000	3,134,100	3,335,000	3,565,500
Transmission	3,552,200	3,354,000	4,102,800	4,559,900	4,512,600	4,425,100
Distribution	984,100	1,024,700	1,005,100	1,100,000	1,041,700	1,079,600
Customer Service	489,800	513,000	520,200	583,000	610,000	604,100
Depreciation	2,541,900	2,690,100	2,801,800	2,962,400	3,047,000	3,237,000
<b>Total Operating Expenses</b>	<b><u>\$29,321,100</u></b>	<b><u>\$27,866,400</u></b>	<b><u>\$30,045,400</u></b>	<b><u>\$31,676,900</u></b>	<b><u>\$31,172,300</u></b>	<b><u>\$31,280,800</u></b>

In addition to generating revenues required to meet the operating expenses outlined above, the MLP revenues are also used to fund the \$1 million annual payment to the Town’s General Fund (see Article 8, Motion 1 on page 36). It is also worth noting that the FY16 Capital Work Plan is funded almost entirely from the non-cash Depreciation operating expense category.

The MLP’s biggest expense is the purchase of electricity on the wholesale market, delivered to Wellesley through ISO-NE, a regional electricity transmission organization servicing New England. In the past, the MLP systematically reduced its risk by locking in energy prices using a layered and staggered portfolio approach. Using this strategy, the MLP purchased blocks of energy over a rolling five-year period, typically hedging 80% of its projected energy requirements for the current year and reducing the hedged energy percentage proportionately down to a target of 20% by the fifth year. The remainder of the needed energy was then purchased on the spot market. In response to the increased volatility of wholesale electricity prices during the summer

and winter months, the MLB revised its *Power Supply Policy* to systematically increase the MLP's hedged position to 100% of monthly demand. In FY15, 95.7% of the MLP's purchased power is hedged, dropping to 90%, 85%, 82% and 86%, respectively, in FY16-FY19.

The FY16 budget continues to reflect the negative financial impact that ISO-NE policies have on all New England electric utilities. In FY07, the MLP's transmission costs were \$1.3 million and in FY19 they are projected to be \$5.3 million, a compounded annual growth rate which exceeds 12.4%. ISO-NE and the Federal Energy Regulatory Commission have established policies that guarantee investor-owned transmission assets a risk-free 10.6% rate of return, passed on as transmission costs to all New England electric utilities. The MLP has attempted to reduce costs by unifying other public power systems and opposing these various projects and policies.

The employee wages for the MLP's four functions – Administrative & General, Energy Purchases, Distribution, and Customer Service – are projected to increase 1.4% overall from FY15 to FY16 as a result of contract settlements and Series 40/50/60 wage increases. As an Enterprise Fund, Other Post-Employment Benefits (OPEB), pension and medical insurance must be fully funded by the MLP. Based on the most recent valuation, the MLB expects to have fully funded its OPEB liability by FY22. Employee benefits will increase 5.5% in FY16, mainly as a result of a 10.6% increase in the retirement contribution with health insurance increasing a modest 0.9%.

**Capital Expenditures**

The MLP's FY16 capital work plan is \$220,000 less than the estimate provided at the 2014 ATM, and is the lowest capital request in the past five years. The MLP tries to complete each year's capital project with little or no carryover to the next fiscal year. Unless a major project occurs (like the expansion of the distributed antenna system or an agreement with Verizon for the MLP to maintain all the poles in Wellesley), all capital projects in FY16 will be completed. Two projects scheduled last year for FY16 have been deferred – the new 1515 Line and the 1587 Line at Weston Road. These projects were replaced with the Walnut Street reconstruction. Should Wellesley College decide to become an "all requirements" customer, the new supply line from Station 148 in Needham to the Weston Road substation, scheduled for FY18, will need to occur sooner.

<b>Capital Budget</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
System Improvements	\$1,854,200	\$1,200,400	\$814,300
Upgrade Transformers	0	317,300	317,300
Overhead	123,750	237,600	297,600
Underground	123,750	127,500	127,500
Customer Related Work	375,000	307,500	405,000
Provide 400/600 AMP Service	224,800	258,400	258,400
Replace Vehicles	275,000	160,000	250,000
Maintain General Plant	45,000	40,000	40,000
Improve Technology/Other Projects	30,000	244,500	280,000
Street Lights	64,600	188,700	71,800
<b>Total Capital Budget</b>	<b><u>\$3,116,100</u></b>	<b><u>\$3,081,900</u></b>	<b><u>\$2,861,900</u></b>

The MLB continues to place the highest priority on providing reliable electric service to Wellesley residents and businesses. Although reliability is difficult to measure, it is clear based on reported power outages during tropical storms Sandy and Irene (as well as the February 2015 blizzard),

that Wellesley incurs far fewer power interruptions, and service is restored much faster when outages do occur when compared with the electric utilities of Wellesley's neighboring towns.

### **Outlook**

The MLP is well positioned to provide reliable electric service into the future with a well-maintained infrastructure, net plant assets of \$60.0 million and no debt. Equally important, the MLP has been proactive in adopting an energy procurement policy that reduces market risks and price volatility by hedging a greater percentage of its wholesale electricity requirements. There are, however, increased operating costs on the horizon, all of which are beyond the MLP's control. As detailed earlier in this report, transmission costs have more than tripled since FY07 and ISO-NE's policies will ensure this upward trend continues. By FY18, ISO-NE's FCM charge to all New England electricity users will increase by more than two and one half times; the FY16 operating budget includes a \$3.6 million FCM charge. Based on Footprint Power's conversion of the Salem Harbor Plant to natural gas and the "rest of the pool" FCM charge increases to \$7.00/per kilowatt-month, Wellesley's annual capacity costs will exceed \$7.0 million. Transmission and FCM charges are regulated by ISO-NE and all New England electric utilities will be required to pass these costs onto their customers.

The MLP continues to look for ways to reduce its costs. Since 1996, its workforce has been reduced from 46 employees to 31. Despite this workforce reduction, the MLP has expanded revenues by undertaking non-operating projects such as MassDevelopment-Devens, dark fiber leases<sup>45</sup> and pole-mounted antennas for improved cellular communications. Since 2007, the MLP has installed and maintained a proprietary DAS network for T-Mobile. The DAS network provides wireless service to residents and businesses without the need to install large cell towers. Given the many areas within Wellesley that have little or no cell coverage, the MLP has partnered with ATC to install a neutral-host DAS network. The success of DAS is dependent upon the willingness of carriers to upgrade their service within Town and preliminary feedback from ATC indicates there is much interest from two major carriers. The MLP staff expects to have a DAS network for one carrier fully operational by the end of calendar year 2015. As with all non-operating profits, net income from DAS will be used to offset future increases in electric rates and/or fund energy conservation initiatives for MLP customers.

Based on the most recent *Five-Year Financial Forecast*, the MLP does not expect to incur costs for any major capital projects until FY18. The overall good condition of the distribution infrastructure along with a significantly-hedged power supply portfolio should ensure Wellesley's electric rates remain among the lowest in New England for the foreseeable future.

Advisory believes that the MLP's operating and capital budgets are appropriate and that the MLP has taken a prudent and proactive approach to managing its costs. The MLP has continued to gain economic efficiencies while facing an uncertain power market in the upcoming years. Advisory is also pleased that the MLP continues to look for non-operating revenue opportunities, including the new partnership with American Tower Corporation to bring a Distributed Antenna System to Wellesley, which should have the added benefit of improving the Town's cell phone service.

### **Advisory recommends favorable action, 14 to 0.**

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<sup>45</sup> A dark fiber is an unused optical fiber, typically installed as extra capacity when developing fiber networks to provide for future expansion and/or network redundancy. Electric utilities have routinely added additional fibers which they then make available for lease to other carriers.

**ARTICLE 12.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to be expended under the direction of the Board of Public Works for the purposes of managing the Water Program, or to take any other action in relation 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") FY16 receipts and cash on hand as of June 30, 2015, for payment of the Water Division operating and capital expenditures in FY16, provided that the total amount of expenditures in FY16 shall not exceed \$11,621,440.

<b>Water Enterprise Fund</b>	<b>FY15</b>	<b>FY16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Sources of Funds</b>				
Water Fund Receipts				
Water Use Charges	\$5,435,741	\$5,435,741	-	0.0%
Non-Operating Income	220,000	310,000	90,000	40.9%
Non-Operating Contribution to Capital	40,000	40,000	-	0.0%
Loan Proceeds	350,000	4,350,000	4,000,000	1142.9%
Total Receipts	\$6,045,741	\$10,135,741	\$4,090,000	67.7%
Depreciation	950,000	950,000	-	0.0%
Retained Earnings	1,135,687	535,699	(599,988)	-52.8%
<b>Total Sources of Funds</b>	<b><u>\$8,131,428</u></b>	<b><u>\$11,621,440</u></b>	<b><u>\$3,490,012</u></b>	<b><u>42.9%</u></b>
<b>Uses of Funds</b>				
Salaries	\$1,714,386	\$1,753,962	\$39,576	2.3%
Expenses				
MWRA Water	1,420,000	825,000	(595,000)	-41.9%
Health Insurance/Retirement/Risk Management	554,304	596,196	41,892	7.6%
All Other Operating Expenses	1,237,552	1,261,350	23,798	1.9%
Subtotal - Expenses	\$3,211,856	\$2,682,546	(\$529,310)	16.5%
OPEB (Other post-employment benefits)	110,307	112,577	2,270	2.1%
Depreciation	950,000	950,000	-	0.0%
Interest Expense	118,775	118,600	(175)	-0.1%
Total Personal Services and Expenses	\$6,105,324	\$5,617,685	\$487,639	-8.0%
Non-Operating Expenses	240,000	320,000	80,000	33.3%
Capital Outlay	925,000	4,707,000	3,782,000	408.9%
Non-Operating Capital Expenditures	40,000	40,000	-	0.0%
Debt	479,585	504,585	25,000	5.2%
Emergency Reserve	341,519	432,170	90,651	26.5%
<b>Total Uses of Funds</b>	<b><u>\$8,131,428</u></b>	<b><u>\$11,621,440</u></b>	<b><u>\$3,490,012</u></b>	<b><u>42.9%</u></b>

## **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 FY16 are projected to be \$2.08 million. Interest earned goes to the Town's General Fund.

## **Sources of Funds**

Total receipts in FY16 from rate-payers are projected to be \$5.436 million. This revenue is based on an estimated annual usage of 1.089 million CCF (or 815 million gallons) of Town water. The BPW has not yet set water rates for FY16; the projected revenue assumes a 0% increase effective July 1, 2015.

## **Uses of Funds**

The "Total Personal Services and Expenses" line in the Sources and Uses chart on the previous page shows that total operating expenses for FY16 are projected to be \$5,617,685, a decrease of \$487,639 (or 8.0%) from the FY15 operating budget. Personal service costs are projected to be \$1,753,962, an increase of \$39,576 (2.3%) from FY15 costs which is consistent with FY16 pay increases for the Series 40/50/60 and the union employees; benefits and insurance costs are projected to increase by 7.6%. Offsetting these personal service costs is a decrease in overall expenses, expected to decline by \$529,310 (16.5%) in FY16 because of less projected need for MWRA water.<sup>46</sup>

## **FY16 Capital Budget**

The Board of Public Works projects capital outlays of \$4,707,000 in FY16, substantially higher than the previous fiscal year's capital spending, principally driven by the replacement of the entire network of remote-read water meters for a cost of \$4 million (see Article 21 on page 115 which authorizes the BPW to borrow for this project). The FY16 capital program also includes \$100,000 for water treatment plant upgrades; \$350,000 for water distribution system improvements; \$70,000 for hydrant replacements; \$30,000 for meter maintenance; \$132,000 for equipment replacement; \$10,000 for building maintenance; and \$15,000 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, 14 to 0.**

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<sup>46</sup> Since FY10, the percentage of water sourced from local wells has increased from 67% to 80% as a result of recharging existing wells and adding a new well in FY15.

**ARTICLE 13.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to be expended under the direction of the Board of Public Works for the purposes of managing the Sewer Program, or to take any other action in relation 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") FY16 receipts and cash on hand as of June 30, 2015, for payment of the Sewer Division operating and capital expenditures in FY16, provided that the total amount of expenditures in FY16 shall not exceed \$8,557,522.

<b>Sewer Enterprise Fund</b>	<b>FY15</b>	<b>FY16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Sources of Funds</b>				
Sewer Fund Receipts				
Sewer Charges	\$7,693,212	\$7,760,235	\$67,023	0.9%
Non-Operating Income	50,000	50,000	-	0.0%
Grant/Loan Proceeds	328,711	328,711	-	0.0%
Total Receipts	<u>\$8,071,923</u>	<u>\$8,138,946</u>	<u>\$67,023</u>	<u>0.8%</u>
Depreciation	404,600	404,600	-	0.0%
Retained Earnings	626,670	13,976	(612,694)	-97.8%
<b>Total Sources of Funds</b>	<b><u>\$9,103,193</u></b>	<b><u>\$8,557,522</u></b>	<b><u>(\$545,671)</u></b>	<b><u>-6.0%</u></b>
<b>Uses of Funds</b>				
Salaries	\$776,353	\$793,549	\$17,196	2.2%
Expenses				
MWRA Sewer	5,500,000	5,648,698	148,698	2.7%
Health Insurance/Retirement/Risk Management	259,416	280,370	20,954	8.1%
All Other Operating Expenses	299,323	309,653	10,330	3.5%
Subtotal - Expenses	<u>\$6,058,739</u>	<u>\$6,238,721</u>	<u>\$179,982</u>	<u>3.0%</u>
OPEB (Other post-employment benefits)	47,275	48,247	972	2.1%
Depreciation	404,600	404,600	-	0.0%
Interest Expense	89,525	80,900	(8,625)	-9.6%
Total Personal Services and Expenses	<u>\$7,376,492</u>	<u>\$7,566,017</u>	<u>\$189,525</u>	<u>2.6%</u>
Non-Operating Expenses	50,000	50,000	-	0.0%
Capital Outlay	820,000	135,000	(685,000)	-83.5%
Debt	353,402	288,997	(64,405)	-18.2%
Emergency Reserve	503,299	517,508	14,209	2.8%
<b>Total Uses of Funds</b>	<b><u>\$9,103,193</u></b>	<b><u>\$8,557,522</u></b>	<b><u>(\$545,671)</u></b>	<b><u>-6.0%</u></b>

## **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. Overall, cash and equivalents in the Sewer Fund at the end of FY16 are projected to be \$1.61 million. Interest earned goes to the Town's General Fund.

## **Sources of Funds**

Total receipts in FY16 are projected to be \$7,760,235. This revenue is based on a projected usage of 809,700 CCF (or 605 million gallons) in FY16, a slight decrease (0.5%) from FY15 levels. The BPW has not yet set sewer rates for FY16 but the projected revenue assumes a 6% rate increase as of July 1, 2015.

## **Uses of Funds**

Total Personal Services and Expenses shows that operating expenses are projected to be \$7,566,017 in FY16, which is an increase of \$189,525 or 2.6% compared to FY15. This increase is driven primarily by an increase in MWRA charges of approximately \$150,000, representing a 2.7% increase over FY15. Non-MWRA operating costs increased \$40,827 or 2.2% as a result of contractual increases in personal services and increasing cost of benefits and insurance, offset by a slight decrease in interest expenses.

MWRA charges constitute approximately 70% 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.

## **Capital Budget**

Capital outlays for FY16 are projected to be \$135,000, a decrease of \$685,000 or 83.5% from FY15. The FY16 capital program includes \$30,000 for ejector station improvements; \$10,000 for building maintenance; \$85,000 for equipment replacement; and \$10,000 for GIS system mapping and modeling. The BPW is deferring the request for \$320,000 for sewer system/manhole rehabilitation work to FY17 because they have prior year funds available to complete needed work in FY16.

## **Outlook**

The BPW expects that MWRA charges will continue to 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, 14 to 0.**

**ARTICLE 14.** To see if the Town will vote to authorize one or more revolving funds for the purpose of funding the activities of certain departments of the Town, in accordance with Section 53E1/2 of Chapter 44 of the General Laws, or to take any other action in relation thereto.

**(Board of Selectmen)**

**ARTICLE 14, MOTION 1: Reauthorization of existing revolving funds**

This Motion seeks Town Meeting approval for the annual authorization or reauthorization of the Town revolving funds established by Section 53E1/2 of Chapter 44 of the Massachusetts General Laws. These revolving funds are sourced solely from departmental receipts received in connection with the programs supported by the funds. Expenditures may be made from these revolving funds without further appropriation; they have no tax impact on the Town budget. Any earnings on these revolving funds are returned to the General Fund. A list of current Town revolving funds, the year each fund was originally authorized by ATM, and the annual expenditure limit of the fund is given below:

Revolving Fund	Expended By	ATM	Annual Expenditure Limit			
			FY13	FY14	FY15	FY16
Street Opening Maintenance	DPW	2006	200,000	200,000	200,000	200,000
DPW Field Use	DPW	2006	200,000	200,000	200,000	200,000
Turf Field Fund	DPW	2011	25,000	25,000	25,000	25,000
Tree Bank	DPW	2011	75,000	75,000	75,000	75,000
COA Bus Fund	COA	2006	110,000	110,000	0	0
COA Social & Cultural Programs	COA	2006	45,000	70,000	70,000	70,000
Building Dept. Document Fees	Building Dept.	2006	50,000	50,000	50,000	50,000
Teen Center Program	Rec. Dept.	2006	35,000	40,000	40,000	40,000
Recreation Summertime	Rec. Dept.	2006	35,000	20,000	30,000	30,000
Recreation Scholarship	Rec. Dept.	2006	35,000	15,000	15,000	15,000
Library Room Rental	Library	2009	20,000	20,000	25,000	25,000
Branch Library Maintenance	Library	2009	8,000	8,000	8,000	8,000
Brookside Gardens	NRC	2006	5,000	5,000	5,000	5,000

The authorized expenditure limit for each Revolving Fund in FY16 is the same as it was in FY15.

For all these revolving funds, expenditures are paid from cash receipts collected from outside sources specifically for the purposes designated and without any expense to the Town. The total of all revolving funds may not exceed 10% of the prior fiscal year's tax levy and no single board or department may spend more than 1% of that levy amount. 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.**

## **ARTICLE 14, MOTION 2: Authorization of a new revolving fund**

This motion authorizes a new revolving fund, the Lost/Damaged Library Materials Replacement Fund, for the following purpose:

Lost/Damaged Library Materials Replacement Fund, said funds to be expended under the direction of the Board of Library Trustees, annual expenditures not to exceed \$15,000.

Receipts for this fund would come from fees collected from library users who have lost or damaged library books or other library property (as opposed to library fines for overdue books, which are turned back to the Town's General Fund). The Library Trustees recently became aware that State statute permits the fees for damaged materials to be placed in a revolving fund so that these fees may be applied toward the cost of repairing or replacing the materials. Advisory notes that the towns of Milford and Dartmouth both placed similar articles on their Town Meeting warrants in 2014.

Advisory believes that this new revolving fund is appropriate and supports its creation.

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 15.** To see if the Town will vote to hear and act on the report of the Community Preservation Committee on the Fiscal Year 2016 Community Preservation Budget, to appropriate or reserve for future appropriation, from FY 2016 Community Preservation Fund annual revenues and reserves, sums of money to meet the administrative expenses and all other necessary and proper expenses of the Community Preservation Committee for the Fiscal Year beginning July 1, 2015, to make debt service payments, and to undertake community preservation projects as recommended by the Community Preservation Committee, or to take any other action in relation thereto.

**(Community Preservation Committee)**

This Article contains seven Motions which seek Town Meeting approval to make the appropriations from the Community Preservation Fund recommended by the Community Preservation Committee (CPC) as described in the *Report of the Community Preservation Committee* ("Report") on page 135. Please refer to the Report for a more complete understanding of the Community Preservation Act (CPA) and the proposals CPC recommends for approval.

Based on estimated FY16 revenues of \$1,410,211 the CPC requests the following:

- Motion 1: An appropriation of \$65,000 for administrative purposes and appropriations of \$150,000 to each of the three Community Preservation designated reserve funds;
- Motion 2: An appropriation of \$6,200 from the Historical Resources Reserve for the processing and preservation of the Margaret Urann Archival Collection;
- Motion 3: An appropriation of \$82,000 from the Historical Resources Reserve for the Wellesley Historical Commission Historic Plaque Program;
- Motion 4: An appropriation of \$20,000 from the Open Space Reserve to fund an erosion study of the Morses Pond shore line;
- Motion 5: An appropriation of \$100,000 from the Open Space Reserve to conduct a comprehensive pond management planning study;
- Motion 6: An appropriation of \$2,750 from the undesignated Community Preservation Fund to evaluate the south chimney wall of Hills Branch Library; and

- Motion 7: An appropriation of \$166,000 from the undesignated Community Preservation Fund to design and permit rehabilitation of the Hunnewell Field track and playing field.

Favorable action under these Motions would have no tax impact but would reduce the balance in the Community Preservation Fund available for future projects. The CPA Financial Plan for FY16 also includes the estimated yearly \$600,000 CPC debt service payment on the North 40 appropriation of \$10 million approved by STM in January and by Town residents on March 3, 2015. See the *January 2015 STM Advisory Report* on pages 5-6 and 15-16 for more details about this appropriation.

Assuming the CPC-approved appropriations recommended in the Motions in this Article, totaling \$725,950, are approved by Town Meeting, the net available fund balance as of June 30, 2015 is projected to be approximately \$3,375,667. At the time this *Advisory Report* went to print, the CPC had voted favorably on Motions 1-6 and was expecting to vote on Motion 7 by Annual Town Meeting.

#### **ARTICLE 15, MOTION 1: Administrative Expenses and Appropriations to Reserves**

**1. Administrative Expenses.** The 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 \$65,000 (4.6% of estimated FY16 revenues) for this purpose. The CPC uses a portion of these funds for consultants and other support services to better define, shape, and analyze potential projects. Any funds that are not expended are returned to the Community Preservation Fund.

**2. Appropriations to Designated Reserves.** In each fiscal year, the CPA requires the Town 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 and Community Housing. Based on the estimated FY16 annual revenues, the CPC has requested that \$150,000 (slightly more than 10% of estimated FY16 revenues) from the Community Preservation Fund be reserved for each of these three purposes, totaling \$450,000.

**Advisory recommends favorable action, 14 to 0.**

#### **ARTICLE 15, MOTION 2: Wellesley Historical Society Appropriation**

The CPC recommends that \$6,200 be appropriated from balances on hand in the Historical Resources Reserve as of June 30, 2015 for the processing and preservation of the Margaret Urann Archival Collection. The goal of this project is to ensure the long-term preservation of this collection and make it accessible to researchers, students and the community. Margaret Urann (1902-1993) was a resident of Wellesley for almost eighty years. She was a writer and historian who regularly chronicled the Town's history for the *Wellesley Townsman*, where she was an employee for over forty years. As a longtime volunteer for the Wellesley Historical Society, Ms. Urann was dedicated to researching all aspects of Wellesley's history.

**Advisory recommends favorable action, 14 to 0.**

### **ARTICLE 15, MOTION 3: Wellesley Historical Commission Appropriation**

The CPC recommends that \$82,000 be appropriated from balances on hand in the Historical Resources Reserve as of June 30, 2015 for the Wellesley Historical Commission (WHC) Historic Plaque Program. In the spring of 2014, the WHC authorized an extension of its historic plaque program to make eligible all structures constructed over 100 years ago. Previously, only structures built in or prior to 1881 (the year of the Town's incorporation) were eligible for a WHC plaque. The WHC estimates that approximately 600 additional structures will become eligible as a result of the expansion of its Historic Plaque Program, with another 150 joining this list between 2015 and 2019. Also, the WHC estimates that approximately 150 of the pre-1881 structures have missing or deteriorated plaques that need to be replaced.

The WHC estimates the total cost for researching and manufacturing a plaque at approximately \$155. As a point of comparison, the combined cost of Weston's plaque research and manufacture is \$180, while Newton charges over \$200. In both Weston and Newton, residents pay the full costs of their plaques.

A portion of the WHC request is to fund the research required to accurately date each structure (if such research has not already been conducted). This involves a minimum of a full deed search; a review of the Town assessment records; and a search in the *Wellesley Townsman* archives for references to the property to enable the WHC to generate a brief consolidated report for each structure. The WHC estimates approximately five hours of research (at approximately \$100) for each structure. Additional costs for each plaque include approximately \$50 for manufacturing and \$5 for outreach, postage and printing costs.

Under the WHC proposal, each potential plaque owner will be asked to make a suggested contribution of \$25, with CPA funds being used to establish a fund to underwrite the remaining costs and to cover a limited number of hardship exemptions. Owners will also be responsible for covering the costs of the plaque installation.

The goal of the plaque program is to increase the recognition and appreciation of Wellesley's history, and to ensure that every owner of an eligible structure can afford to display a plaque. WHC believes that the recognition conferred on structures through the plaque program encourages pride amongst owners and encourages the preservation and maintenance of Wellesley's historic structures. CPC believes this is a worthwhile historic preservation program and is pleased to support this request.

**Advisory recommends favorable action, 14 to 0.**

### **ARTICLE 15, MOTION 4: Natural Resources Commission Morses Erosion Study**

The CPC recommends that \$20,000 be appropriated from balances on hand in the Open Space Reserve as of June 30, 2015 to fund a study to evaluate the entire Morses Pond shore line, assess deterioration from erosion and determine the areas of shoreline requiring preservation. Some areas of the pond shoreline are clearly eroding, threatening trees, recreation areas and wildlife habitats. Disturbances resulting from heavy foot traffic, informal boat launches and heavy storm runoff are threatening the stability of the bank and the water quality in some areas. This study would include a pond-wide survey and the development of a preservation plan.

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 15, MOTION 5: Natural Resources Commission Comprehensive Pond Management**

The CPC recommends that \$100,000 be appropriated from balances on hand in the Open Space Reserve as of June 30, 2015 for the NRC to conduct a comprehensive pond management planning study to assess and prioritize the preservation of the Town's smaller ponds. This study will enable the Town to be more proactive in terms of pond management, using as its model the success of the active Moses Pond restoration plan. This capital request has been in the NRC's capital plan for the last five years and the DPW has expressed its support for the development of an action plan to assess the immediate concerns at the Town's ponds and to develop a long-range maintenance plan. The ponds to be addressed – Abbotts Pond, Duck Pond, Longfellow Pond, Reeds Pond, Rockridge Pond, Farm Station Pond and Bezanson (Ice House) Pond<sup>47</sup> – are important to the Town for recreation and aesthetic reasons, but also for storm water management. Without proper long-term management, the Town runs the risk that the ponds will become wetlands which will be subject to the much more restrictive regulations that go with wetlands designation.

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 15, MOTION 6: Library Board of Trustees/Board of Selectmen Chimney Study**

The CPC recommends that \$2,750 be appropriated from the undesignated Community Preservation Fund as of June 30, 2014 to perform a study this spring of the south chimney wall of Hills Branch Library. The Library Board of Trustees seeks to engage the same preservation expert, Judith Selwyn of Preservation Technologies, who oversaw the repairs to the east chimney wall of the Hills Branch Library (reconstruction was ultimately funded in Article 20 of the 2013 ATM). The funding will enable Ms. Selwyn to assess the repairs needed for the second chimney and formulate an estimate of the costs of those repairs. The CPC supports hiring a consultant as she will be able to provide additional information as to what type of work is needed – historic preservation or maintenance. This information will allow the CPC to make an appropriate decision if further funds are needed for repairs.

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 15, MOTION 7: Playing Fields Task Force (PFTF) Rehabilitation of the Hunnewell Field Track and Playing Field**

The CPC recommends that \$166,000 be appropriated from balances on hand in the undesignated Community Preservation Fund as of June 30, 2015 for the schematic design and permitting phase of the rehabilitation of the track and playing field on Rice Street, across from Wellesley High School.<sup>48</sup> The ultimate goal of the two-phase project is to widen and replace the track, which is currently in danger of failing, and to widen and replace the playing field, which cannot be fully utilized due to its poor condition and insufficient size.

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<sup>47</sup> Note that the State Street (Skating) Pond is being dredged this winter as part of the Fuller Brook Preservation Project and is not part of this list.

<sup>48</sup> The track and field is located on Town parkland under the jurisdiction of the NRC and maintained by the DPW using funds from the DPW budget and the PFTF field user fee account.

The need for playing fields in Town has been well documented and has been discussed at length for over a decade, most recently in the “Report of the Recreation Commission and the Playing Fields Task Force” in the *October 2014 STM Advisory Report* on pages 74-79. The field at the high school is a resource that is largely underutilized, forcing a greater intensity of use of the Sprague fields.<sup>49</sup> The ability to achieve greater utilization of the field at the high school will also reduce the after school demand on Sprague Fields by the high school sports teams, thereby addressing student safety concerns at Sprague by reducing the number of high school drivers entering the Sprague parking area as the elementary school students are exiting the school. The track has deteriorated to the point where soon it will not meet Massachusetts Interscholastic Athletic Association (MIAA) standards. The PFTF conducted a study of Town athletic fields in 2014 and concluded that irrespective of what happens at the North 40 or 900 Worcester, rehabilitation of the Hunnewell Field track and field should be a priority for the Town.<sup>50</sup>

The rehabilitation of this resource was recommended over ten years ago in a comprehensive report compiled by the firm of Geller Sport<sup>51</sup> as part of their evaluation of the Hunnewell Field track and field. The project was set aside as the urgency of addressing the environmental conditions at Sprague Field necessarily took precedence. It was then expected that the project would be part of the construction of the new Wellesley High School, but that did not happen for a number of reasons, including budgetary restrictions prescribed by the Massachusetts School Building Authority (MSBA) as a condition of Wellesley’s receiving 40% reimbursement for construction of the new high school.

The total cost of the rehabilitation of the track and field in FY17 is estimated at \$2,490,483. The proposed plan for funding the construction costs will follow the successful Sprague Field Rehabilitation Project funding model and include a combination of general Town funds, CPA funds and private fundraising. The FY16 CPA funding of \$166,000 is for schematic design and permitting of the field and track. Future funding requests will require approval from both the CPC and Town Meeting. Please see the Playing Fields Task Force Report on page 141 in this *Advisory Report* for more details on this project.

Advisory is supportive of this project in general but stressed the importance of having a significant amount of the project funded by private donations.

**Advisory will make its recommendation at Town Meeting.**

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<sup>49</sup> Currently, Hunnewell Field is unsuitable for sustained use for football practices, WHS lacrosse games, and WHS soccer or field hockey for either practices or games because of the field’s size and condition.

<sup>50</sup> The PFTF report also recommended the need for three additional full size rectangular multipurpose, synthetic turf fields to alleviate the existing field shortage in Wellesley.

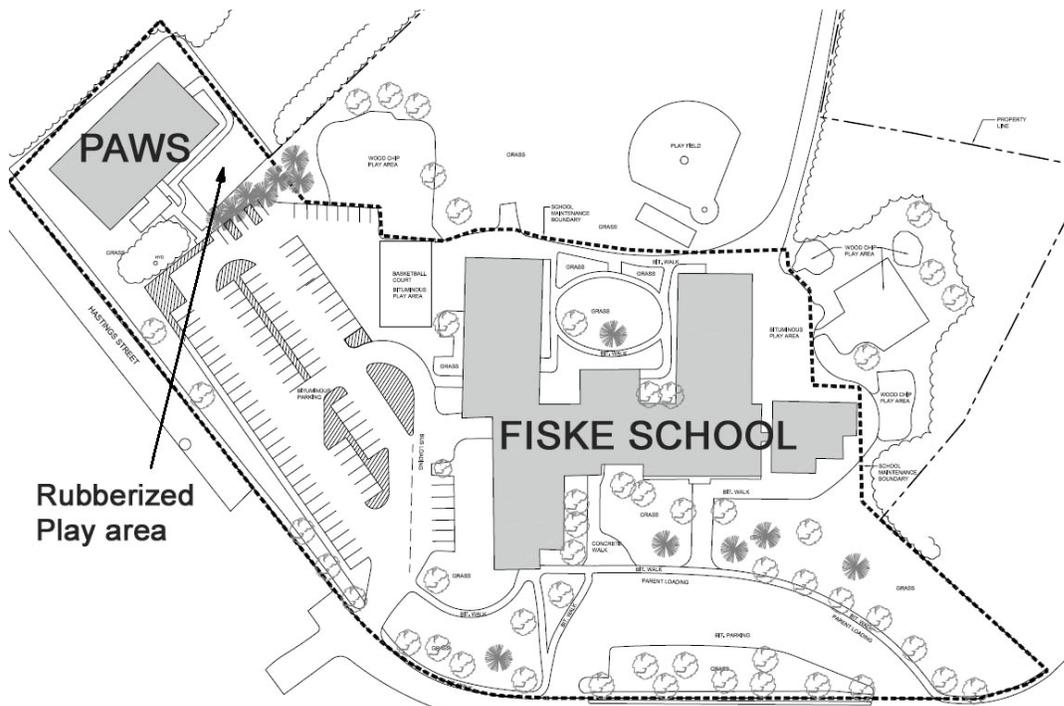
<sup>51</sup> See the November 5, 2003 Report at

[http://www.wellesleyma.gov/Pages/WellesleyMA\\_Recreation/Stantec%27s%202003%20Hunnewell%20MP%20Report.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Recreation/Stantec%27s%202003%20Hunnewell%20MP%20Report.pdf)

**ARTICLE 16.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Permanent Building Committee, for architectural and engineering plans, specifications and other services, in connection with the renovation of the Preschool at Wellesley Schools (P.A.W.S.), located at 63 Hastings Street; for the reconstruction, remodeling, or expansion of the P.A.W.S. to accommodate the classroom and administrative needs of the School Department and other educational needs of the Town, including the necessary site work, construction, reconstruction, remodeling, rehabilitation or modernization of the P.A.W.S.; and for other services in connection therewith, or to take any other action in relation thereto.

**(School Committee)**

This Motion seeks Town Meeting approval to appropriate \$50,000 from Free Cash to the School Committee (SC) and Board of Selectmen (BOS) for a feasibility study to determine space resources for the potential expansion of the Integrated Preschool at Wellesley Schools (PAWS) program, needed to accommodate the growing number of preschool students requiring Special Education services.

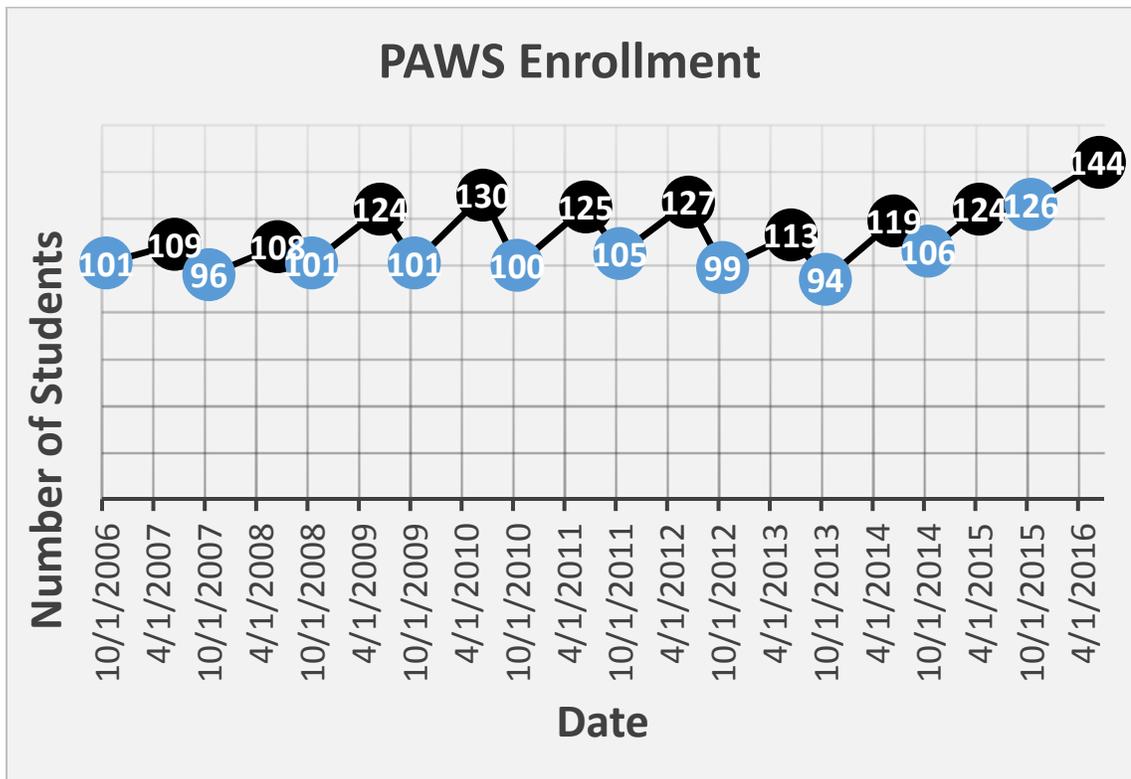


Working with the Facilities Maintenance Department (FMD) and School Facilities Committee (SFC), the SC and BOS will hire an architectural firm to conduct this study, with the goal of finding out how many more preschool classrooms could be accommodated in an addition to the PAWS building.

Presently the PAWS program resides in a pre-fabricated building at 63 Hastings Street near the Fiske School campus as shown above, with a small rubberized play area immediately adjacent. The pre-fabricated building opened in 2006 and has capacity for approximately 90 students. There are six classrooms and designated OT (occupational therapy) and PT (physical therapy) spaces as well as small pull-out spaces to allow teachers and specialists to work with students individually

and in small groups. Because of increased demand this year, a seventh “satellite” preschool class was added and is housed in a classroom at nearby Fiske school.<sup>52</sup>

A chart of the PAWS enrollment since 2006 is shown below, where the fall and spring data is plotted since 2006.<sup>53</sup> The blue (lighter-colored) points represent fall enrollment numbers and the black points show spring enrollment. Note that planned capacity increases need to accommodate spring enrollment, which has averaged about 20 more students than enrolled the previous fall. School Administrators predict that 126 students will be enrolled by 10/1/15, which deviates from the historic trend, but is based on an elevated number of registrations that have already been processed and current evaluations already scheduled. They predict that 144 students will be enrolled by 4/1/16.



By State law, the Town must offer preschool services to children in need of Special Education services on the day they turn three years old. Regulations further limit the number of these students to a maximum of seven per class added to eight other preschool students for a total integrated class size of fifteen.<sup>54</sup> For FY16, an additional satellite classroom has been requested to accommodate anticipated growing enrollment. Since Fiske has no other space available, the additional satellite class may be located in another elementary school in Town, possibly at Bates.

<sup>52</sup> The Wellesley preschool program was started in 1971 with a grant from Title 1. In 1993, a second classroom was created for students with autism. The third and fourth classrooms were added in 1998 and 1999 and by 2002, the preschool was completely housed at the Middle School. In 2003, a fifth classroom was added and by 2004, PAWS was being housed at Hardy and Bates and then moved to trailers on the DPW site in 2005. By 2006, PAWS was relocated to its current location and a sixth classroom was added; a seventh classroom was added in 2014, with an eighth classroom requested in 2015 (FY16).

<sup>53</sup> The 10/1/2015 and 4/1/2016 data is projected based on the current number of registered students and enrollment experience from previous years.

<sup>54</sup> The PAWS program also has a nine-student “substantially separate” classroom with no integrated peers.

There are some cost inefficiencies in holding six classes at one location and one or two at other locations. Adding satellite classrooms would require professionals to travel between schools and would add an extra layer of coordination for work conducted by the specialists working with the children (such as occupational therapists, physical therapists, social workers and psychologists). It is also unclear how many classrooms the preschool will be able to expand to within the elementary schools, some of which are currently at capacity.

The SFC plans to study the future needs for the PAWS program, which will include refining the current estimates of preschool enrollment; determining how many future classrooms may be required; and making preliminary evaluations of any alternative sites. These could include temporary modular classrooms at a different location. If Town Meeting approves this request, the \$50,000 appropriation will go toward:

- Evaluation of the existing conditions at the current PAWS site and investigation of site development requirements (including permitting and zoning);
- Determination of the maximum number of classrooms that could be added to the PAWS site;
- Identification of a preferred conceptual design, development of total project costs and project schedule; and
- Preparation of a written report and presentation to Town officials and the 2016 ATM.

A complete review of the current PAWS site and its potential for further development is timely as the Town continues its district-wide school facilities planning program (e.g., Fiske and Schofield renovations and the Hardy-Hunnewell-Upham study proposal currently before ATM; see Article 18 on page 109 for more details). In addition to this feasibility study, the School Administration is currently researching the possibility of shared services with adjacent towns such as Weston and Needham. However, many of our peer towns are also experiencing similar growth in their preschool populations and are also at capacity.

### **The Predictability of Need and Rolling Enrollment**

The School Administration estimates the number of four year olds requiring Special Education services based on currently-enrolled three year olds. However, it is a challenge to know precisely how many three year olds will need Special Education services in any given year as some children have not yet been identified as requiring services and others move into the school district (referred to as in-migration) as preschoolers. The School Administration tries to estimate the number of new preschool students who will need support from the Massachusetts Early Intervention program,<sup>55</sup> from informal interviews with families, by school outreach communications, and through referrals from other professionals. The School Department works with the information available to them to make the best estimate of student enrollment for the planning and execution of the PAWS program.

Rolling enrollment is another challenge. For example, a child with special needs who turns three in February will join the class mid-year. Ideally, this child will be “matched” with a typical child to keep the integrated class in balance, which can be very difficult as most children are already enrolled in preschool programs by the previous September. The School Administration can apply for waivers from the State which can be used when ratios of Special Education to other

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<sup>55</sup> Information about Early Intervention can be found at:

<http://www.mass.gov/eohhs/gov/departments/dph/programs/family-health/early-intervention/family-info/about-ei.html>. The State provides services to children from 0-3 years old after which time they become the Town's responsibility. Although not all Early Intervention students are eligible for PAWS services, many are.

preschoolers get out of balance and fail to meet State requirements. There are also full-day and half-day options dependent on IEPs and family preferences which can make scheduling difficult.

### **Advisory Considerations**

Advisory notes that the PAWS program has been housed in various locations in the past. At one time it was located at the Middle School and it has also been housed in temporary modular buildings at the DPW with great success. Advisory members would like to see the School Committee consider other Town locations for a possible future site of PAWS as well as study the current location, particularly as it has been noted by the SFC that expanding the current site will present significant challenges, including potential loss of the current play area. Additionally, Advisory feels that it is important to consider the results of the Hardy-Hunnewell-Upham (HHU) school study (see Article 18 on page 109) in conjunction with the needs for expanded preschool services in the event that one of these three buildings comes “off line” and could be repurposed for the preschool program.

Although many feasibility studies are obvious precursors to design and then construction funding in subsequent Town Meetings, this request does not commit the Town to building at the current PAWS site, but is merely an investigation into some of the possible options. It seems clear that Wellesley, like many of its peer towns, is experiencing the need for additional preschool classrooms based on State-mandated class sizes and student ratios. With the caveat that this appropriation might not necessarily lead directly to design funds for the expansion of PAWS in the next budget cycle, Advisory is supportive of the SFC’s need to explore its options for increasing preschool enrollment.

### **Advisory recommends favorable action, 14 to 0.**

**ARTICLE 17.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Permanent Building Committee, for architectural and engineering plans, specifications and other services, in connection with the provision of security throughout the Wellesley Public School District, including any necessary site work, construction, reconstruction, remodeling, rehabilitation or modernization of School District buildings and structures; and for other services in connection therewith, or to take any other action in relation thereto.

**(School Committee)**

This Article requests Town Meeting to appropriate design funds to the Permanent Building Committee (PBC) for the development of a security plan for all Wellesley schools other than Fiske and Schofield. This appropriation is expected to be funded through short-term borrowing inside the levy. The PBC has sent out a Request for Proposals (RFP) with the architect/engineering proposal due on March 4, 2015 and the Owner’s Project Manager (OPM) proposal due March 5. The PBC plans to choose finalists on March 12 and interview and vote their final rankings by March 19, after the *Advisory Report* goes to print. The PBC then expects to negotiate fees with the chosen architect and OPM no earlier than March 26, at which point Advisory will be able to review the scope and design fee estimates for these projects and make a recommendation to Annual Town Meeting (ATM). Total costs for the security project design funds will be available at or before ATM.

Fiske and Schofield are being renovated over the next two summers with funds approved at the October 2014 Special Town Meeting (STM) and approved by the voters at the December 9, 2014 election. These two schools are scheduled to gain improved physical security systems and the

technology to support them. The requested funds at this Annual Town Meeting will continue the plan to upgrade the security at all the other Wellesley schools, providing each school with reasonable and appropriate security systems where possible. Following completion of the design work and document preparation, the School Committee will return to a subsequent Town Meeting with bids in hand to seek project construction funds.

### **Background**

During winter of 2012-13, school safety concerns were elevated by the tragic events at Sandy Hook Elementary School in Newtown, Connecticut. As a result, the School Administration worked with the Wellesley Police in identifying needs in the Wellesley Public Schools. Some enhancements were made in entry security which included reducing the number of entry points to each building; adding some new key cards and buzzer systems; and upgrading some exterior doors and locks. These changes were all implemented by the Facilities Maintenance Department (FMD) and funded by the School Department and FMD for a total cost of approximately \$225,000. In addition, the DPW removed heavy bushes surrounding building entrances to improve visibility and reduce hiding places near the schools. At the 2013 ATM, \$186,000 was appropriated under Article 17<sup>56</sup> for a district-wide security system upgrade which included surveillance cameras and card access at the Middle School and elementary schools. The new High School had already been fitted with a similar security system and was not part of the 2013 security upgrade. Protocols and staff training were also developed in the event of an emergency.

Before making a more significant investment, the PBC recommended contracting with a consultant specializing in security assessment, design, protocol development, and planning. In the fall of 2013, the School Committee and School Administrators consulted with TSG Solutions, a private consulting firm specializing in technical security systems, to produce an assessment of the current security platform at each school. Recommendations were made concerning physical security, technology, staffing, policies, procedures and training. The cost of this study was \$57,000, funded using part of the \$186,000 appropriation approved at the 2013 ATM.

The School Committee (SC) decided to include some of the recommended security upgrades to the renovations at Fiske and Schofield, recognizing that including these security measures within the planned construction would be more cost-effective than retrofitting the buildings after the renovations were completed. The Security Working Group (SWG), which included representatives from the SC, FMD, the Wellesley Police, PBC, and SMMA, worked with the School Administration to implement a security plan based on the TSG recommendations, adding new security features during the design phase of the Fiske and Schofield renovations.

The School Administration then decided that the other schools in the district should receive similar security upgrades to those planned for Fiske and Schofield, noting that every school has slightly different needs based on the physical layout of each building. As the newest school, the High School already has a more up-to-date security system than the other schools, although it will also receive upgrades under this new district-wide security plan.

The design funds sought in this Article are for the following scope of work identified by the SWG, which address physical security and technology.<sup>57</sup> Some of the schools already have some of this

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<sup>56</sup> The appropriation approved at the 2013 ATM under Article 17, Motion 1 was for \$771,030 for design funds for various building projects of which \$186,000 was for school district security upgrade.

<sup>57</sup> In July 2014, a newly-formed Massachusetts State task force met on security and issued policies and guidelines to improve school security and encouraged their incorporation by local communities. In addition to the physical security upgrades proposed in this Motion, the School and Police Departments have already implemented a response plan and set up crisis teams for each school, and are currently developing a

security technology and others need more extensive upgrades. If this request for design funds is approved at ATM, construction documents and cost estimates will be developed for all schools for:

- Access Control Systems (ACS) at all primary entrances, included additional Aiphone systems<sup>58</sup> at each school and proximity card readers<sup>59</sup> for staff facility access;
- Communications upgrades to include an upgraded intercom system integrated into recently installed telecommunications systems, and two-way radio systems;
- Interior door and lock upgrades;
- Video Management Systems (VMS) at all schools where the number of cameras will depend on the configuration of the buildings, and the High School will require only a VMS upgrade; and
- Strategic relocation of administrative offices and consideration of sally ports (secure, controlled entryways) where possible and appropriate.

It is important to note that the value of a VMS goes beyond security. Based on the experience of the VMS at the WHS, additional benefits include investigating theft and vandalism as well as student behavior issues. The School Administration does not continuously monitor the cameras but is able to use them retroactively as needed.

### **Advisory Considerations**

Advisory shares the Town-wide concerns for school safety and agrees that the Town should be prepared as reasonably as possible for any eventuality. The schools are currently deemed safe by the Chief of Police, but improvements can be made to make them more secure for students and staff. Education and training of personnel and evaluation of effective policies and procedures are continually being undertaken, and the Police Department conducts periodic safety audits for each school. Advisory applauds the collaboration of members from the Police Department, FMD, DPW, SC and School Administration in identifying and addressing many physical and procedural security needs since 2013. Some simple steps like locking all the doors; collecting all the master keys held by individuals working in the schools; installing Aiphones; and improving lighting and landscaping have already made the schools safer.

Improving direct communication between the schools and the police department is a top priority, as well as enhancing internal communication within a school building if an event occurs. Access control and installation of cameras are the next priorities. Ensuring we have trained staff who know the children and what to do in an emergency situation is equally critical. The design in this Article request addresses all but this last priority.

Careful planning is needed in order to define the scope of this project to implement only what the Town really needs to create a safe environment for all our students and staff. What works for one school may not necessarily work for another because of its age and building layout. Also, “state of the art” technology is always changing and increasingly more expensive. For example, Advisory learned that after initial purchase and installation, software used in the VMS and access devices

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district-wide school security response plan. In addition, modifications in landscaping, lighting, phones, and signage for each school building have been made to help in a school emergency.

<sup>58</sup> An Aiphone is a hands-free color video intercom master station, used at the main entrance of a school building so that personnel inside can determine who is outside before unlocking the door.

<sup>59</sup> A proximity or “prox” card enables an authorized person to gain access to a building without having to physically insert the card into a reader. The convenience of prox cards means that it is more likely people will use them, and helps to minimize security risks like propped open doors. Prox cards may also be programmed to give various building occupants different levels of physical access.

will need to be upgraded every year, estimated by TSG at a cost of 10-12% of purchase price of the original technology.<sup>60</sup> Server equipment and cameras will need to be replaced over time adding to the technology expense in the school budget. The cost of maintaining the hardware in these systems will be covered by the FMD and in turn will increase that department's budget. Service calls, replacement parts, outside vendors and preventative maintenance are additional costs which will be incurred. Advisory would encourage the SWG to be careful not to overspend on unnecessary security features or excessive VMS, which incur not only initial installation costs but also significant annual operating costs, which will inevitably put pressure on the operating budgets of the School Department and the FMD.

Members of Advisory discussed the Town's school security as it compares to neighboring towns and learned that other towns are in similar situations as Wellesley (*i.e.*, steps have been taken to improve security but the installation of improved door and lock upgrades, ACS and VMS has lagged), especially with respect to their older buildings.<sup>61</sup> A few Advisory members were also concerned about the increased school surveillance that the new VMS would enable.

Given that the schools are currently deemed safe in the view of the Chief of Police, some on Advisory feel that this project, while worthy, should be slowed down. They feel this work could be put off for another year or two in light of the \$1.66 million dollar deficit the Town currently faces and the uncertainties surrounding future plans for Hardy, Hunnewell, Upham and PAWS, which are the subject of requests in Articles 16 and 18. Others believe that the SFC is cognizant of the need to plan carefully for the security needs of these schools given that major physical changes to each of them are on the horizon. All Advisory members agree that the children in these buildings deserve safety and security, too, and also that the preschool and elementary projects have several more years to go before implementation.

When the Police Chief, the FMD Director, and the School Superintendent were invited to appear in front of Advisory for a schools security overview, many members were impressed with the collaborative feel to the discussion. This was especially the case when the discussion turned to adjustments (reductions) in the number of cameras that had been made in the Schofield and Fiske renovation project which was possible because of the close collaboration among members of SWG and the PBC. Advisory would like to see this type of cooperation continue and views it as critically important as the school security design project continues.

As the *Advisory Report* went to press, there were no estimates available for the design costs of this project. Advisory anticipates that PBC will present these estimates by the time of Town Meeting, and expects to review these thoroughly before making a recommendation.

**Advisory will make its recommendation at Town Meeting.**

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<sup>60</sup> WHS currently maintains 69 cameras at roughly \$10,000 per year.

<sup>61</sup> For example, one neighboring town has rolled out a communications plan between its schools and police department but has not yet installed any cameras for financial reasons.

**ARTICLE 18.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be added to the amounts previously authorized under Motion 1 of Article 7 of the December 9, 2013 Special Town Meeting, to be expended under the direction of the School Facilities Committee, for conceptual planning work associated with the renovation, reconstruction, addition, consolidation or replacement of the Hardy, Hunnewell and Upham Elementary Schools, including the costs of engineering and architectural design services, and the preparation of bid documents, or to take any other action in relation thereto.

**(Board of Selectmen/School Committee)**

This Article requests the appropriation of \$50,000 from Free Cash to the School Committee and Board of Selectmen (BOS) to fund further development of a plan for Hardy, Hunnewell and Upham Schools. Specifically, the requested funds will be used to refine Geographic Information System (GIS) enrollment analysis, evaluate traffic, and consider the timing and phasing of any major renovations, reconstructions or consolidations of these three elementary schools.

The School Committee and Board of Selectmen appropriated \$90,000 in Article 7, Motion 2 of the December 2013 7:30 Special Town Meeting to study the future needs of the Hardy, Hunnewell, and Upham elementary schools (HHU). Please see pages 22-23 and 28 in that *Advisory Report* for a discussion of the process which led the School Facilities Committee (SFC) to conclude that “Redistricting or reconfiguration could improve but not fully address existing educational program inequities among the seven elementary schools over the next seven years.” As the oldest schools with high cost to renovate, significant construction complexity and difficult phasing, the SFC determined that it would be challenging to address programmatic and operational deficiencies by renovation of HHU alone. Therefore, the SFC considers HHU to be candidates for potential major renovations, additions, replacements and/or consolidation.

There are many potential scenarios to consider:

- Major school renovations and the replacement of all modular classrooms at each school;
- Replacement of one school and renovation of the two others;
- Replacement and expansion of one school; renovation and the replacement of the modulars at a second school or expansion of the second school; and removal of the third school;
- Replacement and significant expansion of one school, removal of the two others.

The SFC submitted a Statement of Interest (SOI) to the Massachusetts School Building Authority (MSBA) in 2013 and again in 2014 for Hardy, Hunnewell and Upham Schools, designating Hardy as its top priority because of its age and condition, for possible partial MSBA funding. Hardy was not selected to be a part of the MSBA traditional program, though a different Wellesley School project – replacement of the WMS windows – was invited to participate under the MSBA’s Accelerated Repair Program. The SFC expects to submit another SOI for Hardy, Hunnewell and Upham Schools in 2015.

### **Current Request**

After Advisory’s unanimous recommendation and Town Meeting’s approval of the \$90,000 funding, the SFC reached an agreement with Symmes, Maini, & McKee Associates (SMMA) to develop a master plan for the HHU study for \$85,000.

In the proposal, SMMA agreed to “develop a wide range of possible construction solutions for the Hardy, Hunnewell and Upham schools, each of which could be affected by educational, construction, permitting, budgetary and political influences. SMMA [would] work closely with the

SFC to help identify possible solutions, provide the conceptual architectural and planning support needed to vet each option, develop rough cost estimates, and then provide the necessary supporting documentation that will be needed for public support.”

SMMA agreed to accomplish the above tasks in three phases:

- Phase I – Introductory Tasks: To include committee meetings, educational and enrollment studies, site and building conditions, and study goals;
- Phase II – Master Plan Options: To include construction options development, evaluation of construction options, and community presentations; and
- Phase III – Preparation of an Options Plan Report: To include selection of an Options Plan, preparation of the final Options Plan report and a presentation for the community.

As of the printing of this *Advisory Report*, the SMMA agreement is 75% completed with \$63,750 spent to date. The remaining tasks include “community presentations” from Phase II and all of the tasks specified in Phase III.

With only \$5,000 of the original \$90,000 unencumbered, the SFC is requesting an additional \$50,000 to continue its work. This appropriation would be used towards:

- Refined traffic evaluations, including more detailed analysis of possible scenarios within current districts, as well as the possible traffic impacts of redistricting;
- GIS enrollment analysis, including analysis of possible remapping of school districts, depending on various school building scenarios, as well as possible ways to use redistricting to help with traffic concerns;
- SMMA support; and
- Consideration of timing, to study how the eventual plan, as well as possible MSBA funding for part of the project, influences the sequencing of the project as a whole.

Once these studies are completed, SFC would continue its work with SMMA to determine the best course of action. Part of this process would include finishing Phase II and Phase III of the initial agreement, whose focus is gathering community feedback.

### **Background**

The SFC determined that the replacement and significant expansion of any individual one of the three schools and removal of the two others is not an option given the enrollment numbers and the wish to limit each school to a maximum of five sections per grade (or a maximum of 660 students). Schools larger than five sections per grade would create serious traffic and community concerns. Therefore, the SFC asked SMMA to consider schools sized for 425, 536, and 660 students, corresponding to three, four, or five sections per grade, respectively. The total number of elementary students to be educated in these three schools (or some combination thereof) was specified to be between 960 and 1085 students depending on whether lower or higher projected enrollment numbers were used. The numbers reported below are approximate construction costs only and will need to be substantially refined. They were generated in 2014 and include escalation costs assuming a 2016 construction start date. Additional annual escalation costs could be significant if building doesn't commence for another five or more years.

Currently, Upham is a 12 section school (two sections per grade) while Hunnewell and Hardy have 15 and 17 sections, respectively (up to three sections per grade). The SFC made the decision to shift towards at least a three section school as the minimum school size for several reasons:

- From an operational perspective, it is much easier to manage class size. For example, if a two-section school has 30 students in a grade, the School Committee must choose between one section of 30 students (well over class size guidelines) or two class sizes of 15 students each (well under class size guidelines). The School Committee has moved away from multi-grade classes because the current curriculum is not optimally delivered in “split” classrooms, and multi-grades also require appropriate student enrollment numbers over at least two years;
- There is increased professional collaboration and development with more teachers per grade;
- There are additional savings in the operating budget of a larger school, since schools from two to five sections per grade generally require only one principal, one school nurse, one office assistant, etc. There is also increased efficiency in scheduling specialists who may be able to avoid splitting their time between schools; and
- There are economies of scale in the construction of a larger school.

Some general observations based on the SMMA work are:

- A new school could be built behind the existing Hardy or Upham Schools but because of wetlands restrictions, there is insufficient space<sup>62</sup> to build an entirely new school at Hunnewell without first closing the existing school during construction (in this scenario, off-site swing space would be needed).
- Hunnewell is therefore likely to require substantial renovations and/or an addition rather than a new building. A renovation/addition would likely be sized at 425 students; the 536 and 660 student options require a building that is too large for the buildable land on the Hunnewell site. Because of limited parking at Hunnewell, alternatives would need to be considered to support additional faculty.
- A new school at the North 40 would offer phasing opportunities for other parts of the HHU plan; namely, the new school could act as “swing space” during potential renovation of any of the other schools.
- The cost to build a new school at either the North 40 or the Hardy site is not appreciably different – around \$42.5 million for a 536-student school. Building a new school at Upham is slightly more costly, projected to be about \$4.5 million more for the same 536-student school.<sup>63</sup>
- Going from a four to five section school at either the North 40 or Hardy adds about \$5 million to the construction cost. The five section school is not a viable option for either Hunnewell or Upham.
- The MSBA tends to approve of larger buildings (500+ students) and encourages consolidation for towns which have several schools on their list of work because of the

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<sup>62</sup> A significant portion of the Hunnewell site contains wetlands; although the site is 5.6 acres, only 3.0 acres are buildable. For Hardy school, 6.0 of the 7.5 acres are buildable and for Upham there are 10.5 buildable acres of the 12 total, though some of the land at Upham is ledge which would have to be removed to be usable.

<sup>63</sup> Again, remember that all school construction numbers do not include escalation past a 2016 construction start date.

economies of scale in construction,<sup>64</sup> stating that “The MSBA strives to find the right-sized, most fiscally-responsible, and educationally-appropriate solutions to create safe and sound learning environments.”

Below is a chart of some scenarios and costs based on the SMMA work. ***It is important to note that no decision has been reached regarding which option to pursue.*** The first chart estimates total construction costs for each of the new (Hardy, Upham, North 40) or renovated (Hunnewell) schools.

# Students	# Sections per Grade	Estimated Total Construction Cost (Millions)*			
		North 40 (New)	Hardy (New)	Hunnewell (Renovated)	Upham (New)
425	3	N/A	N/A	\$35.0	N/A
536	4	\$42.4	\$42.6	N/A	\$46.9
660	5	\$47.5	\$47.9	N/A	N/A

\*Numbers were estimated assuming 2016 construction and do not include escalation beyond that date.

The second chart provides the same information on a cost per student basis:

# Students	# Sections per Grade	Estimated Total Cost Per Student*			
		North 40 (New)	Hardy (New)	Hunnewell (Renovated)	Upham (New)
425	3	N/A	N/A	\$82,400	N/A
536	4	\$79,200	\$79,600	N/A	\$87,600
660	5	\$72,000	\$72,500	N/A	N/A

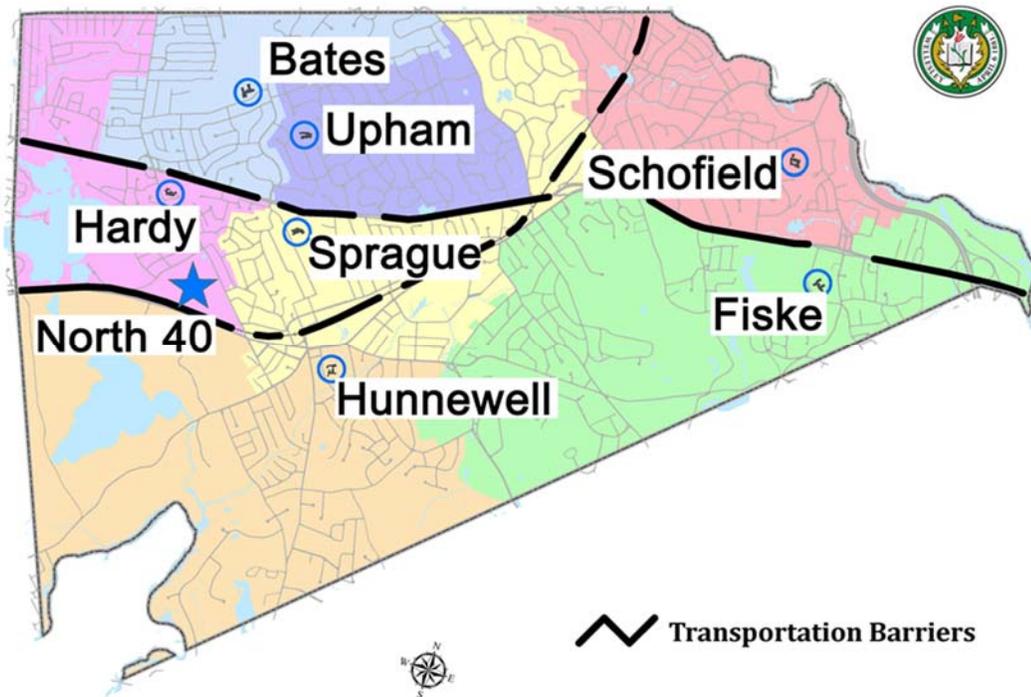
\*Numbers were estimated assuming 2016 construction and do not include escalation beyond that date.

Using these estimates as building blocks, a number of scenarios can be constructed. Currently the SFC is considering the following choices, but these are not final nor are they exhaustive:

# Students	Combination	Possible HHU Scenarios*					Total (\$MM)	Cost Per Student
		North 40 (New)	Hardy (New)	Hunnewell (Renovated)	Upham (New)			
961	Hardy 536 Hunnewell 425		\$42.6	\$35.0		\$77.6	\$80,800	
961	Upham 536 Hunnewell 425			\$35.0	\$46.9	\$81.9	\$85,200	
961	North 40 536 Hunnewell 425	\$42.4		\$35.0		\$77.4	\$80,500	
1072	Hardy 536 Upham 536		\$42.6		\$46.9	\$89.5	\$83,500	
1085	North 40 660 Hunnewell 425	\$47.5		\$35.0		\$82.9	\$76,400	
1085	Hardy 660 Hunnewell 425		\$47.9	\$35.0		\$82.9	\$76,400	

\*Numbers were estimated assuming 2016 construction and do not include escalation beyond that date.

<sup>64</sup> However, of the 13 projects which were on going during the summer of 2014, six were for schools sized at less than 500 students while seven were for 500+ schools (range 170 to 770).



As the Town worked through negotiations with Wellesley College over the “North 40,” the SFC work on HHU was put on hold, as the results of the negotiations were expected to have a tremendous impact on the HHU study no matter the outcome. An initial traffic review was conducted by Kien Ho of Beta Group, Inc. in order to begin to collect information about the traffic impact of the various scenarios.

A chart of the “transportation barriers” (black dashed lines represent Route 9 and the railroad tracks) is shown above, which details the shape of the districts. The takeaways from this initial review were:

- Traffic near schools is challenging.
- Locating a school on the North 40 to replace Hardy has a limited impact on traffic. In fact, it might reduce some of the congestion from Route 9 as traffic will be drawn further south.
- Locating a larger school on the North 40 is not optimal as Wellesley currently has four other schools in the northwest corner in close proximity (Bates, Hardy, Sprague, and Upham).
- Redistricting students from the Hunnewell district to a North 40 location would create a negative traffic impact in the center of Town and on the Weston Road bridge which would require expensive alternative traffic solutions such as an additional bridge, a wider bridge, etc.
- Additional traffic studies would be needed to incorporate the effect of redistricting and changes to school siting on the locations.

### **Advisory Considerations**

Advisory agrees that the SFC, with the support of the SC and the BOS, should continue the work to determine the optimal future configuration of the trio of Hardy, Hunnewell, and Upham, as well as potential uses for the North 40 and the potential needs of the PAWS program. Whether it is through major building renovations, reconfigurations, expansions, removals, and/or construction of new buildings, Advisory supports the SFC idea of a thorough analysis. A decision of this magnitude requires a detailed understanding of the impact of possible scenarios with respect to

existing school communities, current and future school programmatic needs, enrollment, traffic, and both construction and future operating costs. Advisory agrees that further investigation into traffic, enrollment numbers, and possible redistricting are all critical steps to making sure that the final decision on HHU enhances the Town's school system in the long term. Advisory sees a particular need for GIS data to be carefully analyzed, as the choice of school district boundaries with respect to a particular scenario can greatly alter its feasibility. Advisory stresses the role of community feedback in this process, and some members also hope that SFC keeps in mind possible opportunities for historical preservation. As the scenarios continue to develop and be further refined, Advisory encourages SFC to provide as much detail as possible as to the "why's" and "why not's" of the final scenario(s).

Advisory also understands that there are many factors to consider regarding the timing of such a large-scale project, such as possible MSBA funding and the continued decline of the current school buildings. Advisory notes that as the Town-wide conversation about HHU continues, the Town will have to consider a balance between maximizing MSBA funding opportunities and its own priorities, which have long included a preference for smaller neighborhood schools. Advisory encourages the SFC, SC and BOS to work with the MSBA through its SOI process, and agrees that funds requested in this Article are necessary to move the process forward at the pace required to address the needs of the students in the three school buildings.

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 19.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money to be added to the amounts previously authorized under Motion 3 of Article 20 of the 2009 Annual Town Meeting, Motion 1 of Article 18 of the 2013 Annual Town Meeting and Motion 1 of Article 2 of the December 9, 2013 Special Town Meeting, to be expended under the direction of the Permanent Building Committee, for architectural and engineering plans, specifications and other services in connection with the construction, reconstruction, remodeling, rehabilitation and/or design of the Tolles-Parsons Center (senior center) to be located at 494-496 Washington Street and for associated vehicular parking, or to take any other action in relation thereto.

**(Board of Selectmen)**

**Advisory expects no motion under this Article.**

**ARTICLE 20.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Board of Selectmen, for the acquisition or general management of a parcel of land located at 156 Weston Road, Wellesley, shown as Parcel No. 5 on Assessor's Map No. 149, commonly referred to as the "North 40", consisting of approximately 46 acres more or less, or to take any other action in relation thereto.

**(Board of Selectmen)**

**Advisory expects no motion under this Article.**

**ARTICLE 21.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Board of Public Works, to defray the costs of water system improvements, including construction, engineering, procurement, permitting, inspection and contract administration for the replacement or retrofitting of water meters to allow off-site meter reading, and for any other equipment or services connected therewith, or to take any other action in relation thereto.

**(Board of Public Works)**

This Motion requests Town Meeting authorization to borrow \$4,000,000 for the replacement of approximately 12,000 residential and commercial water meters throughout the Town. Because the borrowing will occur within the Water Enterprise Fund and be paid back through customer charges, this request has no tax impact to the Town.<sup>65</sup> The current meters were installed starting in 1998 and are reaching the end of their expected useful life, which is typically 15 to 20 years. As meters begin to fail, they present inaccurate readings or sometimes no reading at all. Replacement meters (both for indoor and outdoor metering) will be phased in over a period of three to four years.

Metering is an essential element of water use accounting, effective rate making, efficiency and conservation management, and water loss control.

The last water meter change-out provided remote read capabilities leading to several advantages for water customers. The primary benefit was greater convenience to homeowners since meter readers no longer needed to enter each house to read the meter, and homeowners no longer needed to call in missed meter readings. In addition, monthly rather than quarterly billing was implemented, providing regular, accurate monthly meter readings to improve billing accuracy and helping to identify leaks in a timelier manner, saving customers money and avoiding unnecessary water losses.

The proposed Town-wide water meter change-out will continue those benefits and also provide new advantages available through the new advanced metering infrastructure (AMI) which will be implemented. AMI consists of advanced meters, data transmitters, data collectors, meter data management systems, leak detection tools, customer information portals, and analytical packages. New features will allow DPW managers to take a snapshot of a water utility's distribution system at any given point in time, giving a complete image of water consumption. This will allow the DPW to look at inflows and outflows, for example, and perform comparative analysis on the distribution system which will allow quicker identification of leaks and water losses.

New water meter installations are expected to be completed in a single visit, minimizing cost and inconvenience to the homeowner. The specific cost of the remote meter project will depend on meter and installation prices, with bids expected to be completed early in FY16. The Board of Public Works plans to fund the debt service on this borrowing through an increase in the customer charge for each water meter, which is anticipated to be approximately \$300 per meter payable over several years.

Advisory agrees that replacing the current water meters, which are reaching the end of their useful lifespans, with improved versions that can more readily identify leaks will minimize water losses and enable more accurate meter readings – both favorable outcomes for water customers. Advisory notes that although Town Meeting approval allows the Town to borrow \$4 million for this

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<sup>65</sup> See the Water Enterprise Fund Sources and Uses in Article 12 on page 92 which includes this borrowing in "Capital Outlay" for FY16.

project, this borrowing will occur in installments over a number of years as all the meters are not expected to be purchased and installed in a single year.

**Passage requires a 2/3 vote**

**Advisory recommends favorable action, 13 to 0 with one abstention.**

**ARTICLE 22.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Board of Public Works, for the purposes of water and sewer line rehabilitation, and for any necessary equipment or services connected therewith, or to take any other action in relation thereto.

**(Board of Public Works)**

**Advisory expects no motion under this Article.**

**ARTICLE 23.** 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, the locations of which are available for inspection at the Town Clerk's office, or to take any other action in relation thereto.

**(Board of Public Works)**

This Motion 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 easement is ready to be presented at Town Meeting:

- 84 Hopkinson Street – Electric Easement, requested by the developer to bring electricity to the property which is being subdivided.

This easement does not involve any expense to the Town.

**Passage requires a 2/3 vote.**

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 24.** To see if the Town will vote to transfer to the Wellesley Housing Development Corporation the sum of \$96,897, or any other sum of money, now held by the Town pursuant to the action of the Planning Board, on November 9, 2009, and deposited by GB New England 2, LLC, the developer of 984, 990 and 990R Worcester Street, for the purposes of satisfying its obligation to provide a fractional unit of affordable housing as part of such development, or to take any action in relation thereto.

**(Board of Selectmen)**

Through this Motion, the Board of Selectman (BOS) seeks approval to transfer \$96,897 from the Town to the Wellesley Housing Development Corporation (WHDC). This money was deposited with the Town by GB New England 2, LLC, the developer of 984, 990 and 990R Worcester Street, to satisfy the Town's affordable housing requirement related to the development.<sup>66</sup>

On March 22, 2010, the Planning Board (PB) approved the issuance of a Project of Significant (PSI) special permit for a proposed 12,900 square foot CVS store to be located at 984, 990 and 990R Worcester Street. Section XVIB of the Wellesley Zoning Bylaws, *Inclusionary Zoning*, requires the allocation of 0.02 affordable units per each 1,000 square feet of non-residential floor area in a project; therefore, the project applicant was responsible for 0.258 affordable units (12,900 sq. ft./1,000 sq. ft. x 0.02 = 0.258 units). An applicant may propose such units on site, or, with the issuance of a special permit approved by the Planning Board, locate such units on land within the Town other than the project site, or make a cash contribution to the affordable housing trust fund account. In this instance, the applicant chose to make a cash contribution, approved by the Planning Board.

The amount of the cash contribution is determined by the Planning Board, based on the product of the required number of Assisted Units (0.258), multiplied by the difference in sale price between an Assisted Unit and a Conventional Unit.<sup>67</sup> To establish the amount of the cash contribution, the Planning Board relied on information provided by the WHDC, which determined that the sale price of an Assisted Unit was \$214,428, and the median sale price of a Conventional Unit was \$590,000 based on an analysis of market unit sales between July 1, 2009 and October 7, 2009. The Planning Board therefore determine the required contribution to be 0.258 x (\$590,000 - \$214,428), or \$96,897.

On June 4, 2014, GB New England 2, LLC deposited \$96,897 with the Town to satisfy the Town's affordable housing requirement. The Town considers the transfer of \$96,897 to the WHDC to be solely an administrative matter. Advisory agrees with the transfer of funds from BOS to WHDC as the funds are intended as compensation when affordable housing is not built in conjunction with a construction project. Advisory views this transfer as a housekeeping measure.

**Advisory recommends favorable action, 14 to 0.**

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<sup>66</sup> Affordable housing is defined as a unit which could be purchased or rented by a household making up to 80% of the median income of the area. The WHDC's mission is to sponsor and assist in the development of affordable housing opportunities in Wellesley in order to implement the Town's Affordable Housing Policy, found at [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Selectmen/appoint/whdc](http://www.wellesleyma.gov/Pages/WellesleyMA_Selectmen/appoint/whdc).

<sup>67</sup> The sale price for an Assisted Unit is determined in accordance with the Local Initiative Program regulations of the Massachusetts Department of Housing and Community Development; the sale price of a Conventional Unit is based on the current median sale price in the Town for such units similar in size and type to the Assisted Unit.

**ARTICLE 25.** To see if the Town will vote to extend the life of the Town Government Study Committee II to the 2016 Annual Town Meeting, to continue its charge as set forth in Article 30 of the Warrant for the 2014 Annual Town Meeting; additionally to charge it to review the Town Bylaws for technical and other changes; to hold public hearings on recommendations it has; and to see what sum of money the Town will appropriate for such Committee; or take any other action in relation thereto.

**(Town Government Study Committee)**

This Article requests Town Meeting to authorize the continuation until the 2016 Annual Town Meeting (ATM) of the Town Government Study Committee (TGSC) originally established under Article 30 of the 2014 ATM, and expands its scope to review the Town Bylaws for technical and other changes. Article 25 also requests an appropriation of \$32,000 from Free Cash. The \$15,000 appropriated to the TGSC at the 2014 ATM is currently being used for consultant fees.

At the 2014 ATM, the Town Meeting voted to establish the 2014 Town Government Study Committee to review the structure of Wellesley’s town government. The Moderator appointed nine members to serve on the TGSC, the majority of whom had served on a variety of elected and appointed boards and were all either current or former Town Meeting Members.

The TGSC was charged with studying and making recommendations on the existing structure of town government to determine whether it is best suited to the Town’s current and future needs; the role and authority of the Executive Director of General Governmental Services as well as alternative management models; the number, composition and role of the various elected and appointed boards and committees; the potential consolidation, centralization and other changes to the functions and responsibilities of various Town departments; the optimal number of Town Meeting Members; the number and scope of Town Meetings, as well as the timing of the Annual Town Meeting and the Town elections; and any other topic related to Town government that the Committee deemed appropriate.

If approved by this ATM, the TGSC plans to use the funds appropriated for the second year as follows:

<b>Town Government Study Committee Expenses</b>	
Year 1	
Consultant services	<b>\$15,000</b>
Year 2	
Additional consultant services	10,000
Legal fees to draft, review and revise the Town Bylaws and draft special legislation	15,000
General cleanup of the Town Bylaws	2,000
Miscellaneous expenses	5,000
<b>Total Year 2</b>	<b><u>\$32,000</u></b>
<b>TOTAL</b>	<b><u>\$47,000</u></b>

The TGSC has met bi-weekly since June. The Committee divided its work into phases. Phase I, completed in December 2014, consisted of an internal review of the existing Town government structure. This effort included close examination of the organizational structure; review of past TGSC reports; and numerous interviews of all Town elected and appointed boards and department heads as well as private citizens from a broad array of perspectives. Please see the

Town Government Study Committee Report on page 153 for more details on the work to date of the Committee.

Phase II, completed in February, consisted of an external review of government structures in other Towns. This effort included interviews with the Town Managers/Administrators of fourteen benchmark communities, review of charters and bylaws, and analysis of the government structure and demographic information for each of these municipalities. To assist the TGSC in this work, the Committee hired a consultant with extensive experience as a Town Manager and in leadership positions in other capacities related to town governance and administration. Currently, the TGSC is in Phase III of its efforts during which it will develop preliminary recommendations, meet with boards and staff to discuss them, and survey all Town Meeting Members immediately following the conclusion of the Annual Town Meeting. In Phase IV, expected to begin in mid-May, the Committee will roll out recommendations to be made at a Special Town Meeting next fall. These recommendations will be presented in draft form to the boards, staff and community in an extensive series of meetings. Phase V will be the development of final recommendations for a Special Town Meeting this fall.

### **Advisory Considerations**

Advisory supports the work of the TGSC, agreeing that it is important to evaluate the Town government structure periodically rather than waiting until serious problems arise; once per decade appears to be a reasonable re-evaluation period. Every prior TGSC has asked for an additional year to complete their work and Advisory agrees that a one-year extension is a reasonable request.

The TGSC has developed a well-thought-out process for gathering and analyzing relevant information from both internal and external sources; obtaining input from boards, staff, Town Meeting members, and the larger community; and development of recommendations for a Special Town Meeting this fall. Now in the midst of this process, the TGSC has momentum and still much work to do. TGSC requests additional time and funding to complete its work, already well underway, and additionally undertake bylaw review and propose revisions, as appropriate.

While Advisory believes that many Town residents would agree with the statement that Wellesley is a well-managed municipality, there are always improvements that can be made to Town government. Advisory believes by extending the charter of the TGSC for another year and providing additional consultant funds, the Committee will be able to come forward with constructive recommendations this fall.

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 26.** To see if the Town will vote to authorize the Board of Selectmen to enter into one or more leases of privately owned office space within the Town of Wellesley for the Facilities Maintenance Department, and further, to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Board of Selectmen, for rental payments and fees associated with such leases, or to take any other action in relation thereto.

**(Board of Selectmen)**

**Advisory expects no motion under this Article.**

**ARTICLE 27.** To see if the Town will vote to re-codify the Preamble of the Zoning Bylaw as Section 1., *General Provisions*, and to amend the Zoning Bylaw by deleting Section XXVI., *Adoption/Amendment Procedures*, Section XXVII., *Existing Bylaws Not Repealed*, and Section XXVIII., *Invalidity*, and incorporate those sections within re-codified Section 1., *General Provisions*, or to take any other action in relation thereto.

**(Planning Board)**

This Article is intended to re-codify<sup>68</sup> portions of the Zoning Bylaw, deleting the current *Preamble* and replacing it with a section titled "Section 1, *General Provisions*," which includes general provisions related to the purpose of the Bylaw (reciting the former *Preamble*) and how the Bylaw is established and intended to operate. This Article also includes the deletion of Section XXVI, *Adoption/Amendment Procedures*, Section XXVII, *Existing Bylaws Not Repealed*, and Section XXVIII, *Invalidity*, and intends to incorporate provisions contained in those sections within the new Section I, *General Provisions*.

With regard to the intent to delete Section XXVI, *Adoption/Amendment Procedures*, the current section is an almost verbatim recitation of provisions contained in the Massachusetts General Law (MGL) pertaining to procedures which the Town must follow to adopt and/or amend the Zoning Bylaw and Zoning Map; therefore, the proposal involves eliminating this text and simply referring to MGL Chapter 40A, Section 5 and MGL Chapter 40, Section 32, intending to remove unnecessary redundancy and the possibility that the Town's Bylaw could be in conflict with State law requirements (further revisions to the motion will likely also reference MGL Chapter 40, Section 32).

The impacted Zoning Bylaw sections and page numbers of the current 233 page Zoning Bylaw<sup>69</sup> are:

- Preamble, page 3;
- Section XXVI, *Adoption/Amendment Procedures*, pages 223-225;
- Section XXVII, *Existing Bylaws Not Repealed*, page 229; and
- Section XXVIII, *Invalidity*, page 231.

The specific changes being proposed can be seen in the draft Motion<sup>70</sup> and the markup<sup>71</sup> to the current Zoning Bylaw, posted on the Planning Board home page of the Town's website under 2015 Annual Town Meeting Initiatives. A final copy of the Motion language will be provided to Town Meeting Members in the motion packet mailed before ATM.

As noted above, the language in proposed Section 1.6 replaces the five page section in the current Zoning Bylaws relating to the provisions for amending the Bylaws. As described in the Motion, the intent is to point readers to the provisions found in Chapter 40A and Chapter 40 of

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<sup>68</sup> The terms "re-codify" and "re-codification" are intended to refer to the practice of establishing a consistent format for the Zoning Bylaw and its sections, correcting content and context, fixing typos and grammatical errors, with the intent of improving the Bylaw's overall clarity and flow.

<sup>69</sup> The Zoning Bylaw, last revised on July 9, 2014, can be found at:  
[http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/ZB/Full%20Zoning%20Bylaw\\_Updated7-9-2014.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/ZB/Full%20Zoning%20Bylaw_Updated7-9-2014.pdf)

<sup>70</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/2-26-15%20Draft%20Motion%20Article%2027\\_clean.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/2-26-15%20Draft%20Motion%20Article%2027_clean.pdf)

<sup>71</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/Preamble,%20Sec%20XXVI,%20Sec%20XXVII,%20&%20Sec%20XXVIII\\_markup%20based%20on.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/Preamble,%20Sec%20XXVI,%20Sec%20XXVII,%20&%20Sec%20XXVIII_markup%20based%20on.pdf)

the Massachusetts General Law dealing with this topic rather than have the same language repeated in the Bylaws.

### **Background**

In the years following the Civil War, suburban development began in earnest in Wellesley. A leader in this movement was Albion Clapp, who had the foresight to establish zoning guidelines for his developments related to items such as the size and setback of homes. In 1912 the Town instituted a Town Building Law, which specified the size and location of homes to protect against fire. The Town passed a zoning law in 1925 and was a pioneer in the development of a Planning Board, a Board of Survey, and a Billboard Bylaw.<sup>72</sup>

Over the years there have been multiple amendments and additions to the Zoning Bylaw to keep pace with the growth in commercial and residential development. Through this process the Zoning Bylaw has become more complex and less user-friendly.

The intent of this Article is to begin the process of re-codifying the Town Zoning Bylaw to bring it up to a modern standard of drafting. Rather than amend and recodify the entire Bylaw at once, the Planning Board proposes to accomplish this over time. Changes that will be part of this process will be a transition from the use of Roman numerals to Arabic numerals to establish a layout and numbering system more consistent with standard practice and use of more modern, less legalistic language. The Planning Board has also added language that it characterizes as clarifications of the Zoning Bylaw, rather than substantive revisions.

Advisory supports the recodification of the Zoning Bylaws to bring them up to a modern standard and to eliminate any ambiguities that may exist in the current Bylaws.

### **Advisory Considerations**

During public hearings and Advisory discussion of the Article, there was debate as to whether the amendments should be done in a piecemeal fashion or as a single all-inclusive project. Recently, neighboring communities such as Dedham and Reading have done a comprehensive recodification with the assistance of outside consultants. External consultants have the benefit of seeing a broad variety of zoning bylaws from multiple towns and can identify and bring forward best practice. The effort would involve a cross-government task force consisting of boards and departments that are impacted by the Zoning Bylaws such as Engineering, Planning, and the Zoning Board of Appeals as well as the Planning Director and Planning Board who are charged with recodification. Because the Planning Board is charged with updating the Comprehensive Plan over the next few years, ideally the recodification of the Zoning Bylaws would be an outgrowth of and a response to the comprehensive planning effort.

Advisory fully supports the recodification and amending of the Zoning Bylaws, agreeing with Planning that the Zoning Bylaws are dated and cumbersome to use. However, there is disagreement amongst the Advisory members as to which method to employ. Many members believe that Planning should delay the recodification efforts and use the comprehensive method. A major concern is that piecemeal amendments could have unintended consequences which could be minimized through a comprehensive recodification process. Additionally, they feel that a process that has cross-departmental representation from those who apply and enforce the Bylaws would address practical implementation concerns, allow more time for public comment and result in a better end product. One member referred to a full recodification as allowing the

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<sup>72</sup> Town of Wellesley Comprehensive Plan Update 2007–2017

Town to take a “big picture” look at the Zoning Bylaws, with an end product that would be less “tweaky.”

Others think the piecemeal approach to be a prudent way of addressing the situation, as there would be no guarantee that a comprehensive effort would not also yield unintended consequences. These members believe it would be good to start somewhere and the approval of current articles, considered by these members to be “benign,” does not preclude a comprehensive effort from being undertaken at a later date.

Concerns were also noted that the poorly-attended public hearing on the Planning Articles brought forth at this Town Meeting was held during school vacation week, though Advisory agrees that there were other opportunities to discuss these articles during regularly scheduled Planning meetings. Advisory is pleased that the Planning Board and Director were responsive to public input, but many are concerned that the latest modifications of the Planning articles have not had sufficient time for public review and comment.

There was also discussion on the merits of deleting the Section XVI on Adoption/Amendment procedures and have users of the Zoning Bylaw reference the relevant Massachusetts General Law Chapter 40 and 40A sections. Advisory believes that this change would prevent potential inconsistencies between the Zoning Bylaw and MGL Chapters 40 and 40A should the legislature amend either of them. Advisory does not feel the deletion of this language from the Zoning Bylaw would be a burden on users of the Bylaws given easy access to the MGL.<sup>73</sup>

**Passage requires a 2/3 vote.**

**Advisory recommends favorable action, 6 to 5.**

**ARTICLE 28.** To see if the Town will vote to re-codify and restructure Section IA., *Definitions*, of the Zoning Bylaw as Section 1A., *Definitions*, and to amend the section by adding, deleting and/or revising provisions for the use and meaning of certain terms and constructions, and to further amend the Zoning Bylaw by updating references throughout from Section IA. to Section 1A, or to take any other action in relation thereto.

**(Planning Board)**

This Article is intended to re-codify Section IA., *Definitions*, as “Section 1A. Definitions” and restructuring so that the Section immediately follows Section 1., *General Provisions* (formerly the Preamble). The Article further amends re-codified Section 1A, *Definitions*, by adding a new subsection immediately following the section header which will establish rules for the meaning and use of certain basic terms and constructions.

No changes or additions to existing definitions are proposed. While some existing definitions likely need to be updated, this is viewed as a multi-step process, first establishing a consistent format for the section so that it may be easily amended in the future.

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<sup>73</sup> For example, MGL Chapter 40A, titled “Zoning,” may be found at: <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter40A>

The specific changes being proposed can be seen in the draft Motion<sup>74</sup> and the markup<sup>75</sup> to the current Zoning Bylaw, posted on the Planning Board home page of the Town's website under 2015 Annual Town Meeting Initiatives. A final copy of the Motion language will be provided to Town Meeting Members in the motion packet mailed before ATM.

### **Advisory Considerations**

The "Advisory Considerations" section of Article 27 starting on page 121 largely applies to this Motion as well, given that it also involves recodification changes to the Zoning Bylaw. Advisory is again divided over whether recodification should take place in a piecemeal fashion or wait to implement a consultant-supported process which would involve the stakeholders charged with enforcing the Zoning Bylaw in addition to members of Planning.

At the public hearing, one citizen voiced concern that the current definitions related to Assisted Elderly Housing, Independent Elderly Housing, and Nursing Homes and Skilled Nursing Facility may not be accurate and aligned with current State definitions and recent case law. It was acknowledged by Planning that some definitions do need to be amended and that Planning views the current recodification of this section as facilitating such changes moving forward. This citizen's concern is that passage of the current motion could be viewed as reaffirming the suspect definitions by not making the changes at this time.

Many on Advisory were moved by the citizen's comment and believe that the changes to the section should wait until amendments to definitions could be made as part of a comprehensive effort; they are also concerned that ATM could be implicitly viewed as endorsing and/or reinforcing the existing poor definitions. Others on Advisory agree with Planning that from a technical standpoint, the operative effect of the Motion does not propose to alter or re-adopt the definitions, but rather re-codifies and amends the provisions *around* the definitions.

In addition, there is concern that the section of recodification which establishes rules for meaning and use of certain basic terms and constructions, while a desirable part of full recodification, could be problematic without completely reviewing the current Zoning Bylaw in light of these proposed changes.

**Passage requires a 2/3 vote.**

**Advisory recommends unfavorable action, 8 to 3.**

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<sup>74</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/3-4-15%20Draft%20Motion%20Article%2028\\_clean.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/3-4-15%20Draft%20Motion%20Article%2028_clean.pdf)

<sup>75</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/SECTION%201A%20Definitions\\_markup%20based%20on%20Art%2028%203-4-15%20draft%20.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/SECTION%201A%20Definitions_markup%20based%20on%20Art%2028%203-4-15%20draft%20.pdf)

**ARTICLE 29.** To see if the Town will vote to re-codify Section I., *Establishment of Districts*, of the Zoning Bylaw as Section 1B., *Establishment of Districts & Zoning Map*, and to amend the section by clarifying the classification of general and overlay zoning districts, and to further amend the section by adding provisions addressing the zoning of properties divided by two (2) or more zoning district boundaries, or to take any other action in relation thereto.

**(Planning Board)**

This Article is intended to re-codify Section I., *Establishment of Districts*, as "Section 1B. Establishment of Districts & Zoning Map" and amend re-codified Section 1B., *Establishment of Districts & Zoning Map*. The proposed Motion would clarify the Town's Zoning Districts, both the general and overlay districts, and indicate that there are essentially five separate Single Residence Districts (SR-10, SR-15, SR-20, SR-30 and SR-40), as depicted on the Zoning Map. Additionally, a provision is proposed to be added to address properties that are *split-zoned*, located in two or more zoning districts; there is currently no such provision in the Zoning Bylaw.

The impacted Zoning Bylaw sections and page numbers of the current 233 page Zoning Bylaw<sup>76</sup> are:

- Section I, *Establishment of Districts*, pages 5-6

The specific changes being proposed can be seen in the draft Motion<sup>77</sup> and the markup<sup>78</sup> to the current Zoning Bylaw, posted on the Planning Board home page of the Town's website under 2015 Annual Town Meeting Initiatives. A final copy of the Motion language will be provided to Town Meeting Members in the motion packet mailed before ATM.

The amended language in Section 1 will list each zoning district and overlay district in Town and refer the readers of the Bylaw to the "Zoning Map of the Town of Wellesley, Massachusetts" which is on file with the Town Clerk. This will create a single reference point for those researching the zoning district location of a particular parcel of land.

A new paragraph will be added to Section I, *Establishment of Districts* as follows:

If applicable, the location of such boundary lines shall be as established by Town Meeting through the approval of a specific amendment to the Zoning Map, as reflected in the motion approved by Town Meeting, and specifically any survey(s) and/or meets and bounds descriptions referenced therein.

The new language being proposed to address split zoning appears below. It is underlined for clarity, but will not be underlined in the Zoning Bylaw if the amendment is passed.

Where one or more General Zoning District boundary lines divides a lot, the following provisions shall apply, when applicable including in instances where such boundary lines were established by Town Meeting:

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<sup>76</sup> The Zoning Bylaw, last revised on July 9, 2014, can be found at:  
[http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/ZB/Full%20Zoning%20Bylaw\\_Updated7-9-2014.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/ZB/Full%20Zoning%20Bylaw_Updated7-9-2014.pdf)

<sup>77</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/3-4-15%20Draft%20Motion%20Article%2029\\_clean.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/3-4-15%20Draft%20Motion%20Article%2029_clean.pdf)

<sup>78</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/Section%20I\\_markup%20based%20on%20Art%2029\\_3-4-15%20draft.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/Section%20I_markup%20based%20on%20Art%2029_3-4-15%20draft.pdf)

1. If a lot is located within two (2) Single Residence Districts (SR-10, SR-15, SR-20, SR-30, or SR-40), the lot shall be considered to be entirely within the district with the greatest minimum lot area requirement, as long as the lot complies with the minimum area and frontage requirements of such district; if the lot does not comply with the minimum area and frontage requirements of such district, and the area or frontage of the lot was not reduced by action or agreement of the lot's owner, it shall be considered to be entirely within the district with the lesser minimum lot area requirement.

2. If a lot is located within both a Single Residence District (SR-10, SR-15, SR-20, SR-30, or SR-40) and any other district other than a Single Residence District, buildings, access ways, parking, and storage associated with any use of the lot not permitted within the Single Residence District may extend not more than ten (10) feet into the Single Residence District. Additionally, in such cases, the dimensional requirements of each zoning district shall apply to the respective portions of the lot, and, if the lot is used for a one-family dwelling, the area and frontage of the portion of the lot not within a Single Residence District may be used to meet the minimum requirements of the Single Residence District.

### **Advisory Considerations**

Advisory believes the restatement and recodification of the General (base or underlying) Zoning Districts and the Overlay Zoning Districts are a positive step toward the ultimate recodification of the Zoning Bylaw. In addition clarity on the location of and the provisions for determining boundary lines and amending the Zoning Map of the Town of Wellesley, Massachusetts will be helpful to both developers and homeowners.

Advisory discussed the proposed language in regards to split zoning. An earlier draft of this motion attempted to codify the Inspector's practice, which essentially applied the requirements of the particular district, depending on where the structure was located; so, a structure straddling the boundary line would be subject to two sets of rules, on either side of the line. The revised language being proposed only uses that practice as it applies to properties divided in a single residence district and some other type of district. For properties divided by two different single residence districts, a new practice is proposed, which results in the lot being considered to be entirely in one district or the other. If the lot has sufficient size to conform to the required dimensions in the larger SR district, it will be considered to be entirely within that larger district; otherwise, the lot will be considered to be part of the smaller SR district. The Planning Board is of the opinion that this results in more regularity and equity, and less ambiguity. Advisory agrees that clarification of the zoning regulations for split-zoned properties will resolve current ambiguities regarding their zoning.

A minority of Advisory members object to this Motion for the same reasons as have been discussed previously in the Advisory Consideration sections to Articles 27 and 28. These members believe that a piecemeal recodification will result in a significantly less optimal Zoning Bylaw than a full recodification undertaken by the people who implement the Zoning Bylaw as well as the Planning Board and Planning Director, supported by a consultant with appropriate experience in bylaw recodification. Some of these members were willing to support this Motion despite their misgivings about the recodification aspect because clarifying the Zoning Map and establishing rules for handling split-zoned lots addresses specific existing problems which have subjected the Town to litigation this past year.

**Passage requires a 2/3 vote.**

**Advisory recommends favorable action, 7 to 3 with one abstention.**

**ARTICLE 30.** To see if the Town will vote to amend Section II., *Single Residence Districts*, of the Zoning Bylaw to clarify that Single Residence Area Districts function as separate zoning districts, or to take any other action in relation thereto.

**(Planning Board)**

This Article is intended to ensure consistency between the Zoning Bylaw and Zoning Map, carrying forward the references to the SR-10, SR-15, SR-20, SR-30, and SR-40 zoning districts (inserted under Article 29) into Section II, *Single Residence Districts*. Since these districts are represented as separate districts on the Zoning Map, it is important to ensure consistency between both documents.

The impacted Zoning Bylaw sections and page numbers of the current 233 page Zoning Bylaw<sup>79</sup> are:

- Section II, *Single Residence Districts*, pages 13-20

The specific changes being proposed can be found in the markup<sup>80</sup> to the current Zoning Bylaw, posted on the Planning Board home page of the Town's website under 2015 Annual Town Meeting Initiatives. The Motion language currently reads:

That the Zoning Bylaw be amended as follows:

By amending the first paragraph of Section II, subparagraph A., by adding the following after "Single Residence Districts": (SR-10, SR-15, SR-20, SR-30, and SR-40)

While the five separate districts are represented on the Zoning Map, the reference in the Zoning Bylaw is to the singular "Single Residence District." The Zoning Map and Zoning Bylaw are intended to work in concert, with the Districts established in the Zoning Bylaw being located throughout the Town as they are reflected on the Zoning Map. The proposed amendment intends to ensure consistency between the Zoning Map and the Zoning Bylaw, referencing that five districts as depicted on the Map are the "Single Residence Districts" as referred to within Section II and throughout the Zoning Bylaw. Advisory understands that this will be further clarified as part of future re-codification efforts.

**Passage requires a 2/3 vote.**

**Advisory recommends favorable action, 11 to 0.**

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<sup>79</sup> The Zoning Bylaw, last revised on July 9, 2014, can be found at:  
[http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/ZB/Full%20Zoning%20Bylaw\\_Updated7-9-2014.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/ZB/Full%20Zoning%20Bylaw_Updated7-9-2014.pdf)

<sup>80</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/Section%20II%282%29\\_markup%20based%20on%20Art%2030\\_2-25-15%20draft.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/Section%20II%282%29_markup%20based%20on%20Art%2030_2-25-15%20draft.pdf)

**ARTICLE 31.** To see if the Town will vote to amend the Zoning Bylaw to authorize outdoor dining in connection with Restaurant Uses, or to take any other action in relation thereto.

**(Planning Board)**

This Article is intended to amend the Zoning Bylaw to specify that “outside dining accessory to a restaurant use” is a permitted use, with the issuance of a special permit, in the Wellesley Square Commercial and Business zoning districts. This use is currently explicitly allowed in the Lower Falls Village Commercial District by special permit as addressed in Section IXB. B. 2. on page 53 of the current Zoning Bylaw.

The impacted Zoning Bylaw sections and page numbers of the current 233 page Zoning Bylaw<sup>81</sup> are:

- Section IXC, *Wellesley Square Commercial District*, pages 55-57; and
- Section XI, *Business Districts*, pages 61-63.

The specific changes being proposed can be seen in the draft Motion<sup>82</sup> and the markup<sup>83</sup> to the current Zoning Bylaw, posted on the Planning Board home page of the Town’s website under 2015 Annual Town Meeting Initiatives. A final copy of the Motion language will be provided to Town Meeting Members in the motion packet mailed before ATM.

This is intended to clarify that outside dining accessory to a restaurant is allowed in certain districts with the issuance of a special permit. Blue Ginger, Bocado, Juniper and other restaurants have operated or currently operate outdoor dining accessory to their indoor seating, with more recent operations being allowed only with the issuance of a special permit. This Article would amend the Wellesley Square Commercial District and the Business District to remove the existing language qualifying the by-right restaurant use, as well as the language prohibiting drive-through windows (because drive-throughs are already included as a use requiring a special permit), and adding “Outside dining accessory to a restaurant” as a use allowed by “Special Permit.” The permitted use exists in the current Zoning Bylaw in the Lower Falls Village Commercial District.

During Advisory’s discussion, one member questioned whether additional seating resulting from a special permit for outdoor dining would alter the number of parking spaces the restaurant would be required to have and wondered how this would be monitored. Most Advisory members expect that the ZBA and/or BOS would take the expanded number of patrons into account before issuing a special permit. Advisory supports this Zoning Bylaw amendment, which clearly authorizes outdoor dining in connection with restaurant uses when the appropriate review is done and a special permit is issued. Advisory believes that outdoor dining is a valued part of the Town’s character and this Bylaw amendment will facilitate it.

**Passage requires a 2/3 vote.**

**Advisory recommends favorable action, 11 to 0.**

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<sup>81</sup> The Zoning Bylaw, last revised on July 9, 2014, can be found at:  
[http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/ZB/Full%20Zoning%20Bylaw\\_Updated7-9-2014.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/ZB/Full%20Zoning%20Bylaw_Updated7-9-2014.pdf)

<sup>82</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/2-17-15%20Draft%20Motion%20Article%2031\\_clean.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/2-17-15%20Draft%20Motion%20Article%2031_clean.pdf)

<sup>83</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/Section%20IXC%289C%29%20and%20Section%20XI\\_markup%20based%20on%20Art%2031\\_2-17-.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/Section%20IXC%289C%29%20and%20Section%20XI_markup%20based%20on%20Art%2031_2-17-.pdf)

**ARTICLE 32.** To see if the Town will vote to amend the Zoning Bylaw to establish regulations for the location of driveways on residential properties, or to take any other action in relation thereto.

(Planning Board)

This Article is intended to amend Section XIX, *Yard Regulations*, to add a minimum five foot side setback for driveways associated with lots used for one-family and two-family dwellings. The current draft of the Motion establishes that the provision applies only to new driveways or new portions of existing driveways, and indicates that the regulation would not serve to render existing noncompliant driveways as nonconforming. The amendment will not be in effect until July 1, 2015.

The impacted Zoning Bylaw sections and page numbers of the current 233 page Zoning Bylaw<sup>84</sup> are:

- Section XIX, *Yard Regulations*, pages 147-152

The proposed new language appears below. It is underlined for clarity, but will not be underlined in the Zoning Bylaw if the amendment is passed.

New driveways and/or new portions of existing driveways associated with lots used for one-family and/or two-family dwellings shall not be located closer than five (5) feet to a side property line. This restriction shall not apply to, or otherwise render nonconforming, portions of existing driveways located closer than five (5) feet to a side property line, and shall allow for such driveways to be repaved as necessary; however, compliance with this restriction shall be required if such portions of existing driveways are removed. Relief from this restriction, including for the allowance of shared driveways, may be granted in the form of a Special Permit issued by the Zoning Board of Appeals in accordance with Section XXV., Special Permit Granting Authority; a Special Permit may be issued provided the Zoning Board of Appeals finds that the proposed driveway will not result in negative impacts to abutting properties related to stormwater, lighting, and noise. For the purpose of this regulation, the term "driveway" shall be considered to mean any area on a lot finished with asphalt, concrete, gravel, or similar materials, and intended to provide ingress/egress, parking, and/or maneuvering space for motorized vehicles.

The specific changes being proposed can be seen in the draft Motion<sup>85</sup> and the markup<sup>86</sup> to the current Zoning Bylaw, posted on the Planning Board home page of the Town's website under 2015 Annual Town Meeting Initiatives. A final copy of the Motion language will be provided to Town Meeting Members in the motion packet mailed before ATM.

Over the past several years, there has been a trend of razing smaller homes and replacing them with larger homes. This trend has led to multiple amendments to the Zoning Bylaws including the large house review process, restrictions on retaining wall height, and tree preservation.

<sup>84</sup> The Zoning Bylaw, last revised on July 9, 2014, can be found at:  
[http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/ZB/Full%20Zoning%20Bylaw\\_Updated7-9-2014.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/ZB/Full%20Zoning%20Bylaw_Updated7-9-2014.pdf)

<sup>85</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/3-4-15%20Draft%20Motion%20Article%2032\\_clean.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/3-4-15%20Draft%20Motion%20Article%2032_clean.pdf)

<sup>86</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/SECTION%20XIX%20Yard%20Regulations\\_markup%20based%20on%20Art%2032%20motion\\_3.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/SECTION%20XIX%20Yard%20Regulations_markup%20based%20on%20Art%2032%20motion_3.pdf)

There continue to be complaints from abutters that arise from this “teardown” trend, including complaints related to driveway setbacks, placement of outdoor lighting and sports courts, and the grading of lots affecting storm water runoff. These subjects are currently being discussed by the Planning Board; the introduction of driveway setbacks is the only article being brought forward at this time.

The original language drafted by the Planning Board did not include an effective date, therefore making the amendment effective on the date of the first published notice for the Planning Board’s public hearing. At least one builder contacted Planning with a concern that active projects permitted under the current Zoning Bylaw would be rendered non-conforming should the effective date occur prior to completion of the project. Planning amended the original language to make the effective date as of July 1, 2015.

An Engineer asked that the Planning Board consider adding some flexibility in cases where driveways had to be situated to accommodate wetlands or other environmental situations. The Planning Board discussed this and believes that this situation or other hardships could potentially be addressed with a variance.

Most but not all members of Advisory supported the general intention of this Motion, agreeing that new larger homes constructed with driveways with small or non-existent setbacks adversely affect neighboring properties. Advisory also commended Planning for being proactive in addressing the concerns of the citizens which were raised through multiple emails and phone calls to the Planning Board and Planning Department.

However, many Advisory members feel that this issue is complex and requires further review and clarification in order to insure the proposed changes do not lead to unintended consequences. The Planning Director specifically mentioned that residents with currently non-complying driveways would be required to seek a special permit to maintain their existing driveways if the driveway needed to be replaced (rather simply have its surface repaved) even if the driveway was being replaced in its original location. In addition, many members believe there are multiple issues that need to be addressed related to residential development and would like to see them brought forward as a comprehensive package to insure they function appropriately with respect to the current Zoning Bylaws and to each other.

There were specific concerns raised regarding the definition of “driveway” and how the amendment would be enforced as the Zoning Bylaw only applies to structures. Another Advisory member raised the issue of whether the setback should be variable based on the underlying SR District in which the subject property is located. A member who did not support the underlying driveway amendment was concerned that it would have the unintended consequence of discouraging neighbors who sought to collaborate on shared driveways.

Although a few Advisory members were persuaded that this motion should pass because it does provide some protection for neighbors and could be tweaked later, the majority of Advisory felt that the proposed Bylaw change was not “fully baked” and led to many questions regarding definition, interpretation and potential unintended consequences.

**Passage requires a 2/3 vote.**

**Advisory recommend unfavorable action, 8 to 2 with one abstention.**

**ARTICLE 33.** To see if the Town will vote to amend the Zoning Bylaw to modify regulations pertaining to window signs, or to take any other action in relation thereto.

**(Planning Board)**

This Article is intended to amend the Sign Bylaw to regulate illuminated signs located inside a building within one foot of the glass as window signs. Currently, only signs attached to the glass (whether inside or outside) are regulated, whereas signs located inside a store and not attached to the glass are not. This Zoning Bylaw change would not regulate all signs within a store, only those that are illuminated and within one foot of the window glass. Since certain internally-illuminated signs are currently prohibited by the Sign Bylaw (such as exposed neon signs), this amendment would prohibit such signs in a store and within one foot of the window glass. Other types of lighting for these signs would be allowed. Exceptions to this restriction could be granted by the Zoning Board of Appeals under special permit following review by the Design Review Board.

The impacted Zoning Bylaw sections and page numbers of the current 233 page Zoning Bylaw<sup>87</sup> are:

- Section XXIIA, *Signs*, pages 167-189

The current definition for Window Signs (Section XXIIA., Signs, subsection C., Definitions) will be amended as noted in the underlined mark-up below:

Window Sign - Any sign attached, painted or otherwise similarly affixed directly to the glass surface of a window or door, either inside or outside the building, and/or any illuminated sign installed inside the building within one (1) foot of the glass surface of a window or door, and designed to be visible from the exterior of the structure.

The specific changes being proposed can be seen in the draft Motion<sup>88</sup> and the markup<sup>89</sup> to the current Zoning Bylaw, posted on the Planning Board home page of the Town's website under 2015 Annual Town Meeting Initiatives. A final copy of the Motion language will be provided to Town Meeting Members in the motion packet mailed before ATM.

The Sign Bylaw, re-codified at the 2010 Annual Town Meeting (Article 30), governs the type, location, size, and number of signs that are permitted, as well as the process for application and review of proposed signs.

An underlying intention of the Zoning Bylaw is to preserve the character of the commercial districts. When updated in 2010, the definition for Window Signs contained in the Sign Bylaw did not include illuminated signs that are within one foot of the glass window. The illumination of these signs combined with their proximity to the window effectively render them to be viewed as if they were attached to the window itself. This addition to the definition will help carry out the full intent of the purposes of, and original definition in, the Sign Bylaw.

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<sup>87</sup> The Zoning Bylaw, last revised on July 9, 2014, can be found at:  
[http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/ZB/Full%20Zoning%20Bylaw\\_Updated7-9-2014.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/ZB/Full%20Zoning%20Bylaw_Updated7-9-2014.pdf)

<sup>88</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/2-26-15%20Draft%20Motion%20Article%2033\\_clean.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/2-26-15%20Draft%20Motion%20Article%2033_clean.pdf)

<sup>89</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/SECTION%20XXIIA%2822A%29\\_markup%20based%20on%20Art%2033%20motion\\_2-26-15%20dr.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/SECTION%20XXIIA%2822A%29_markup%20based%20on%20Art%2033%20motion_2-26-15%20dr.pdf)

In order for the proposed restriction to be enforceable, a specific standard had to be established and one foot was selected. The Planning Director observed that that illuminated signs set further back are not necessarily visible when viewing a window from an angle versus standing directly in front of the façade.

Advisory supports and commends the Planning Board's continuing process to clarify and update the existing Zoning Bylaws and to keep them aligned with their original desired purpose. Moving forward, Advisory recommends that Planning continue to amend the Sign Bylaw as appropriate to keep pace with advances in sign technology, e.g., greater use of flat panel electronic displays.

**Passage requires a 2/3 vote.**

**Advisory recommends favorable action, 11 to 0.**

**ARTICLE 34.** To see if the Town will vote to amend the Zoning Bylaw to provide for the allowance and/or exemption of certain historical information signs, or to take any other action in relation thereto.

**(Planning Board)**

This Article would amend the Sign Bylaw to make signs sanctioned by the Wellesley Historical Commission containing historical information (such as the Commission's plaques located on many homes within Town) exempt from regulation under the Sign Bylaw.

The impacted Zoning Bylaw sections and page numbers of the current 233 page Zoning Bylaw<sup>90</sup> are:

- Section XXIIA, *Signs*, pages 167-189

The new language being proposed to address the exemption appears below. It is underlined for clarity, but will not be underlined in the Zoning Bylaw if the amendment is passed:

Signs sanctioned by the Town of Wellesley Historical Commission, which display historical information about buildings, properties, people and the like, and not exceeding two (2) square feet in area. Such signs may be wall or ground mounted.

The specific changes being proposed can be seen in the draft Motion<sup>91</sup> and the markup<sup>92</sup> to the current Zoning Bylaw, posted on the Planning Board home page of the Town's website under 2015 Annual Town Meeting Initiatives. A final copy of the Motion language will be provided to Town Meeting Members in the motion packet mailed before ATM.

Currently, the Sign Bylaw does not permit signs larger than one square foot to be displayed on properties in a residential zoning district. The standard plaques issued from the Wellesley

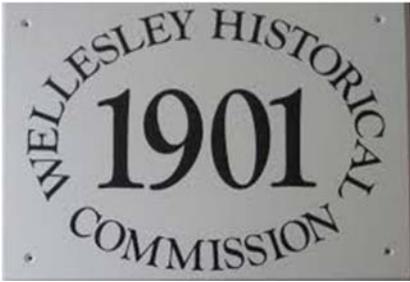
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<sup>90</sup> The Zoning Bylaw, last revised on July 9, 2014, can be found at:  
[http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/ZB/Full%20Zoning%20Bylaw\\_Updated7-9-2014.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/ZB/Full%20Zoning%20Bylaw_Updated7-9-2014.pdf)

<sup>91</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/2-17-15%20Draft%20Motion%20Article%2034\\_clean.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/2-17-15%20Draft%20Motion%20Article%2034_clean.pdf)

<sup>92</sup> [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/SECTION%20XXIIA%2822A%29\\_markup%20based%20on%20Art%2034%20motion\\_2-17-15%20dr.pdf](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/SECTION%20XXIIA%2822A%29_markup%20based%20on%20Art%2034%20motion_2-17-15%20dr.pdf)

Historical Commission to owners of historic homes are 1.5 square feet. This Article seeks to make an exception to the one square foot restriction to allow the historic signs.



Advisory commends the Planning Board’s effort to keep the bylaws current. While the Sign Bylaw was re-codified in 2010, regulations were generally not changed and the issue of the compliance of the Historical Commission’s plaques was not raised at that time. There is currently an initiative underway at the Wellesley Historical Commission to allow homeowners to obtain the historic designation signs on homes built more than 100 years ago (see Article 15, Motion 3 on page 99 which describes the extension of the WHC’s historic plaque program).

This initiative will greatly increase the potential number of these signs in Town, making this Zoning Bylaw change even more critical.

Advisory supports this amendment that would exempt historical information signs up to two square feet in area in all districts of the Town. Advisory agrees that the current non-compliance of the WHC plaques with respect to the Sign Bylaw was an unintended consequence and supports the Planning Board’s efforts to amend it.

**Passage requires a 2/3 vote.**

**Advisory recommends favorable action, 11 to 0.**

**ARTICLE 35.** To see if the Town will vote to increase the fees to be charged for (1) certain license applications, (2) certain licenses to be issued, and (3) fines for violations of certain licenses, and to amend the Town Bylaws as necessary in this respect, or to take any other action in relation thereto.

**(Board of Selectmen)**

**Advisory expects no motion under this Article.**

**ARTICLE 36.** To see if the Town will vote to establish and designate the Standish Road Neighborhood Conservation District, by amending Article 46A. Neighborhood Conservation Districts of the Town Bylaws, the location of said district being available for inspection at the Planning Office, and further, to amend the Town Bylaws by inserting a new Article therein, to be entitled “Article 46C. Standish Road Neighborhood Conservation District”, or to take any other action in relation thereto.

**(Wellesley Historical Commission)**

**Advisory expects no motion under this Article.**

**ARTICLE 37.** To see if the Town will vote to rescind any authorized and unissued loans, including those identified in the list available for inspection at 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 to take any other action in relation thereto.

**(Board of Selectmen)**

This Article seek the authorization of Town Meeting to rescind unused debt.

**ARTICLE 37, MOTION 1**

This Motion seeks to rescind debt that was previously appropriated to the Permanent Building Committee (PBC) at the 2013 Annual and Special Town Meetings as shown in the chart below:

Rescinded	Authorized	Department	Article	Purpose
\$536,031	\$2,432,000	PBC	STM 2013 7(1)	Fiske/Schofield Design
\$297,366	\$771,030	PBC	ATM 2013 17(1)	PBC "Capital Bundle" Design*
\$142,196	\$960,700	PBC	ATM 2013 14	DPW Highway building HVAC construction
\$36,957	\$411,000	PBC	ATM 2013 17(2)	School Phone VOIP

*\*The PBC "Capital Bundle" design funds were for floor repairs at the Fire Station; HVAC renovations at the Police and Fire Stations; repairs to the Warren building, entry plaza repairs at WMS and Sprague School; replacement of the auditorium seating and flooring at WMS; replacement of the roof at Sprague School; roof repairs at Hunnewell School; and WPS security upgrades.*

The Town was able to complete these four projects under budget and so the Town did not have to borrow the full amount authorized. Motion 1 therefore rescinds the borrowing authority for the unneeded funds associated with these projects. Advisory is pleased that these projects were completed under budget and that this debt is able to be rescinded. Advisory views rescinding the debt in this Motion to be a housekeeping matter and it is part of the consent agenda in Article 3 on page 25.

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 37, MOTION 2**

This Motion rescinds borrowing authority for the three projects listed below. The Town is not going to borrow for these projects but is instead going to use funds appropriated for debt service.

Rescinded	Authorized	Department	Article	Purpose
\$473,664	\$771,030	PBC	ATM 2013 17(1)	PBC "Capital Bundle" Design
\$160,000	\$400,000	BPW	ATM 2013 15	Wales Street Bridge
\$173,140	\$173,140	PBC	ATM 2014 16	Fire Station Floor construction

Advisory views rescinding the debt in this Motion to be a housekeeping matter and it is part of the consent agenda in Article 3 on page 25.

**Advisory recommends favorable action, 14 to 0.**

**ARTICLE 38.** 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, all damages and expenses, including legal fees and costs, if any, in an amount not to exceed \$1,000,000, 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 that constitutes a violation of the civil rights of any person under any federal or state law, if such employee or official, at the time of such intentional tort or such act or omission, was acting within the scope of his official duties or employment, and to raise and appropriate, transfer from available funds, or borrow a sum of money therefor, or to take any other action in relation thereto.

**(Board of Selectmen)**

**Advisory expects no motion under this Article.**

**ARTICLE 39.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money for expenses incurred by Town Departments prior to July 1, 2014, or to take any other action in relation thereto.

**(Board of Selectmen)**

**Advisory expects no motion under this Article.**

**ARTICLE 40.** To see if the Town will vote to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Board of Selectmen, for the purpose of paying expenses related to the settlement of claims, actions and proceedings against the Town, or to take any other action in relation thereto.

**(Board of Selectmen)**

**Advisory expects no motion under this Article.**

**ARTICLE 41.** To see if the Town will vote to authorize the Board of Selectmen, on behalf of the Town, to dispose of tangible Town property having a value in excess of \$10,000, on such terms as it may deem advisable, or to take any other action in relation thereto.

**(Board of Selectmen)**

**Advisory expects no motion under this Article.**

**ARTICLE 42.** To see if the Town will vote to authorize the Board of Selectmen to appoint one or more of its members as a fire engineer, or to take any other action in relation thereto.

**(Board of Selectmen)**

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

**Advisory recommends favorable action, 14 to 0.**

## REPORT OF THE COMMUNITY PRESERVATION COMMITTEE

In 2002, the Town of Wellesley accepted the Massachusetts Community Preservation Act (CPA) and formed a Community Preservation Committee (CPC). The membership of Wellesley's CPC is determined by Town bylaw. There are nine members, including representatives from five designated boards: Natural Resources Commission, Planning Board, Recreation Commission, Housing Authority and Historical Commission. Four additional members are appointed by the Moderator, with one of those appointees traditionally recommended by the Wellesley Housing Development Corporation.

In accordance with the CPA, Wellesley set a 1% surcharge 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.) The proceeds from the surcharge are used to pursue Community Preservation activities which fall into four categories: open space, historic resources, community housing and recreation.

The Wellesley CPA fund retains 100% of this surcharge revenue. These funds are then matched on an annual basis by monies from the Massachusetts Community Preservation Trust Fund which is made up of revenues collected statewide from Land Court and Land Registry fees. The State's payment to each CPA community is determined by a statutory formula. For the first five years, that match was 100% but because of declining fee revenues and a growing number of communities adopting the CPA, the match has declined over the last several years. State funds received in FY15, \$319,760, reflect a 31.4% match.

By statute, the CPC is required to allocate a minimum of 10% of all revenues to be expended or placed in a designated reserve for later use in each of three major categories: open space, community housing, and historic resources. At the municipality's discretion, the remaining portion of annual CPA revenues may be used currently or placed in a general reserve fund for future use in any of these three categories as well as for recreation projects. The Town may also appropriate up to 5% of annual CPA funds for "administrative" purposes. Administrative funds are used for clerical support and for professional services in helping to define and analyze potential projects. Administrative funds not expended in any fiscal year are returned to the undesignated fund balance. For additional background on the Massachusetts CPA, guidelines for communities and statutory requirements, surcharge information and the Community Preservation Trust Fund account balances, go to: <http://www.mass.gov/dor/local-officials/municipal-data-and-financial-management/data-bank-reports/cpa/>

To date, forty six projects in Wellesley have been funded, partially or in total, with CPA funds. To see the list of Wellesley CPA projects, go to the Community Preservation Coalition website (and select Wellesley): <http://www.communitypreservation.org/projects/report?town=Wellesley>.

The 2014 ATM approved appropriations for two projects. The Recreation Commission requested \$16,140 to install an ADA compliant kayak launch on the existing fishing dock at Morses Pond. This project was funded (20% of the cost of the project was raised privately by the Recreation Department) and completed for the summer 2014.

Town Meeting also approved \$4.5 million for Phase IV of the Fuller Brook Park Preservation Project. The CPC had provided significant support for earlier phases and TM enthusiastically supported the appropriation for the construction phase. The project is well underway, with one section just waiting for final landscaping to be complete. To follow progress of the project and receive updates of path closings and detours, please sign up at the website, [www.wellesleyma.gov/fullerbrook](http://www.wellesleyma.gov/fullerbrook).

Consistent with the Town-Wide Financial Planning process, the CPC has developed a long-range plan reflecting the current expectations of revenues, appropriations and fund balances. The charts below the different CPC fund balances as of July 1, 2014 with projections through June 30, 2020. (Note that in future years beginning in FY17, no appropriations to the Open Space Reserve are planned due to the commitment of CPA funds to the purchase of the North 40 parcel.)

## Wellesley CPA Financial Plan: June 30, 2014 to June 30, 2020

March 5, 2015

### REVENUE

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Local Surcharge	\$1,017,965	\$1,068,863	\$1,122,306	\$1,178,422	\$1,237,343	\$1,299,210	\$1,364,170
State Match (match %)	\$508,375 51.8%	\$319,760 31.4%	\$277,904 26.0%	\$291,800 26.0%	\$306,390 26.0%	\$321,709 26.0%	\$337,795 26.0%
Interest	\$11,517	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<b>Total</b>	<b>\$1,537,857</b>	<b>\$1,398,623</b>	<b>\$1,410,211</b>	<b>\$1,480,221</b>	<b>\$1,553,732</b>	<b>\$1,630,919</b>	<b>\$1,711,965</b>

### APPROPRIATIONS

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Administrative	\$63,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
WHDC	\$225,000	\$0	\$0	\$225,000	\$225,000	\$225,000	\$225,000
900 Worcester Street	\$0	-\$2,600,000	\$0	\$0	\$0	\$0	\$0
Fuller Brook Park	\$35,000	\$4,500,000	\$0	\$0	\$0	\$0	\$0
ADA Compliant Dock	\$0	\$16,140	\$0	\$0	\$0	\$0	\$0
Perrin Playground	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0
North 40	\$0	\$0	\$0	\$250,000	\$250,000	\$250,000	\$250,000
High School Track & Field (TBD) *			\$0				
WHC Historical Plaque Program			\$82,000				
WHS Urann Archive			\$6,200				
NRC Pond Management Plan			\$100,000				
NRC Moses Pond Erosion Study			\$20,000				
Hills Library South Wall Evaluation		\$2,750	\$0				
Other	\$0	\$0	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
<b>Total from available</b>	<b>\$348,000</b>	<b>\$1,983,890</b>	<b>\$723,200</b>	<b>\$990,000</b>	<b>\$990,000</b>	<b>\$990,000</b>	<b>\$990,000</b>

### Appropriations funded by Debt

North 40	\$9,300,000						
Debt Service (through 2044)		\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000

#### Assumptions:

\$10M for North 40 is borrowed at 5%, level payment, for 30 years

Additional North 40 expenses start in FY2017

No supplemental appropriations required at 2015 ATM because of decrease in state match

\* High School Track & Field Request for \$166,000 is outstanding (not yet voted on)

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
<b>Planned Reserve Appropriations</b>							
Open Space Reserve	\$145,000	\$145,000	\$150,000				
Additional Prev FY Open Space		\$11,000					
Historic Reserve	\$145,000	\$145,000	\$150,000	\$155,000	\$160,000	\$165,000	\$170,000
Additional Prev FY Historic Reserve		\$11,000					
Community Housing Reserve	\$145,000	\$145,000	\$150,000	\$155,000	\$160,000	\$165,000	\$170,000
Additional Prev FY Community Housing		\$11,000					
<b>Total Approp for Reserves</b>	<b>\$435,000</b>	<b>\$468,000</b>	<b>\$450,000</b>	<b>\$310,000</b>	<b>\$320,000</b>	<b>\$330,000</b>	<b>\$340,000</b>

## Wellesley CPA Financial Plan: June 30, 2014 to June 30, 2020

*March 5, 2015*

<b>Fund Balances</b>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
Encumbered**	\$5,751,033	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Specific Reserves	\$157,204	\$1,099,004	\$1,059,004	\$1,078,004	\$1,118,004	\$1,163,004	\$1,213,004
Undesignated	\$610,790	\$2,276,663	\$2,136,874	\$2,008,096	\$1,931,828	\$1,927,747	\$1,999,712
<b>Total Available</b>	<b>\$767,994</b>	<b>\$3,375,667</b>	<b>\$3,195,878</b>	<b>\$3,086,100</b>	<b>\$3,049,832</b>	<b>\$3,090,751</b>	<b>\$3,212,716</b>
<b>Total Assets</b>	<b>\$6,519,028</b>	<b>\$4,375,667</b>	<b>\$4,195,878</b>	<b>\$4,086,100</b>	<b>\$4,049,832</b>	<b>\$4,090,751</b>	<b>\$4,212,716</b>

\*\*For each year end, funds approved by the ATM are encumbered and no longer in Total Available

Two extraordinarily significant projects have had major effects on the CPA financial plan this year. First, through an act at the 2014 Fall Special Town Meeting, Town Meeting rescinded an earlier appropriation of \$2.6 million of CPA funds to be used for the purchase of a portion of the 900 Worcester Street property. It was the consensus of the Town that unwinding the use of CPA funds for the purchase of this site allowed for maximum flexibility in utilizing the site. As a result, \$1.9 million was returned to the undesignated reserve and \$700,000 was returned to the open space reserve. An additional \$900,000 that had been carried over a number of years in the five year plan for the development of a multi-use playing field at 900 Worcester has been removed.

In the spring of 2014, Wellesley College announced its plan to sell a 46-acre tract of land, bordered by Weston Road and Route 135, otherwise known as "The North 40." After a competitive bidding process, the College and the Town of Wellesley reached a purchase and sale agreement in late 2014 and in January 2015, STM enthusiastically approved this agreement. In March of 2015, residents approved the Town-wide debt exclusion to purchase the land. A portion of the financing of this major land purchase will come from a borrowing of up to \$10 million by the CPC against future revenues collected from surcharges, as allowed under Chapter 44B of the State statute. The CPC has determined that debt service payments of up \$610,000 annually over a 30-year borrowing period can be supported without undermining the Committee's ability to participate in other worthy CPC projects. In addition, the financial plan for Wellesley's CPC carries a \$250,000 entry beginning in FY17, for potential CPA-eligible projects on the North 40 parcel.

### Proposed Actions for ATM 2015 – CPC Article 15

#### **1- Administrative Funds and Appropriations to Designated Reserves**

The Town may appropriate up to 5% of estimated annual revenues for administrative purposes. These funds are utilized primarily for consultants and engineers to help analyze and define potential projects which may receive CPA funding. In addition, these funds finance a part-time

administrative assistant who is responsible for all CPC clerical and reporting duties, including maintaining the CPC's website and on-line access to CPC applications, meeting reports and related materials.

**The CPC requests an appropriation of \$65,000.** Unused funds appropriated for administrative purposes will revert to the CPA fund undesignated balance.

Under the State CPA, the Town is required to appropriate or reserve for future appropriations a minimum of 10% of the estimated annual revenues for three designated purposes: Open Space, Historic Resources and Community Housing. The CPC requests \$150,000 be appropriated to the Open Space Reserve, the Historic Resources Reserve and the Community Housing Reserve.

**Total Recommended Amount: \$515,000**

## **2- Appropriation to the Wellesley Historical Society**

Sponsor: Wellesley Historical Society, Kathleen Fahey – Curator

Project: Processing and Preservation of the Margaret Urann Archival Collection

**Recommended Amount: \$6,200**

The goal of this project is to ensure the long-term preservation of this collection and make it accessible to researchers, students and the community. Margaret Urann was a resident of Wellesley for almost eighty years and passed away in 1993. Ms. Urann was a writer and historian who regularly chronicled the Town's history for the *Wellesley Townsman*, where she was an employee for over forty years. As a longtime volunteer for the Wellesley Historical Society, Ms. Urann was dedicated to researching all aspects of Wellesley history. As a writer, she authored many poems, short stories and plays.

The Urann Collection contains over 20 linear feet of historic materials including manuscripts, historic photographs, personal correspondence, diaries and scrapbooks. If this appropriation is approved, the collection will be processed according to current archival standards, with files organized and labeled for use by researchers and a Finding Aid created that will be submitted to the Library of Congress/World Cat search engine.

The CPC is pleased to support this request.

## **3- Appropriation to Wellesley Historical Commission**

Sponsor: Wellesley Historical Commission, David Wright – Chair

Project: Wellesley Historical Commission Historic Plaque Program

**Recommended Amount: \$82,000**

In the spring of 2014, the Wellesley Historical Commission (WHC) authorized an extension of its historic plaque program to make eligible all structures constructed over 100 years ago. Previously, only structures from 1881 (the year of the Town's incorporation) or before were eligible for a WHC plaque. The WHC estimates that approximately 600 additional structures became eligible as a result of the expansion, with another 150 joining this list between 2015 and 2019. Also, WHC estimates that approximately 150 of the pre-1881 structures have missing or deteriorated plaques that need to be replaced.

The WHC estimates the total cost for researching and manufacturing a plaque at approximately \$155. As a point of comparison, the combined cost of Weston's plaque research and manufacture is \$180; Newton charges over \$200 for the same. In both cases, residents pay the full costs.

A portion of the WHC request is to fund the research required to accurately date each structure (if such research has not already been conducted). This involves at minimum a full deed search, a review of the Town assessment records, and a search in the Townsman archives for references to the property. A brief, consolidated report is generated for each structure. WHC estimates approximately five hours of research per structure, or an average research cost of \$100 per structure.

The manufacturing and administrative costs for each plaque are approximately \$50 for manufacturing and \$5 for outreach, postage and printing costs.

Under the WHC proposal, each owner who requests a plaque will be asked to make a suggested contribution of \$25, with CPA funds being used to establish a fund to underwrite the remaining costs and to cover a limited number of hardship exemptions. Owners will also be responsible for covering the costs of installation.

The goal of the plaque program is to increase the recognition and appreciation of Wellesley's history, and to ensure that every owner of an eligible structure can afford to display a plaque. WHC believes that the recognition conferred on structures through the plaque program encourages pride amongst owners and encourages the preservation and maintenance of Wellesley's historic structures.

CPC believes this is a worthwhile historic preservation program and is pleased to support this request.

#### **4 – Appropriations to the Natural Resources Commission**

Sponsor: Natural Resources Commission, Brandon Schmitt, Director

Project: Moses Pond Erosion Study

**Recommended Amount: \$20,000**

This request is for the funding of a study to evaluate evidence of Moses Pond shore-line deterioration due to erosion and to determine those areas of shoreline requiring preservation. Such shoreline erosion can threaten trees, recreation areas, and wildlife habitats. Disturbances due to heavy foot traffic, informal boat launches and heavy storm runoff are threatening the stability of the bank and the water quality in some areas. This study would include a pond-wide survey and the development of a preservation plan.

Sponsor: Natural Resources Commission, Brandon Schmitt, Director

Project: Comprehensive Pond Management Plan

**Recommended Amount: \$100,000**

This funding will allow the NRC to conduct a comprehensive pond management planning process to assess and prioritize the preservation of the Town's smaller ponds. Modeled on the success of the Moses Pond management program, a comprehensive plan will enable the Town to be more proactive and less likely to lose sight of these precious natural resources. This capital request has been in the NRC's capital plan for the last five years and is strongly supported by the DPW. The ponds to be addressed, Abbots, Duck, Longfellow, Reeds, Rockridge, Farm Station and Bezanson, are important to the Town for recreation and aesthetic reasons, but also for storm water management. Without proper long-term management, the Town runs the risk of the ponds becoming wetlands and encumbering the much more restrictive regulations that go with wetlands designations.

The CPC is proud to support these NRC efforts.

**5 - Appropriation to the Library Board of Trustees/Board of Selectmen**

Sponsor: Library Board of Trustees, Beth Woods-Sullivan; Board of Selectmen, Barbara Searle

Project: Study of the South Chimney Wall of Hills Branch Library

**Recommended Amount: \$2,750**

This application seeks funding to engage Judith Selwyn of Preservation Technologies, the preservation expert who oversaw the repairs to the east chimney wall of the Hills Branch Library, to study the repairs needed on the second chimney wall. The funding will enable Ms. Selwyn to assess the repairs needed and formulate an estimate of the costs of those repairs.

This appropriation will come from funds on hand in the undesignated Community Preservation Fund in the current fiscal year so that the study can be completed this spring. The CPC is proud to play an important role in the preservation of important Town assets such as the Hills Branch Library.

**6 - Appropriation to Playing Fields Task Force**

Sponsor: Playing Fields Task Force, Tripp Sheehan, Chair

Project: Design and Permitting Phase of the Rehabilitation of the High School Track and Playing Field

**Amount Requested: \$166,000**

***The CPC has not yet voted on this request.***

This request is for the funding of the design and permitting phase of the project to rehabilitate the track and field on Rice Street, across from Wellesley High School. The current track is in danger of failing and the playing field is deemed unusable for long periods of time during the various playing seasons.

The need for playing fields in Town has been well-documented and discussed at length. This field at the high school is a resource that is largely under-utilized, forcing a greater intensity of use of the Sprague fields. The track has deteriorated to the point where before long it will not meet MIAA standards. The PFTF conducted a study of Town athletic fields and concluded that irrespective of what happens at the North 40 or 900 Worcester, the high school track and field need to be a priority for the Town. The rehabilitation of this resource was recommended over ten years ago in a comprehensive report compiled by the firm of Geller Sport as part of their evaluation of the Hunnewell Field complex. The project was set aside as the need to address the conditions at Sprague Field necessarily took precedence. Although the intention was to include the rehabilitation of this facility as part of the construction of the new Wellesley High School, due to regulations of the then new MA School Building Authority, this could not be included.

The total cost of the rehabilitation of the track and field is estimated at \$2,490,483. The proposed plan for funding the construction costs will likely include a combination of Town resources, CPA funds and private fundraising. The PFTF expects to return to the CPC and other Town boards at the 2016 ATM to seek appropriations for the construction funds.

Respectfully Submitted,

Barbara McMahan, Chair  
Allan Port, Vice-Chair  
Deborah Carpenter  
James Conlin  
Kathy Egan

Joan Gaughan  
Tad Heuer  
Susan Hurwitz  
Susan Troy

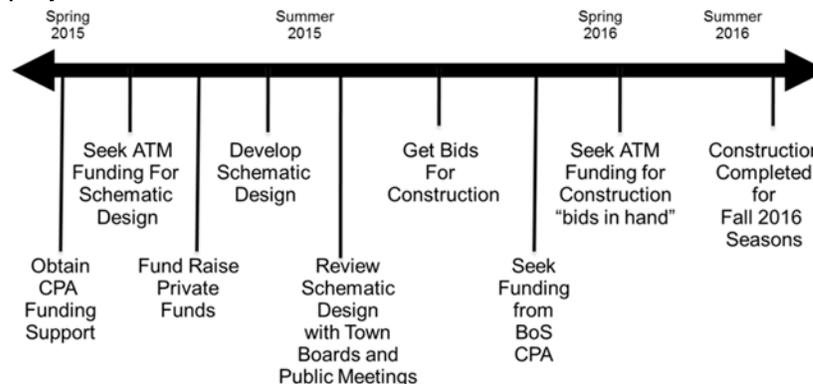
## REPORT OF THE PLAYING FIELDS TASK FORCE

The rehabilitation of the Hunnewell Field track and playing field is expected to occur in two phases: Phase 1 - the Schematic Design and Permitting phase; and Phase 2 - the Construction phase. Motion 6 of Article 15 is requested by the Playing Fields Task Force, an Advisory Committee of the Recreation Commission, for funds for Phase 1, the schematic design and permitting phase of the project. The breakdown of the Phase 1 and Phase 2 costs is shown below. These estimates come from a preliminary report requested by the Playing Fields Task Force (which is comprised of representatives from the Recreation Commission, Board of Selectmen, Natural Resources Commission, Board of Public Works, School Committee, WHS Athletic Department staff, Wellesley United Soccer League, Wellesley Little League, Wellesley Softball, Wellesley Youth Lacrosse, Wellesley Adult Softball, Wellesley Youth Hockey and Wellesley Youth Football) and was developed in conjunction with input from the neighbors and ultimately prepared by Stantec Sport on March 11, 2013.

### Schematic Design, Permitting, Construction Cost and CPA Eligibility Estimates

Item	Cost	CPA Eligible
<b>Design and Permitting Cost</b>	<b>166,458</b>	<b>166,458</b>
<b>Construction Cost</b>		
Site Prep & Demo	97,325	97,325
Earthwork & Base Prep	101,499	101,499
Synthetic Turf Subgrade and Drainage	244,260	244,260
Synthetic carpet and infill	595,268	N
Track Surfacing (track surface may not be CPA-able)	491,792	277,392
Athletic Equipment	125,000	125,000
Perimeter Fencing & Netting	96,300	96,300
Site Utilities	94,000	94,000
Scoreboard and electric conduit	60,000	N
<b>Subtotal</b>	<b>1,905,444</b>	<b>1,035,776</b>
12% Overhead & profit	228,644	124,288
15% project contingency	320,115	174,010
1.7% Construction Admin Service Fees	36,280	17,608
<b>Total estimated Construction Cost</b>	<b>2,490,483</b>	<b>1,351,682</b>

It is anticipated that the request for Phase 2 funds for the construction phase will be made at the 2016 ATM. The project timeline is shown below.



## Funding Plan

The funding of the project is expected to follow the successful approach that was used to fund Sprague Field in which one third of the funds were provided by CPA funds, one third by Town General Funds and one third by private sources:

. FY '16	Schematic Design and Permitting	
	CPA Funds	\$166,000
. FY '17	Construction	\$2,490,000
	1/3 CPA	\$830,000
	1/3 General Funds*	\$830,000
	1/3 Private Fundraising	\$830,000
	. Fundraiser identified	
	. Potential donors identified	
<p>*Without this project the town would need to incur funding costs of \$150,000 to \$200,000 for a new track and field re-sodding costs of \$20,000 to \$40,000 approximately every 3 years</p>		

Once a final design has been chosen, a complete financial model will be developed for the Phase 2 funding request that shows the actual funds needed for construction along with any ongoing track and field maintenance costs.

There is strong precedent for use of CPA funds for the rehabilitation and/or installation of tracks and fields in Massachusetts as evidenced by the data below from the CPA Project database.

### CPA Project Database Data on Track & Field Rehabilitation Projects

Summary of Similar Projects (2011 - 2014)	# of Towns	Total \$'000's	CPA %	Gen Rev %	Private %
Rectangular Athletic Fields with turf	10	\$22,664	72.6%	17.3%	12.2%*
Replacement of Tracks	5	\$ 2,165	61.3%	0%^	23.3% #

Note: Funding percentages do not add up to 100% because the Chelmsford project was a combined track and field project and a breakdown of the discreet funding percentages applied to the track and the field respectively, could not be determined.

#### Notables:

- . Westport privately funded \$1.9M privately after the Town purchased the land in 2012.
- ^ Chelmsford developed track and athletic fields with CPA \$1.2M and Gen Rev \$1.3M in 2013.
- # Southwick only town to include private funds (\$500k) in 2014.
- . +Sandwich included with lights, field work, and bleachers (\$1.3M) in 2014.
- \*Concord only town with private funds (\$822k) in 2014 project included new tennis courts at the CCHS.

There are close to 3,700 children in Wellesley who participate in Track & Field, Soccer, Lacrosse, Field Hockey or Football, the sports that would directly benefit from this project. There are also many adult members of the community who make use of the Hunnewell Field Track and Playing Field. Rehabilitating the track and field will help meet the growing demand for usable field space, benefit a broad segment of the Wellesley community, provide a high quality, central location for many high school sports and serve as a focal point of the community.

## REPORT OF THE FULLER BROOK PARK COMMITTEE

The Fuller Brook Park Committee (FBPC) wishes to report on the status of the project to preserve, restore and rehabilitate Fuller Brook Park.

The 2014 ATM appropriated funds to implement Phase 4 (construction) of the Fuller Brook Park Preservation Project. A scaled-down Fuller Brook Park Committee (FBPC) was established by the Town Meeting to continue in an advisory capacity to help oversee the Phase 4 project implementation and construction of Fuller Brook Park.

The five member FBPC comprises representatives from BPW, WHC, NRC, and Friends of Fuller Brook Park. The fifth member is appointed by the Moderator. The Project Management Team (PMT) of Mike Pakstis, Dave Hickey, Meghan Jop, Brandon Schmitt, and DPW Project Manager Peter Jackson meets regularly with the FBPC.

On May 15, 2014 the Town entered into a contract with R. Bates & Sons, Inc. of Clinton, MA to construct the project for a contract cost of \$4,324,647, with a projected construction completion of November 2016. Initial work included submittal of project schedules, materials, and procedures, as well as scheduling and mobilizing work crews, equipment, and subcontractors. In addition, the Contractor was responsible for obtaining some environmental regulatory permits and approval of environmental protection measures before initiating construction. Significant construction activity began on site in September.

For construction purposes the project area was divided into four sections:

- Section 1: Maugus Avenue to Paine Street
- Section 2: Paine Street to State Street
- Section 3: State Street to Grove Street
- Section 4: Grove Street to Dover Road

Work to date has been concentrated in Section 1 with activities including installation of erosion control devices, tree removal, establishment of a material storage and handling area near Seaward Road and an operations staging area near Caroline Street.

Major construction activity to date has included construction of two bioretention basins for stormwater reduction and water quality improvement. These are located between Seaward Road and Abbott Road and between Abbott Road and Caroline Street. New street drainage was constructed in Caroline Street. Planting and seeding of these basins will be done this spring.

Two sections of the new park path have been constructed between Seaward Street and Caroline Street. The path surface is a specially designed dense graded crushed stone material that is both water permeable and stable enough to meet universal access requirements. In some locations the path has been regraded or relocated to meet the maximum accessible grade of 5 percent.

Stream restoration work is being completed in the section of Caroline Brook between Caroline Street and Forest Street including rock vanes to direct channel flow away from the banks and support increased in stream habitat values. Stream bank stabilization structures have been installed including a quarry stone revetment and a compost filter tube slope stabilization structure. Some of these elements, although classified as "hard" structures, were designed to accommodate plantings to reduce the hard appearance and naturalize the appearance and provide improved habitat function. Stream restoration work will continue in the spring including plantings at these structures, bank regrading, and seeding and planting.

The additional major items of work completed through January 2015 have been installation of 71 helical piles as foundations for four raised walkways. Two structures are complete and a third is in process on the path between Forest Street and Paine Street. The new path in this area and the raised walkways replace a wood chip path and a wood boardwalk through the wetlands in this part of the park. These walkways will allow for year round use as well as improve the hydrologic conditions and biologic condition in this forested wetland. A fourth raised walkway has been completed on the path from the high school to Hunnewell Field. This structure replaces a culvert which was undersized and in poor condition, contributing to flooding in the area. The walkway structure increases the water carrying capacity of Caroline Brook at this location.

Spring and summer of 2015 will be an active time for construction in Fuller Brook Park. In Section 1 there will be additional path construction as well as roadway drainage improvements, construction of road crossings including sidewalks with handicap ramps and pavement markings. Park landscape improvements will include invasive species management activities, woodland improvements, planting and seeding. A major element of work will be the relocation of approximately 260 feet of Caroline Brook below Forest Street to protect a section of a trunk sewer that has been exposed due to bank erosion. This work includes significant earthwork, stream channel construction, and site restoration plantings.

The spring and summer will also see initiation of work in Section 2, Paine Street to State Street, including stream dredging and restoration, dredging of State Street Pond, path construction, and planting. Good news in this area is that the Contractor has proposed a dredging plan for State Street Pond that minimizes the anticipated impacts to athletic fields at Hunnewell Field at no increase to contract costs.

To date, through February 2015, the contractor has completed \$869,389.50 of work or 20.1% of the contract amount. The project is on budget with small cost increases offset by currently projected project savings. Our consultant, BETA Group, Inc., has spent \$114,099.93 or 35.26% of their budget to provide construction support services.

The project schedule remains a challenge due to a slow start last summer, but the contractor remains optimistic that they will complete the project within the contract schedule. Adherence to schedule is a priority concern for the Town and both FBPC and the PMT are making every effort to reduce additional slippage and catch up to the contractual schedule.

The FBPC is also pleased to report that the project EPA has named the Fuller Brook Project a winner of this year's largest 319 Program Grant. This \$337,000 grant for the project will reduce the Town's cost to the extent that we can maximize the work chargeable to the grant. Unfortunately, the funding has been delayed while the work proceeds, and the total grant amount realized may be less than the original amount announced. The FPBPP has a website, [www.wellesleyma.gov/Pages/WellesleyMA\\_DPW/projects/FullerBrook](http://www.wellesleyma.gov/Pages/WellesleyMA_DPW/projects/FullerBrook), through which residents to track project activities and read weekly updates and see photographs of progress of the work.

Respectfully Submitted,

Diane Campbell, Chair  
Paul Criswell (Board of Public Works)  
Heidi Kost-Gross (NRC)  
Kurt Somerville (Friends of Fuller Brook)  
David Wright (Historical Commission)

## REPORT OF THE PLANNING BOARD

In accordance with the provisions of Section XXVIA, *Notice for Public Hearings*, of the Zoning Bylaw, and Chapter 40A of the General Laws of the Commonwealth of Massachusetts, the Planning Board convened a duly advertised public hearing on Monday, February 17, 2015 on the eight (8) proposed Articles to amend the Zoning Bylaw, as contained in the Warrant for the March 30, 2015 Annual Town Meeting (Articles 27, 28, 29, 30, 31, 32, 33, and 34). Following the public hearing and as further required by the Zoning Bylaw and General Laws of the Commonwealth of Massachusetts, the Planning Board produced this Report with recommendations on the articles for consideration by Town Meeting.

### General Overview

The Planning Board submitted and is sponsoring eight (8) Articles for the 2015 Annual Town Meeting (Articles 27, 28, 29, 30, 31, 32, 33, and 34), all amending the Zoning Bylaw. Generally, these articles can be placed into three (3) categories:

1. Re-Codification: Articles 27, 28, 29, and 30;
2. Corrective: Articles 31 and 34; and
3. New Regulations: Articles 32 and 33

Re-Codification: Codification is the act, process, or result of arranging laws in a systematic form or code<sup>93</sup>; in this case, the laws for the Town pertaining to land use are codified within the Zoning Bylaw. Over the years, as the Zoning Bylaw has been amended, internal inconsistencies have unintentionally been created. Additionally, much of the language of the Bylaw that has not been amended has become dated. Therefore, as part of the 2007 - 2017 Wellesley Comprehensive Plan, a recommendation was made to re-codify the Zoning Bylaw “in order to eliminate inconsistencies, improve clarity, and resolve any contradictions that may have crept into the Zoning Bylaw as it has been amended over the years.” Furthermore, the Comprehensive Plan stated that the “Zoning Bylaw is the result of accretion of amendments and has become increasingly complex over the years. As a result, redundancies, inconsistencies and conflicts have inevitably been introduced.” Therefore, the Planning Board intends to undertake a re-codification of the Bylaw

While the Planning Board received funding to execute a complete re-codification of the Zoning Bylaw, contemplated to result in the presentation of an entirely rewritten Zoning Bylaw to Town Meeting for approval, after working with a consultant for several years, the Board decided not to pursue re-codification in this manner (the Board has received a draft copy of the completely re-codified Zoning Bylaw, which has and will serve as a reference for current and future re-codification efforts). Ultimately, the Board determined that the many nuances contained in the Zoning Bylaw would make it difficult to propose a re-codification of the entire Bylaw without materially affecting provisions, changes that should be given greater consideration by Town Meeting as standalone articles. Therefore, the Board determined that a better course of action is to pursue re-codification of the Bylaw over multiple and more manageable phases. It is by this process that the Board is currently pursuing amendments under Articles 27, 28, 29, and 30 to re-codify the Preamble, Section I, Section IA, Section II, Section XXVI, Section XXVII, and Section XXVIII of the Zoning Bylaw. In short, through these Articles and amendments, the Planning Board intends to initiate re-codification of the Zoning Bylaw by establishing a consistent format, inserting and correcting references to applicable local and state laws establishing procedures or granting authority, correcting content and contextual errors, and fixing typographical, grammatical and formatting errors, with the intent of achieving the goals identified in the Comprehensive Plan.

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<sup>93</sup> <http://dictionary.reference.com/browse/codification>

The Planning Board does not feel that the update of the Zoning Bylaw will be complete by re-codification alone. As the nature of development changes, so too must the Town's policies and regulations pertaining to land use. The Planning Board supports further consideration of land use policies, both through the framework of the Comprehensive Plan and its forthcoming update, and by means of alternative regulations to achieve the community's goals and objectives, and the Board will work to pursue both collaboratively. However, the Planning Board is of the opinion that starting the re-codification process, as described herein, will assist in the consideration of alternative or amended regulations.

Corrective: The effort to "correct" existing regulations, making them consistent with long-standing practice, is complimentary to re-codification. Amendments pertaining to outside dining (Article 31) and certain historical information signs (Article 34) are intended to ensure that the Zoning Bylaw's regulations are consistent with practices associated with these situations.

New Regulations: New regulations pertaining to the location of driveways on residential lots (Article 32) and illuminated signs within businesses (Article 33) are intended to address issues raised to the Planning Board by members and residents.

### **Report on Specific Articles**

A Report on each Article and proposed motion, including the intent and Planning Board recommendation, is provided below. Drafts of the proposed motions, markup/redline versions of the sections of the Zoning Bylaw affected by the motions, and other information, can be found at the following link: [http://www.wellesleyma.gov/Pages/WellesleyMA\\_Planning/2015ATMArticles](http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/2015ATMArticles), also accessible from the Planning Department/Board webpage on the Town's website.

### **Article 27 - Preamble & General Provisions Final Recommendation - Adoption (Planning Board voted 5-0)**

Article 27 intends to re-codify portions of the Zoning Bylaw, deleting the current *Preamble* and replacing it with a section titled "Section 1, *General Provisions*", which includes general provisions related to the purpose of the Bylaw (reciting the former *Preamble*) and how the Bylaw is established, enabled, and intended to operate. The proposed motion includes the deletion of Section XXVI, *Adoption/Amendment Procedures*, Section XXVII, *Existing Bylaws Not Repealed*, and Section XXVIII, *Invalidity*, of the Zoning Bylaw, and intends to incorporate provisions contained in those sections within the new Section I, *General Provisions*.

With regard to the intent to delete Section XXVI, *Adoption/Amendment Procedures*, currently, this section recites, almost word-for-word, the provisions contained in Ch. 40A, Sec. 5 and Ch. 40, Sec. 32 of the Massachusetts General Laws pertaining to procedures which the Town must follow to adopt and/or amend the Zoning Bylaw and Zoning Map; therefore, the motion proposes to eliminate Section XXVI and simply refer to M.G.L. Ch. 40A, Sec. 5 and M.G.L. Ch. 40 Sec. 32. The intent in deleting Section XXVI is to remove unnecessary redundancy and to eliminate the possibility that the Town's Bylaw could be in conflict with the requirements of the General Laws.

The Planning Board is of the opinion that the Article and proposed motion furthers the recommendation of the Comprehensive Plan to re-codify the Zoning Bylaw, achieving goals to establish a consistent and clear format (to be used in future re-codification efforts) and eliminating redundancy where possible. Therefore, the Board supports the proposed amendment.

**Article 28 - Definitions**  
**Final Recommendation - Adoption**  
**(Planning Board voted 5-0)**

Article 28 intends to re-codify Section IA, *Definitions*, as Section 1A, *Definitions* (consistent with the new format established under Article 27), and to relocate the section to follow re-codified Section 1, *General Provisions*. No changes or additions to existing definitions are proposed. While some existing definitions likely need to be updated, this is viewed as a multi-step process, where a consistent format for the section is first established so that it may be easily amended in the future. The Section is proposed to be amended with the addition of a new subsection establishing rules for the meaning and use of certain basic terms and constructions, such as “shall” and “may”, “lot” and “plot”, the use of words in the present tense include the future, and other similar terms and constructions; the addition of these provisions will aid in the clarity of the overall Zoning Bylaw, improving administration and interpretation.

The Planning Board is of the opinion that the Article and proposed motion furthers the recommendation of the Comprehensive Plan to re-codify the Zoning Bylaw, achieving goals to establish a consistent and clear format, and amending the Section to aid in clarity in the administration of the overall Zoning Bylaw. Therefore, the Board supports the proposed amendment.

**Article 29 - Establishment of Zoning Districts & Zoning Map**  
**Final Recommendation - Adoption**  
**(Planning Board voted 5-0)**

Article 29 is intended to re-codify Section I, *Establishment of Districts*, re-titling as "Section 1B, *Establishment of Districts & Zoning Map*." The proposed motion would clarify the Town's Zoning Districts, both the General and Overlay districts, as well as the five (5) separate Single Residence Districts (SR-10, SR-15, SR-20, SR-30 and SR-40) as depicted on the Zoning Map. Additionally, provisions are proposed to be added clarifying that the location of zoning district boundaries may be confirmed based on the action of Town Meeting, and addressing the regulation of properties that are *split-zoned*, located in two or more zoning districts.

With regard to the addition of the reference to Town Meeting action, currently it is not clear that the surveys and/or meets and bounds descriptions referenced in most Town Meeting motions amending the Zoning Map can be used to determine the location of zoning district boundaries, and thereby the zoning of properties as shown on the Map. As for the provision to address split-zoned lots, there is currently no such provision in the Zoning Bylaw, making it difficult to administer the regulations of the Zoning Bylaw when applied to such lots. As proposed, lots divided between two (2) Single Residence Districts, would be considered to be entirely within the zoning district with the greater requirements (lot size and frontage) if such a lot would be conforming in such district; if the lot would not be conforming in the district, the zoning district with the lesser requirements would control. As applied to lots divided between other zoning districts, the proposed provision would allow for uses and structures to encroach ten (10) feet over the district boundary line, into the district in which they are not normally permitted, but otherwise require compliance with the restrictions of the applicable district.

The Planning Board is of the opinion that the Article and proposed motion furthers the recommendation of the Comprehensive Plan to re-codify the Zoning Bylaw, achieving goals to establish a consistent and clear format, and amending the Section to aid in clarity in the administration of the overall Zoning Bylaw. Most importantly, the proposed motion clearly establishes the Town's zoning districts, and the differences between the General Districts, and

the Overlay Districts. Furthermore, the addition of a reference to Town Meeting actions in the interpretation of the Zoning Map is invaluable to ensuring consistency with the intent of Town Meeting. Finally, the Planning Board is of the opinion that the addition of a provision to address split-zoned properties is essential, given the existence of such lots in Town, and the Board's opinion that the absence of such a provision could lead to inconsistent administration of provisions to such lots and irregular enforcement. Therefore, the Board supports the proposed amendment.

**Article 30 - Single Residence Districts**  
**Final Recommendation - Adoption**  
**(Planning Board voted 5-0)**

Article 30, while categorized as re-codification, is an interim step, with this section likely to be subject to a larger re-codification effort in the future. The intent of the Article is to ensure consistency between the Zoning Bylaw and Zoning Map, carrying forward the references to the SR-10, SR-15, SR-20, SR-30, and SR-40 zoning districts (inserted under Article 29) into Section II, *Single Residence Districts*. Since these districts are represented as separate districts on the Zoning Map, it is important to ensure consistency between both documents.

The Planning Board is of the opinion that the Article and proposed motion furthers the recommendation of the Comprehensive Plan to re-codify the Zoning Bylaw, resolving inconsistencies between the Zoning Bylaw and the Zoning Map. Therefore, the Board supports the proposed amendment.

**Article 31 - Outside Dining**  
**Final Recommendation - Adoption**  
**(Planning Board voted 5-0)**

Article 31 is intended to amend the Zoning Bylaw to specify that "outside dining accessory to a restaurant use" is a permitted use, with the issuance of a special permit, in the Wellesley Square Commercial and Business zoning districts (the Zoning Bylaw currently specifies that the use is allowed in certain other districts within the Town). As currently written, the Zoning Bylaw may be interpreted to prohibit outside dining within these districts; however, outside dining has historically been permitted (either by-right or with the issuance of a special permit) and several restaurants within the Wellesley Square Commercial and Business zoning districts maintain outside dining operations.

The Planning Board is of the opinion that this amendment clarifies the allowance of outside dining, eliminating any ambiguity, and furthers identified goals to improve the vitality and vibrancy of the Town's commercial villages, while also ensuring an appropriate level of review to mitigate potential negative impacts. Therefore, the Board supports the proposed amendment.

**Article 32 - Residential Driveway Setback**  
**Final Recommendation - Adoption**  
**(Planning Board voted 5-0)**

Article 32 is intended to amend Section XIX, *Yard Regulations*, of the Zoning Bylaw to add a minimum five (5) foot setback from side property lines for driveways associated with lots used for one-family and two-family dwellings. The proposed amendment defines regulated driveways ("...any area on a lot finished with asphalt, concrete, gravel, or similar materials, and intended to provide ingress/egress, parking, and/or maneuvering space for motorized vehicles."), establishes that the provision applies only to new driveways or new portions of existing driveways, indicates that the regulation would not serve to render existing noncompliant driveways as *nonconforming*,

and establishes the authority for the ZBA to issue Special Permits to grant relief from the regulation. As proposed, the amendment would not be effective until July 1, 2015.

This amendment is based on the Board's recognition that the absence of a regulation establishing a minimum setback for driveways can and has resulted in detrimental impacts to adjacent properties related to stormwater and noise and light intrusion, and could have the further effect of eliminating existing landscaping between properties. While the Planning Board and Zoning Board do have the purview to review the location of driveways for Large House Review and Special Permit applications, the majority of residential projects are not subject to any regulations restricting the location of driveways.

The Planning Board is of the opinion that the Article and proposed motion furthers recommendations of the Comprehensive Plan advocating for the preservation of neighborhood character, and a specific goal to "maintain the physical form of Wellesley's residential neighborhoods by balancing community standards with individual interests." Therefore, the Board supports the proposed amendment.

**Article 33 - Illuminated Window Signs  
Final Recommendation - Adoption  
(Planning Board voted 5-0)**

Article 33 is intended to amend Section XXIIA., *Signs*, of the Zoning Bylaw ("the Sign Bylaw") to regulate illuminated signs located inside a building within one (1) foot of the glass of a window or door, as window signs. Currently, only signs attached to the glass of a window or door (whether inside or outside) are regulated (requiring a permit and limited in number, area, and size), whereas signs located inside a store and not attached to the glass are not. The amendment would not regulate all signs within a store, but rather only those that are illuminated and within one (1) foot of the glass of a window or door. Since certain internally illuminated signs are currently prohibited by the Sign Bylaw (such as exposed neon signs), this amendment would prohibit such signs in a store and within one (1) foot of the glass. Other types of lighting for these signs would be allowed.

This amendment is the result of resident and property owner complaints related to the use of illuminated signs by some businesses, such signs being located within a business and visible from the exterior, but not attached to the glass of a window or door and therefore not currently regulated or prohibited under the Sign Bylaw. The Planning Board recognizes that the size of some of these signs and their illumination levels, especially those that utilize exposed neon tubing, are contrary to the stated purposes of the Sign Bylaw; specifically such signs do not meet the purposes of the Sign Bylaw "to improve traffic and pedestrian safety as it may be affected by distracting signs" and "to encourage and promote aesthetic integrity, village character, creativity and community appearance by exercising reasonable control." Furthermore, the Planning Board is of the opinion that the allowance of such signs is contrary to an Economic Development objective of the Comprehensive Plan to "maintain the character of village commercial districts." Therefore, the Planning Board is of the opinion that the added regulation of these signs would not be overly restrictive on businesses and establishes an objective standard that aids in effective enforcement, and supports the proposed amendment.

**Article 34 - Historical Information Signs  
Final Recommendation - Adoption  
(Planning Board voted 5-0)**

Article 34 is intended to amend Section XXIIA., *Signs*, of the Zoning Bylaw (“the Sign Bylaw”) to allow and exempt from regulation under the Sign Bylaw, signs sanctioned by the Wellesley Historical Commission (“Commission”) containing certain historical information and having an area of two (2) square feet or less. Generally, this amendment is intended to specifically allow the Commission’s historic home plaques, which have an area of 1.5 square feet. Under the current provisions of the Sign Bylaw properties within Residential zoning districts are allowed one (1) permanent sign, either a standing/ground sign or a wall sign, which must be limited to a maximum of one (1) sq. ft. in area. Therefore, existing Commission plaques greater than one (1) sq. ft. in area are considered nonconforming, and new plaques would require the issuance of a special permit prior to installation. The proposed amendment would establish an allowance and exemption for the plaques, providing the Commission with the opportunity to continue the program.

The Planning Board is of the opinion that the proposed amendment furthers a general recommendation of the Wellesley Comprehensive Plan to “promote public awareness of Wellesley’s history and the benefits of historic preservation,” and a more specific recommendation to “expand the plaque program to include properties that are at least 50 years old.” The Planning Board finds that the allowance of an exemption for such signs limited to a maximum of two (2) sq. ft., under the stewardship of the Commission, removes a regulatory barrier, is a reasonable allowance that would not be contrary to the Town’s aesthetic goals, and furthers the goals of the Comprehensive Plan.

## REPORT OF THE SUSTAINABLE ENERGY COMMITTEE

Town Meeting established the Sustainable Energy Committee (SEC) in 2010, to lead efforts to accomplish the goal adopted at the 2009 Annual Town Meeting to reduce Town-wide greenhouse gas emissions 10% below 2007 levels by 2013, to monitor and report progress toward that goal, and to propose further goals for emissions reductions to Town Meeting. Through 2013, the SEC estimated that Town-wide emissions had declined 9.7 percent, just short of the target. The 2014 Annual Town Meeting adopted the SEC proposal to establish a new goal to reduce Town-wide emissions 25 percent below 2007 by 2020.

### Measurement of 2014 Emissions and Trend

Each year the SEC measures the Town's "carbon footprint" and tracks the change against earlier years. This carbon footprint measurement is an estimated number calculated from a variety of inputs, some actual and some estimated. It is based on actual municipal and college data, actual electric and natural gas use by households and businesses, and estimates for heating oil consumption, fuel efficiency in the transportation sector and the conversion factors that translate energy use into greenhouse gas emissions. The methodology is guided by the U.S. Community Protocol for Accounting and Reporting of Greenhouse Gas Emissions established October 2012 and calculated using ICLEI – Local Governments for Sustainability software.

### EMISSIONS (eCO<sub>2</sub>in 000 TONNES)

Electricity/Natural Gas/Fuel Oil	Share of		2013-2014		2007 - 2014	
	Total 2014 Emissions	2014 Emissions	2013 Emissions	Percent Change	2007 Emissions	Percent Change
Residential	31.6%	114,818	115,312	-0.4%	132,862	-13.6%
Commercial	13.8%	50,295	50,771	-0.9%	57,922	-13.2%
Colleges	9.4%	34,065	38,434	-11.4%	45,886	-25.8%
Municipal	2.0%	7,445	7,684	-3.1%	9,234	-19.4%
<b>Building Subtotal</b>	<b>56.8%</b>	<b>206,623</b>	<b>212,201</b>	<b>-2.6%</b>	<b>245,904</b>	<b>-16.0%</b>
Waste	0.5%	1,693	1,780	-4.9%	2,026	-16.4%
Gasoline/Diesel	42.7%	155,392	156,138	-0.5%	160,451	-3.2%
<b>Total Emissions</b>	<b>100.0%</b>	<b>363,708</b>	<b>370,119</b>	<b>-1.7%</b>	<b>403,898</b>	<b>-10.0%</b>

In recommending a goal to reduce carbon emissions 25 percent below 2007 by 2020, the SEC noted that achieving this target would require an annual average reduction of 2.6 percent each year 2014 through 2020. While we cannot expect to achieve such a steady pace year after year, it is a useful yardstick against which to assess annual progress. Aggregate consumption of electricity, natural gas and fuel oil in all buildings in Town appears to have declined at that rate in 2014.<sup>94</sup> The municipal building sector performed better than residential and commercial buildings. The 3.1 percent reduction in municipal emissions in 2014 reflects initiatives by the Facilities Maintenance Department to install LED lighting fixtures, recommission HVAC systems in school buildings, improve building control systems, conserve energy use by mechanical equipment, adjust thermostats and encourage behavioral changes.

<sup>94</sup> As this report goes to print, we are still trying to clarify some of the college data; if a revision is necessary, we will provide an update at Town Meeting.

As in prior years, the slower reduction in the large transportation sector (emissions from gasoline and diesel) retards the overall pace of decline<sup>95</sup>. Last year we expressed optimism that we would have data on vehicles registered in Wellesley, which would enable us to shift to a new model for calculating emissions from the transportation sector. But that optimism has proved misplaced. The most recent data provided by the Registry of Motor Vehicles was for the year 2012 and it is unclear at this point whether updates will become available.

### **Committee Activities in 2014 and 2015**

The **More POWER TO CHOOSE** campaign conducted in 2014 encouraged 75 residents to install solar panels on their roofs and 427 households to obtain a home energy efficiency assessment, well above the targets established at the beginning of the campaign. The Municipal Light Plant supported the campaign with solar incentives totaling \$112,500 and funded 74 home assessments (for homes heated with fuel oil; National Grid funded assessments for homes heated with natural gas). In addition, the SEC facilitated the exploration of solar options by five houses of faith and another initiative to investigate the potential for solar on municipal buildings. As tax-exempt entities, none of these institutions can take advantage of solar tax credits, so they need different financial arrangements to make solar cost-effective.

The SEC coordinates Wellesley's Green Collaborative, which includes the Town's Department of Public Works, Natural Resources Commission, Trails Committee and Wetlands Commission as well as environmental groups, neighborhood associations, garden clubs and houses of faith. Each of the more than twenty groups has its own focus, but all are committed to protecting and improving Wellesley's environment. The Collaborative provides education on topics of mutual interest and has fostered closer cooperation among the groups.

In 2015, the SEC will focus on two emissions sources which previous initiatives have not addressed: the waste and transportation sectors. Together with the Department of Public Works and the Natural Resources Commission, the Committee is sponsoring a public workshop on April 16, Garbology 101, to learn specifics about how the Town's Resource and Disposal Facility (RDF) handles recyclables, reusables and trash. This workshop is the first step in a collaborative process to identify initiatives that will increase recycling in Wellesley and boost residents' awareness of the financial and environmental benefits of RDF operations.

The SEC will lead a campaign, **WAYS TO GO WELLESLEY**, in coordination with other Town initiatives, to encourage use of transportation alternatives to single person trips in gasoline-powered vehicles including riding mass transit, biking, walking, and driving electric and hybrid automobiles. Efforts have focused initially on development of a website, idling reduction and bicycling promotion.

### **SUSTAINABLE ENERGY COMMITTEE**

Ellen Korpi, Chair  
Scott Bender  
Ellen Gibbs

Katharine Gibson  
Laura Olton  
Stephen Tolley

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<sup>95</sup> In 2014 all data and calculations were converted to the newest version of the ICLEI software (ClearPath). In the process an error in earlier calculations of 2007 gasoline and diesel emissions was recognized and corrected, which had the effect of increasing estimated emissions in that year. In all other regards, output from the ClearPath model is consistent with prior presentations.

## REPORT OF THE TOWN GOVERNMENT STUDY COMMITTEE

At the 2014 Annual Town Meeting under Article 30, the Town Meeting voted to establish the “2014 Town Government Study Committee” (TGSC) to review the structure of our town government. The Moderator appointed nine members to serve on the TGSC: Katherine Babson, Stanley Brooks, Rose Mary Donahue, Arthur Goldberg, Ann Marie Gross, Richard Page, Linda Perlmutter, Anna Sereiko and Thomas Ulfelder. The majority of us have served on a variety of elected and appointed boards and all of us are either current or former Town Meeting Members.<sup>96</sup>

### The Charge

We were charged with studying and making recommendations on the following:

- The existing structure of town government to determine whether it is best suited to the Town’s current and future needs;
- The role and authority of the Executive Director of General Governmental Services as well as alternative management models;
- The number, composition and role of the various elected and appointed boards and committees;
- The potential consolidation, centralization and other changes to the functions and responsibilities of various Town departments;
- The optimal number of Town Meeting Members;
- The number and scope of Town Meetings, as well as the timing of the Annual Town Meeting and the Town elections; and
- Any other topic related to town government that the Committee deems appropriate.

### The Process and Timeline

We have met bi-weekly since June and most meetings have been televised. We have divided our work into phases.

**Phase I** consisted of an **internal** review of our existing town government structure. We studied our current organizational chart (see Appendix I) that shows our 10 elected boards and 2 elected officials and its 19 appointed boards and committees. We reviewed the past TGSC reports from 1986-86, 1993-94, and 2003-04. We interviewed all of the Town elected and appointed boards and all department heads, some of whom met with us in our TGSC meetings and others of whom were interviewed by two or three members of our Committee (see Appendix II). We met with Representative Alice Peisch, retired Town Counsel Al Robinson, and Executive Director of General Government Services Hans Larsen and we had interview sessions with current and former Selectmen, former Advisory Committee chairs, current and former Moderators, Town Meeting Members and Town residents. We met in separate sessions with lawyers, residential builders, and commercial developers and commercial property owners who interact with our land use departments. We reported on all of these interviews and sessions at our meetings. We surveyed all Town Meeting Members from 2009 to the present who resigned or chose not to run for Town Meeting again.

We will present our findings in more detail in a report to a Special Town Meeting this fall. However, it is clear from these sessions and interviews that the Town prides itself on the culture of volunteerism and active citizen participation in town government, which we believe to be essential

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<sup>96</sup> We have served as follows: Town Moderator (1); School Committee (1); Board of Selectmen (1); Board of Health (1); Planning Board (2); Community Preservation Committee (2); Advisory Committee (5); and current/former Town Meeting Members (all).

components of our town government. Certain recurring themes also evolved from these conversations, which include:

- Need for centralized planning and setting Town-wide priorities;
- Need to develop and institute an integrated, collaborative budget-building process among Town departments;
- Need to address the “Balkanized” or silo structure across Town boards and departments;
- Need to put in place a structure that ensures consistency in departmental staffing models, in particular in hiring, performance assessment and staff development;
- Need for improved communications and discussion across Town departments and boards and with Town residents; and
- Need to improve the boundary between a board’s role in setting policy and its staff’s role in managing day-to-day operations.

We completed **Phase I** in December.

**Phase II** consisted of an **external** review of government structures in other Towns. We met in groups of two and three with the Town Managers/Town Administrators of towns which we believe are our “benchmark” communities: Acton, Andover, Belmont, Concord, Lexington, Natick, Needham, Reading, Sudbury, Wayland, Weston, Westwood, and Winchester. We also met with the Town Administrators of Dover and Marshfield. The Town Manager from Needham and the “Dean” of town government structures, Marilyn Contreas, of the Mass. Department of Housing and Community Development also met with our committee. These interviews have helped us understand the variety of approaches municipalities have taken to shape their structures to meet the needs of their particular communities.

To assist us in our work, we hired Peter Hechenbleikner as a consultant. He is the recently retired Town Manager of Reading, a position he held for over 26 years. Pete has just completed an assignment in Westwood where he formed the Community and Economic Development department consisting of all entities involved in land use matters and where he served as Interim Director while a job search was underway. Pete also served for many years as chair of the “Form of Government” Committee of the Massachusetts Municipal Management Association where he worked with the Town Managers/Administrators of many communities and where he developed a keen understanding of differences in the responsibilities and authorities provided these positions among municipalities.

**Phase II** was concluded in February.

During **Phase III**, our current stage, we will develop preliminary recommendations and meet with boards and staff to discuss them. As part of **Phase III**, we intend to survey all Town Meeting Members immediately following the conclusion of the Annual Town Meeting.

In February, we held a meeting of all boards and department heads involved in land use decisions. Just under 40 individuals attended from the Building Department, Design Review Board, Natural Resources Commission, Planning Board, Wetlands Protection Committee, and the Zoning Board of Appeals. Representatives attended from the Wellesley Housing Development Corporation, Historical Commission, Historic District Committee, the Denton Road Neighborhood Conservation District and the Board of Selectmen. We discussed the findings of our interviews with these departments and boards and presented some preliminary recommendations regarding land use functions in our Town that included:

- The creation of a Land Use Division under a Director encompassing the land use permitting boards and departments to enable a consistent high quality of customer service, flexibility and efficiencies in staffing and improvement in communications among boards, staff and the public;
- The establishment of the new position of Code Enforcer Officer specifically charged with enforcement of certain aspects of the zoning bylaws and regulations;
- The creation of committee to review and recodify the Zoning Bylaws and relevant regulations;
- Expansion of the scope of the Comprehensive Planning process to encompass a strategic plan for the Town; and
- Improvement in office layout in the basement of Town Hall to include the creation of a “single point of contact” for individuals seeking land use permits.

In **Phase IV**, which we anticipate will begin in mid-May, we will roll out recommendations to be made at a Special Town Meeting next fall. These recommendations will be presented in draft form to the boards, staff and community in an extensive series of meetings. We will gather feedback, reflect on what we have heard and continue to work on recommendations over the summer.

**Phase V** will be the development of final recommendations which we expect to roll out in September. We anticipate putting a full package of recommendations before a Special Town Meeting this fall. Because we have heard from Town Meeting Members that they prefer to know as far ahead as possible of the date for a Special Town Meeting, we have asked the Board of Selectmen to publicize the date of the Fall 2015 Town Meeting as soon as practicable.

**Warrant Article 25**

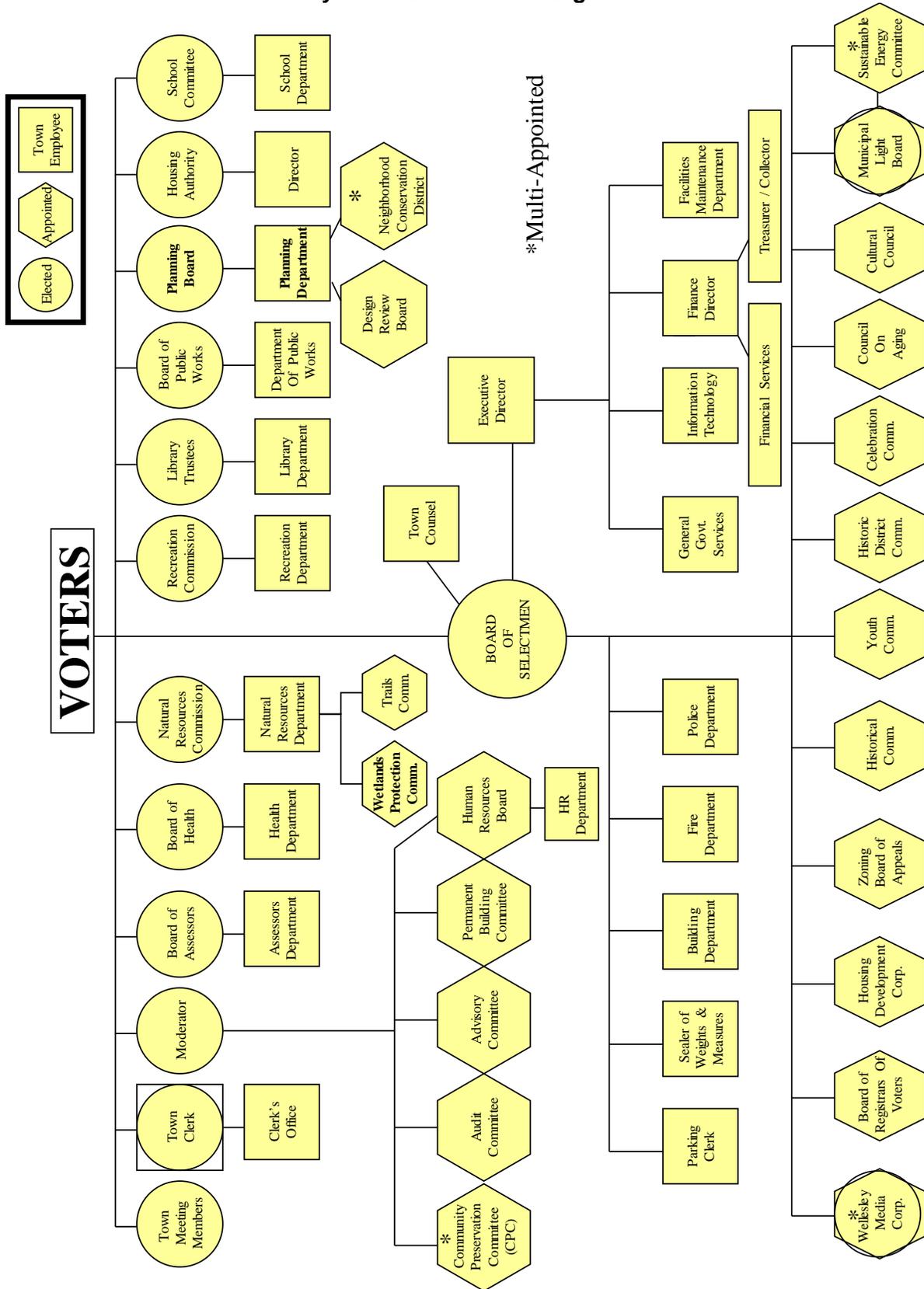
In this Article, we are seeking to extend the life of the TGSC until 2016 ATM; to expand our charge to include a modest cleanup of the Town Bylaws; and an appropriation of \$32,000 for further consultant assistance (\$10,000), legal assistance (\$17,000) and miscellaneous (\$5,000).

We encourage input from all of you. We can be reached at TGSC@wellesleyma.gov.

Respectfully Submitted,

Katherine Babson, Chair  
 Stanley Brooks  
 Rose Mary Donahue, Vice Chair  
 Arthur Goldberg  
 Ann Marie Gross, Secretary  
 Richard Page  
 Linda Perlmutter  
 Anna Sereiko  
 Thomas Ulfelder

# Appendix I to Town Government Study Committee Report Wellesley Town Government Organization



**Appendix II to Town Government Study Committee Report  
List of Boards, Committees and Staff interviewed by members of TGSC**

**Boards and Committees**

Audit Committee  
 Board of Assessors  
 Board of Health  
 Board of Public Works  
 Council on Aging  
 Design Review Board  
 Historic District Commission  
 Historical Commission  
 Human Resources Board  
 Library Trustees  
 Municipal Light Plant Board  
 Natural Resources Commission  
 Permanent Building Committee  
 Planning Board  
 Playing Fields Task Force  
 Recreation Commission Retirement Board  
 School Committee  
 Sustainable Energy Committee  
 Trails Committee  
 Wellesley Housing Authority  
 Wellesley Housing Development Corporation  
 Wetlands Protection Committee  
 Youth Commission  
 Youth Commission  
 Zoning Board of Appeals

**Departments/ Staff**

Building Inspector  
 Chief of Police  
 Chief of the Fire Department  
 Director of Finance  
 Director of Information Technology  
 DPW Director, Finance Manager and Town Engineer  
 Executive Director of General Government Services  
 Deputy Director of General Government Services  
 Facilities Maintenance Department  
 Human Resources Director  
 Library Interim Director  
 MLP Director and Director of Finance  
 Natural Resources Commission Director  
 Permanent Building Staff  
 Planning Department Director  
 School Superintendent and Assistant Superintendent  
 Selectmen's Office Staff  
 Town Assessor  
 Town Clerk  
 Town Treasurer/ Tax Collector  
 Veterans' Affairs Director  
 Wetlands Administrator

## APPENDIX A: TOWN MEETING ACRONYMS

AC	Advisory Committee
ACS	Access Control Systems
ADA	Americans with Disabilities Act
AED	Automated External Defibrillator
AFSCME	American Federation of State, County and Municipal Employees
AMI	Advanced Metering Infrastructure
ATC	American Tower Corporation
ATM	Annual Town Meeting
BOH	Board of Health
BOS	Board of Selectmen
BPW	Board of Public Works
CB	Circuit Breaker
COA	Council on Aging
COLA	Cost of Living Adjustment
CPA	Community Preservation Act
CPC	Community Preservation Committee
DAS	Distributed Antenna System
DEP	Department of Environmental Protection
DESE	Department of Elementary and Secondary Education
DOR	Department of Revenue
DPW	Department of Public Works
DRB	Design Review Board
ELL	English Language Learner
FAR	Floor Area Ratio
FBPC	Fuller Brook Park Committee
FCM	Forward Capacity Market
FF&E	Furniture, Fixtures and Equipment
FMD	Facilities Maintenance Department
FTE	Full-Time Equivalent
FY	Fiscal Year
GIC	Group Insurance Commission
GIS	Geographic Information Systems
HDC	Historic District Commission
HHU	Hardy, Hunnewell and Upham
HRB	Human Resources Board
HRS	Human Relations Service, Inc.
HVAC	Heating, Ventilation and Air Conditioning
ID	In District
IDEA	Individuals with Disabilities Education Act

IEP	Individualized Education Plan
ISO-NE	Independent System Operator – New England
IT	Information Technology
LHR	Large House Review
LRE	Least Restrictive Environment
MAAB	Massachusetts Architectural Access Board
MEMA	Massachusetts Emergency Management Agency
MGL	Massachusetts General Laws
MIAA	Massachusetts Interscholastic Athletic Association
MLB	Municipal Light Board
MLP	Municipal Light Plant
MOU	Memorandum of Understanding
MSBA	Massachusetts School Building Authority
MWRA	Massachusetts Water Resources Authority
MWRTA	MetroWest Regional Transit Authority
NCD	Neighborhood Conservation District
NRC	Natural Resources Commission
NRP(Z)	Natural Resource Protection (Zoning)
OOD	Out of District
OPEB	Other Post-Employment Benefits
OPM	Owner's Project Manager
PARCC	Partnership for Assessment of Readiness for College and Careers
PAWS	Preschool at Wellesley Schools
P&S	Purchase and Sale Agreement
PB	Planning Board
PBC	Permanent Building Committee
PFTP	Playing Fields Task Force
PSI	Project of Significant Impact
RDF	Recycling and Disposal Facility
RFP	Request for Proposals
SC	School Committee
SEC	Sustainable Energy Committee
SFC	School Facilities Committee
SFMP	School Facilities Master Plan
SMMA	Symmes, Maini, McKee & Associates
SOI	Statement of Interest
SPGA	Special Permit Granting Authority
SR	Single Residence (District)
STEM	Science, Technology, Engineering and Mathematics
STM	Special Town Meeting
SWG	Security Working Group

TDRT	Town Development Review Team
TGSC	Town Government Study Committee
TM(M)	Town Meeting (Member)
TPC	Tolles-Parsons Center
TWFP	Town-Wide Financial Plan
VMS	Video Management System
WCRS	Wellesley Contributory Retirement System
WFL	Wellesley Free Library
WHA	Wellesley Housing Authority
WHC	Wellesley Historical Commission
WHDC	Wellesley Housing Development Corporation
WHS	Wellesley High School, Wellesley Historical Society
WMS	Wellesley Middle School
WPC	Wetlands Protection Committee
WPS	Wellesley Public Schools
WSCD	Wellesley Square Commercial District
WSHG	West Suburban Health Group
WSVD	West Suburban Veterans' District
ZBA	Zoning Board of Appeals

**APPENDIX B: TWFP EXHIBIT III: FY16 DETAIL SOURCES & USES OF FUNDS**

SOURCES OF FUNDS	FY15 SOURCES OF FUNDS	FY16 SOURCES OF FUNDS	CHANGE - FY15 to FY16	
			\$ Change	% Change
<b>Real Estate &amp; Personal Property Tax</b>				
Within the Levy Limit	109,124,603	113,452,718	4,328,115	3.97%
Outside the Levy Limit - OPEB	1,800,000	1,800,000	0	0.00%
Outside the Levy Limit	9,158,514	12,803,348	3,644,834	39.80%
<b>Subtotal - Real Estate &amp; Personal Property Tax</b>	<b>120,083,117</b>	<b>128,056,066</b>	<b>7,972,949</b>	<b>6.64%</b>
<b>From the Commonwealth</b>				
Chapter 70 Aid	7,789,132	7,944,915	155,783	2.00%
Lottery Aid	1,152,722	1,175,776	23,054	2.00%
Regional Public Libraries	0	0	0	0.00%
Other Aid	83,788	85,464	1,676	2.00%
<b>Subtotal - From the Commonwealth</b>	<b>9,025,642</b>	<b>9,206,155</b>	<b>180,513</b>	<b>2.00%</b>
<b>Local Revenue</b>				
Motor Vehicle Excise	4,500,000	4,650,000	150,000	3.33%
Licenses and Permits	1,900,000	2,250,000	350,000	18.42%
MLP Payment in Lieu of Taxes	1,000,000	1,000,000	0	0.00%
Interest Earnings	165,000	170,000	5,000	3.03%
RDF Revenue	610,000	617,033	7,033	1.15%
Fines & Forfeits	525,000	530,000	5,000	0.95%
Recreation	125,000	75,000	(50,000)	-40.00%
Meals/Hotel/Motel Tax	630,000	625,000	(5,000)	-0.79%
Plot Payments	225,000	226,000	1,000	0.44%
Other Local Revenues	700,324	740,967	40,643	5.80%
<b>Subtotal - Local Revenue</b>	<b>10,380,324</b>	<b>10,884,000</b>	<b>503,676</b>	<b>4.85%</b>
<b>Other Sources</b>				
Parking Meter Receipts	905,341	913,393	8,052	
Free Cash to balance budget	2,250,000	2,625,000	375,000	
2015 Free Cash - Snow and Ice/Legal	79,401	900,000	820,599	
Free Cash	473,132	172,946	(300,186)	
Appropriated CPA Surcharge	5,049,140	725,950	(4,323,190)	
CPA Funds applied to North 40	0	580,000	580,000	
Police detail	127,000	75,000	(52,000)	
<b>Subtotal - Other Sources</b>	<b>8,884,014</b>	<b>5,992,289</b>	<b>(-2,891,725)</b>	
<b>TOTAL SOURCES OF FUNDS</b>	<b>148,373,097</b>	<b>154,138,510</b>	<b>5,765,413</b>	<b>3.89%</b>

**USES OF FUNDS**

	FY15 USE OF FUNDS (Tax Rate)			FY16 USE OF FUNDS (Request)			CHANGE - FY15 to FY16			
	Pers Svcs	Expenses	Total Ops	Pers Svcs	Expenses	Total Ops	Variance Pers Svcs	Variance Expenses	Variance Total - \$	Variance Total - %
<b>GENERAL GOVERNMENT</b>										
<b>Board of Selectmen - Administration</b>										
Executive Director's Office	404,454	30,550	435,004	414,869	26,500	441,369	10,415	(4,050)	6,365	1.46%
Sustainable Energy	5,000	10,033	15,033	5,000	10,033	15,033	0	0	0	0.00%
Central Administrative Services	0	38,500	38,500	0	28,500	28,500	0	(10,000)	(10,000)	-25.97%
Finance Department	384,385	8,000	392,385	395,169	8,000	403,169	10,784	0	10,784	2.75%
Information Technology	485,939	219,009	704,948	468,656	245,883	714,539	(17,283)	26,874	9,591	1.36%
Treasurer & Collector	268,700	123,863	392,563	281,826	115,713	397,539	13,126	(8,150)	4,976	1.27%
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	0.00%
<b>Board of Selectmen - Human Services</b>										
Council on Aging	240,189	122,438	362,627	329,593	158,898	488,491	89,404	36,460	125,864	34.71%
Fair Housing Committee	0	200	200	0	200	200	0	0	0	0.00%
West Suburban Veterans District	0	104,875	104,875	0	107,235	107,235	0	2,360	2,360	2.25%
Youth Commission	77,487	17,190	94,677	77,756	17,190	94,946	269	0	269	0.28%
<b>Board of Selectmen - Maintenance Services</b>										
Facilities Maintenance	3,734,243	2,921,538	6,655,781	3,806,285	3,081,275	6,887,560	72,042	159,737	231,779	3.48%
<b>Board of Selectmen - Other Services</b>										
Housing Development Corporation	0	6,000	6,000	0	6,000	6,000	0	0	0	0.00%
Historical Commission	0	750	750	0	750	750	0	0	0	0.00%
Historical District Commission	0	250	250	0	250	250	0	0	0	0.00%
Memorial Day	0	2,500	2,500	0	2,500	2,500	0	0	0	0.00%
Celebrations Committee	0	4,700	4,700	0	4,700	4,700	0	0	0	0.00%
Zoning Board of Appeals	50,650	7,115	57,765	50,843	6,940	57,783	193	(175)	18	0.03%
<b>Board of Selectmen - Shared Services</b>										
Law	0	250,000	250,000	0	300,000	300,000	0	50,000	50,000	20.00%
Audit Committee	0	56,250	56,250	0	56,250	56,250	0	0	0	0.00%
Risk Management	0	504,000	504,000	0	483,300	483,300	0	(20,700)	(20,700)	-4.11%
Street Lighting	0	227,000	227,000	0	241,230	241,230	0	14,230	14,230	6.27%
<b>Subtotal - Board of Selectmen - General Government</b>	<b>5,651,047</b>	<b>4,656,761</b>	<b>10,309,808</b>	<b>5,829,997</b>	<b>4,905,347</b>	<b>10,735,344</b>	<b>178,950</b>	<b>246,586</b>	<b>425,536</b>	<b>4.13%</b>
<b>Other General Government</b>										
Town Clerk/Election & Registration	250,459	49,790	300,249	244,570	40,915	285,485	(5,889)	(8,875)	(14,764)	-4.92%
Board of Assessors	260,587	89,700	350,287	255,796	88,855	344,651	(4,791)	(845)	(5,636)	-1.61%
Planning Board	231,820	42,600	274,420	231,750	44,300	276,050	(70)	1,700	1,630	0.59%
Advisory Committee	7,205	16,692	23,897	7,000	21,000	28,000	(205)	4,308	4,103	17.17%
Reserve Fund	0	175,000	175,000	0	175,000	175,000	0	0	0	0.00%
Permanent Building Committee	122,954	6,450	129,404	124,722	7,150	131,872	1,768	700	2,468	1.91%
Human Resources Board	283,170	18,803	301,973	265,881	37,553	303,434	(17,289)	18,750	1,461	0.48%
HR Salary adjustments	28,581	0	28,581	160,000	0	160,000	131,419	0	131,419	459.82%
<b>Subtotal - Other General Government</b>	<b>1,184,776</b>	<b>399,035</b>	<b>1,583,811</b>	<b>1,289,719</b>	<b>414,773</b>	<b>1,704,492</b>	<b>104,943</b>	<b>15,738</b>	<b>120,681</b>	<b>7.62%</b>
<b>GENERAL GOVERNMENT TOTAL</b>	<b>6,835,823</b>	<b>5,057,796</b>	<b>11,893,619</b>	<b>7,119,716</b>	<b>5,320,120</b>	<b>12,439,836</b>	<b>283,893</b>	<b>262,324</b>	<b>546,217</b>	<b>4.59%</b>

<b><u>PUBLIC SAFETY - BOARD OF SELECTMEN</u></b>										
Police Department	4,966,068	636,494	5,602,562	5,092,177	631,154	5,723,331	126,109	(5,340)	120,769	2.16%
Injured on Duty	101,731	2,955	104,686	see Risk Management Dept 945						
Special School Police	4,678,406	262,749	4,941,155	103,112	2,955	106,067	1,381	0	1,381	1.32%
Fire Department	440,510	26,350	466,860	4,787,040	261,749	5,048,789	108,634	(1,000)	107,634	2.18%
Building Department	0	0	0	443,903	24,850	468,753	3,393	(1,500)	1,893	0.41%
Emergency Medical Services	15,660	2,800	18,460	15,720	2,800	18,520	60	0	0	0.00%
Sealer of Weights & Measures	0	0	0	0	0	0	0	0	0	0.33%
<b>PUBLIC SAFETY TOTAL - BOARD OF SELECTMEN</b>	<b>10,202,375</b>	<b>931,348</b>	<b>11,133,723</b>	<b>10,441,952</b>	<b>923,508</b>	<b>11,365,460</b>	<b>239,577</b>	<b>(7,840)</b>	<b>231,737</b>	<b>2.08%</b>
<b><u>DEPARTMENT OF PUBLIC WORKS</u></b>										
Engineering	499,867	69,489	569,356	506,603	69,489	576,092	6,737	0	6,737	1.18%
Highway	1,042,071	505,950	1,548,021	1,061,645	534,650	1,596,295	19,574	28,700	48,274	3.12%
Fleet Maintenance	137,212	56,462	193,674	139,956	56,462	196,418	2,744	0	2,744	1.42%
Park	1,094,177	295,370	1,389,547	1,115,451	317,345	1,432,796	21,274	21,975	43,249	3.11%
Recycling & Disposal	971,602	1,301,443	2,273,045	997,037	1,281,593	2,278,630	25,435	(19,850)	5,585	0.50%
Management	351,165	48,295	399,460	351,844	49,608	401,452	679	1,313	1,992	0.50%
Winter Maintenance	0	348,703	348,703	0	348,703	348,703	0	0	0	0.00%
<b>PUBLIC WORKS TOTAL</b>	<b>4,096,093</b>	<b>2,625,712</b>	<b>6,721,805</b>	<b>4,172,536</b>	<b>2,657,850</b>	<b>6,830,386</b>	<b>76,443</b>	<b>32,138</b>	<b>108,581</b>	<b>1.62%</b>
<b><u>WELLESLEY FREE LIBRARY</u></b>										
Library Trustees	1,751,598	499,245	2,250,843	1,795,407	508,491	2,303,898	43,809	9,246	53,055	2.36%
Regional Services (Non-Tax Impact)	0	0	0	0	0	0	0	0	0	0.00%
<b>LIBRARY TOTAL</b>	<b>1,751,598</b>	<b>499,245</b>	<b>2,250,843</b>	<b>1,795,407</b>	<b>508,491</b>	<b>2,303,898</b>	<b>43,809</b>	<b>9,246</b>	<b>53,055</b>	<b>2.36%</b>
<b><u>RECREATION</u></b>										
Recreation Commission	318,714	20,000	338,714	317,833	20,000	337,833	(881)	0	(881)	-0.26%
<b>RECREATION TOTAL</b>	<b>318,714</b>	<b>20,000</b>	<b>338,714</b>	<b>317,833</b>	<b>20,000</b>	<b>337,833</b>	<b>(881)</b>	<b>0</b>	<b>(881)</b>	<b>-0.26%</b>
<b><u>HEALTH</u></b>										
Board of Health	359,266	68,540	427,806	437,510	67,124	504,634	78,244	(1,416)	76,828	17.96%
Mental Health Services	0	215,691	215,691	0	255,691	255,691	0	40,000	40,000	18.55%
<b>HEALTH TOTAL</b>	<b>359,266</b>	<b>284,231</b>	<b>643,497</b>	<b>437,510</b>	<b>322,815</b>	<b>760,325</b>	<b>78,244</b>	<b>38,584</b>	<b>116,828</b>	<b>18.16%</b>
<b><u>NATURAL RESOURCES</u></b>										
Natural Resources Commission	212,331	10,750	223,081	197,542	23,400	220,942	(14,789)	12,650	(2,139)	-0.96%
Morses Pond Project - (NRC, DPW, Rec)	0	148,670	148,670	0	149,394	149,394	0	724	724	0.49%
<b>NATURAL RESOURCES TOTAL</b>	<b>212,331</b>	<b>159,420</b>	<b>371,751</b>	<b>197,542</b>	<b>172,794</b>	<b>370,336</b>	<b>(14,789)</b>	<b>13,374</b>	<b>(1,415)</b>	<b>-0.38%</b>
<b>NON-SCHOOL TOTAL</b>	<b>23,776,200</b>	<b>9,577,752</b>	<b>33,353,952</b>	<b>24,482,496</b>	<b>9,925,578</b>	<b>34,408,074</b>	<b>706,296</b>	<b>347,826</b>	<b>1,054,122</b>	<b>3.16%</b>

<b>WELLESLEY PUBLIC SCHOOLS</b>										
Instruction	40,785,793	2,311,982	43,097,775	42,721,527	2,337,365	45,058,892	1,935,734	25,383	1,961,117	4.55%
Administration	922,076	150,528	1,072,604	901,985	143,235	1,045,220	(20,091)	(7,293)	(27,384)	-2.55%
Operations	750,725	530,047	1,280,772	765,953	615,283	1,381,236	15,228	85,236	100,464	7.84%
Special Education	13,225,366	4,848,102	18,073,468	14,191,787	5,437,681	19,629,468	966,421	589,579	1,556,000	8.61%
<b>SCHOOL TOTAL</b>	<b>55,683,960</b>	<b>7,840,659</b>	<b>63,524,619</b>	<b>58,581,252</b>	<b>8,533,564</b>	<b>67,114,816</b>	<b>2,897,292</b>	<b>692,905</b>	<b>3,590,197</b>	<b>5.65%</b>
<b>EMPLOYEE BENEFITS</b>										
Group Insurance	0	16,069,084	16,069,084	0	17,978,383	17,978,383	0	1,909,299	1,909,299	11.88%
Workers Compensation	0	517,860	517,860	0	517,860	517,860	0	0	0	0.00%
OPFB Liability Fund	0	1,200,000	1,200,000	0	1,200,000	1,200,000	0	0	0	0.00%
OPFB Liability Fund Excluded	0	1,800,000	1,800,000	0	1,800,000	1,800,000	0	0	0	0.00%
Retirement Contribution	0	5,943,377	5,943,377	0	6,150,755	6,150,755	0	207,378	207,378	3.49%
Unemployment Compensation	0	200,000	200,000	0	150,000	150,000	0	(50,000)	(50,000)	-25.00%
Compensated Absences	0	90,000	90,000	0	90,000	90,000	0	0	0	0.00%
Non-Contributory Pensions	0	16,700	16,700	0	18,116	18,116	0	1,416	1,416	8.48%
<b>EMPLOYEE BENEFITS TOTAL</b>	<b>-</b>	<b>25,837,021</b>	<b>25,837,021</b>	<b>0</b>	<b>27,905,114</b>	<b>27,905,114</b>	<b>0</b>	<b>2,068,093</b>	<b>2,068,093</b>	<b>8.00%</b>
<b>ALL PERSONAL SERVICES &amp; EXPENSES</b>										
	79,460,160	43,255,432	122,715,592	83,063,748	46,364,256	129,428,004	3,603,588	3,108,824	6,712,412	5.47%



**APPENDIX C: REPORT OF THE BOARD OF SELECTMEN ON THE  
FIVE YEAR CAPITAL BUDGET PROGRAM FOR 2015 ANNUAL TOWN MEETING**

**Town of Wellesley Capital Overview**

As part of the annual budget process, boards and departments submit detailed capital requests for the upcoming fiscal year, along with 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 FY16 (i.e. the year ended June 30, 2016) by funding source:

<b>FY16 Recommended Capital Projects by Funding Source</b>		
<b>Department</b>	<b>Project</b>	<b>Amount</b>
<b>Cash Capital:</b>		
Information Tech	Licenses, Digital Contours, Server Upgrade, VoIP	106,668
Police	Cruiser Recording System, Server Replacement	90,818
Fire	Scott Air-Pak, Engine Rehab, Command Vehicle Replace	120,000
Council on Aging	ADA upgrades, Audio/Visual System, Furniture, Visual Alert	17,000
Library	RFID Tags, Security Upgrades, Website Construction, Shelving	115,700
NRC	Tree Planting, Trail Improvements, Field Pavement, Field Lighting	55,500
Town Clerk	Voting Booths	7,000
Planning Board	Comprehensive Plan	30,000
DPW	Street Improvements, Equipment Procurement, Playground Improvements	1,528,000
Schools	Instructional Equipment, Technology, Furniture, Infrastructure	856,066
FMD-School	Building and Site Repair, Equipment, Carpet, HVAC	790,000
FMD-Town	Building Renovations, Feasibility Studies, Equipment	785,000
Total Cash Capital		<b>\$ 4,501,752</b>
<b>Other Funding Sources:</b>		
TGSC	Free Cash	32,000
Schools	Paws Preschool (Free Cash)	50,000
Schools	Hardy/Hunnewell/Upham (Free Cash)	50,000
BOS	IOD Insurance (Free Cash)	40,946
NRC	Pond Management Plan - CPC	100,000
NRC	Morses Erosion Study - CPC	20,000
DPW	Street Resurfacing - Ch 90	1,212,000
DPW	Salt Shed - Ch 90	900,000
DPW	Washington St - Ch 90	700,000
Total Other Sources		<b>\$ 3,104,946</b>
<b>Debt Capital Inside Levy:</b>		
		-
Total Borrowed Inside Levy		<b>\$ -</b>
<b>Debt Capital Exclusion</b>		
Tolles Parson	Senior Center	6,857,433
Total Borrowed Outside Levy		<b>\$ 6,857,433</b>
Grand Total		<b>\$ 14,464,131</b>

Exhibit IV on page 169 is a Summary and Detail Schedule of prior year Capital authorizations and a five year schedule of Capital requests for FY16–FY20.

### **Cash Capital**

Cash capital is defined as investments, assets, or special studies 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, or a feasibility analysis. Capital expenditures are by definition more "lumpy" than routine operating needs. Cash capital is not synonymous with fixed assets because the Town does not capitalize items under \$25,000 (such as computers). Police vehicles are a notable exception: these are budgeted in the Police operating budget because they have been deemed critical and the Town has elected to fund them in this fashion for many years.

#### **DPW FY16**

The Board of Public Works has recommended a FY16 cash capital budget of \$1,528,000. Highlights of the DPW FY16 capital requests are as follows:

- Replacement of 9 vehicles and a new mini-excavator – 898,000
- Street Improvements - \$110,000
- Athletic Fields/Playground Improvements - \$178,000.
- Sidewalk Restoration - \$160,000

#### **DPW FY16 – FY20**

A major cash capital expense for DPW is the periodic scheduled replacement of 200 pieces of equipment and 130 vehicles. 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 using a combination of cash capital and Chapter 90 funds. As a percentage of the DPW Cash Capital budget, vehicle replacement makes up 44%, street rehabilitation makes up 25%, and sidewalk and catch basin rehabilitation represent 8% of ongoing costs. The average total budget for the next five years is \$2,142,940.

#### **FACILITIES MAINTENANCE FY16**

Combined cash capital budget request for Town and School facilities maintenance is \$1,575,000 for FY16. The projects are listed in the accompanying chart.

#### **FACILITIES MAINTENANCE FY16-FY20**

Known projects are identified on the accompanying chart. The Town has done benchmark studies which suggest that the level of capital funding for facilities maintenance should be increased. The necessary increase has been estimated and included in the plan, with specific projects to follow at subsequent Town Meetings. The average total cash capital budget for the next five years is \$1,874,440.

#### **SCHOOL FY16**

The School Committee requests \$856,066 for cash capital in FY16, comprised primarily of technology items (\$727,685) and Furniture and Furnishings (\$65,851).

#### **SCHOOL FY16– FY20**

The School capital request for FY16-20 includes an average of \$1,003,799 per year for Technology. Technology represents 85% of the School Department's FY16 Capital request and continues to be a majority of the budget in the out years. Primary drivers include the replacement of desktop and laptop computers as well as new iPads in several years.

### **Other Funding Sources**

**DPW Street Maintenance and Resurfacing** – In FY16, the Board of Public Works is requesting \$1,912,000 in FY16 for street maintenance and resurfacing as well as 900,000 for a new salt shed. In addition to funds allocated in cash capital the DPW anticipates using Chapter 90 funds for the following:

- \$1,212,000 for street reconstruction and resurfacing
- \$700,000 for Washington Street resurfacing
- \$900,000 for a new salt shed

**NRC Pond Management Plan and Morses Pond Study** – Funds being requested for FY16 in order to address the short and long term management needs of all Town ponds, with the exception of Morses Pond, which has its own comprehensive plan. The ponds need to be assessed for environmental health and storm water management functions relating to sedimentation and eutrophication in order to ensure their continued ecological and recreational value. The Morses Pond study will focus on bank erosion to preserve and restore the pond shoreline.

- Comprehensive Pond Management Plan - \$100,000 fully funded by CPC.
- Morses Pond Study - \$20,000 fully funded by CPC.

### **Debt Capital inside the Levy FY16-FY20**

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. No requests are being asked for in FY16.

### **Debt Capital Exclusion(s) FY16 – FY20**

Because of competing operating requests, there is not enough room within the levy (Town's taxing authority) to fund all of the necessary ongoing capital needs. The North 40 purchase, the Fiske and Schofield renovations, and the Middle School windows renovation have all been recently financed through exempt debt. The Town also approved a capital exclusion to fund 10 years (expiring in 2017) of contributions towards its Other Post-Employment Benefits (OPEB) liability. It is anticipated that most future large capital projects will need to be funded in this fashion.

The most significant borrowing requests in the next several years include the proposed new Tolles-Parsons Center (\$6,857,433), the Hardy/Hunnewell/Upham projects (\$89,900,000), and Middle School Infrastructure (\$6,975,000).

**EXHIBIT IV – CAPITAL PLAN**

<b>Town of Wellesley</b>							
<b>FY16-FY20 Capital Budget Program</b>							
<u>Summary Schedule</u>							
	FY15	FY16	FY17	FY18	FY19	FY20	FY16-20 Total
Cash Capital	4,282,768	4,501,752	6,371,535	6,242,002	5,826,045	5,967,979	\$ 28,909,313
Free Cash	465,000	172,946	625,000	125,000	50,000	50,000	\$ 1,022,946
CPC Funding	4,500,000	120,000	-	-	-	-	\$ 120,000
Chapter 90	1,242,000	2,812,000	1,420,000	720,000	720,000	792,000	\$ 6,464,000
Debt Capital Inside Levy	6,989,427	-	2,963,000	11,341,000	7,198,000	4,215,000	\$ 25,717,000
Debt Capital Exclusion *	59,834,523	6,857,433	46,900,000	6,975,000	43,000,000	-	\$ 103,732,433
<b>Grand Total</b>	<b>\$ 77,313,718</b>	<b>\$ 14,464,131</b>	<b>\$ 58,279,535</b>	<b>\$ 25,403,002</b>	<b>\$ 56,794,045</b>	<b>\$ 11,024,979</b>	<b>\$ 165,965,692</b>

\* Further proposals expected from SMMA Study

**Town of Wellesley  
FY16- FY20 Capital Budget Program  
Detail Summary Schedule**

Department	FY15	FY16	FY17	FY18	FY19	FY20	FY16-20 Total
<b>Cash Capital</b>							
Information Technology	100,000	106,668	51,666	26,666	-	-	185,000
Police	83,988	90,818	107,656	51,289	95,443	-	345,206
Fire	63,250	120,000	130,000	56,500	95,000	48,000	449,500
Council on Aging	-	17,000	-	-	-	-	17,000
Library	46,000	115,700	166,300	344,400	87,000	119,600	833,000
Natural Resources Commission	65,500	55,500	120,500	183,200	209,700	130,700	699,600
Town Clerk	7,000	7,000	6,000	-	-	-	13,000
Planning Board	-	30,000	50,000	-	-	-	80,000
Department of Public Works	1,611,000	1,528,000	2,482,000	2,112,000	2,090,000	2,502,700	10,714,700
Selectmen	15,000	-	-	-	-	-	-
Schools	791,030	856,066	1,364,413	1,533,747	1,278,902	1,166,979	6,200,107
Facilities Maintenance	1,500,000	1,575,000	1,893,000	1,934,200	1,970,000	2,000,000	9,372,200
<b>Total Cash Capital</b>	<b>4,282,768</b>	<b>4,501,752</b>	<b>6,371,535</b>	<b>6,242,002</b>	<b>5,826,045</b>	<b>5,967,979</b>	<b>28,909,313</b>
<b>Other Funding Sources</b>							
TGSC (Free Cash)	-	32,000	-	-	-	-	32,000
Sch. Fac. Master Plan (Free Cash)	465,000	-	575,000	75,000	-	-	650,000
School Paws Preschool (Free Cash)	-	50,000	-	-	-	-	50,000
Sch Hardy/Hunnewell/Upham (Free Cash)	-	50,000	-	-	-	-	50,000
BOS IOD Insurance (Free Cash)	-	40,946	50,000	50,000	50,000	50,000	240,946
NRC Pond Mgmt Plan (CPC)	-	100,000	-	-	-	-	100,000
NRC Morses Pond Study (CPC)	-	20,000	-	-	-	-	20,000
Fuller Brook (CPC)	4,500,000	-	-	-	-	-	-
DPW Street Resurfacing (Ch 90)	542,000	1,212,000	720,000	720,000	720,000	792,000	4,164,000
DPW Salt Shed (Ch 90)	-	900,000	-	-	-	-	900,000
DPW Washington St. (Ch 90)	700,000	700,000	700,000	-	-	-	1,400,000
<b>Total Other Sources</b>	<b>6,207,000</b>	<b>3,104,946</b>	<b>2,045,000</b>	<b>845,000</b>	<b>770,000</b>	<b>842,000</b>	<b>7,606,946</b>
<b>Debt Capital Inside Levy</b>							
Fire Apparatus	500,000	-	-	-	-	700,000	700,000
DPW - Facility Renovations	-	-	700,000	900,000	1,000,000	-	2,600,000
DPW - Street Rehabilitations	-	-	150,000	1,400,000	1,750,000	-	3,300,000
Hunnewell Field Master Plan	-	-	300,000	175,000	2,742,000	-	3,217,000
Facilities - School and Other	5,519,222	-	1,813,000	8,866,000	1,706,000	3,515,000	15,900,000
Fuller Brook	970,205	-	-	-	-	-	-
<b>Total Borrowed Inside Levy</b>	<b>6,989,427</b>	<b>-</b>	<b>2,963,000</b>	<b>11,341,000</b>	<b>7,198,000</b>	<b>4,215,000</b>	<b>25,717,000</b>
<b>Debt Capital Exclusion</b>							
Tolles Parsons (Senior Center)	-	6,857,433	-	-	-	-	6,857,433
North 40	35,290,399	-	-	-	-	-	-
Fiske/Schofield	19,634,824	-	-	-	-	-	-
Middle School Infrastructure	4,909,300	-	-	6,975,000	-	-	6,975,000
Hardy/Hunnewell/Upham	-	-	46,900,000	-	43,000,000	-	89,900,000
<b>Total Capital Exclusion</b>	<b>59,834,523</b>	<b>6,857,433</b>	<b>46,900,000</b>	<b>6,975,000</b>	<b>43,000,000</b>	<b>-</b>	<b>103,732,433</b>
<b>Grand Total</b>	<b>\$ 77,313,718</b>	<b>\$ 14,464,131</b>	<b>\$ 58,279,535</b>	<b>\$ 25,403,002</b>	<b>\$ 56,794,045</b>	<b>\$ 11,024,979</b>	<b>\$ 165,965,692</b>

Town of Wellesley  
 FY2016 - FY2020 Capital Budget Program  
 Board of Selectmen Department Schedule

Capital Project	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY16-20 Total
<b>Information Technology</b>							
Microsoft Office License Upgrades	20,000	20,000	-	-	-	-	20,000
Digital Elevation Contours	-	35,000	-	-	-	-	35,000
Server Upgrade	-	25,000	25,000	-	-	-	50,000
Town Wide Phone System Upgrade (VoIP)	80,000	26,668	26,668	26,666	-	-	80,000
<b>Total Information Technology</b>	<b>100,000</b>	<b>106,668</b>	<b>51,666</b>	<b>26,666</b>	<b>-</b>	<b>-</b>	<b>185,000</b>
<b>Police</b>							
Cruiser Video Recording System	-	75,375	-	-	-	-	75,375
Server Replacement	13,996	15,443	-	-	15,443	-	30,886
Electronic Control Devices	-	-	70,602	-	-	-	70,602
Booking Video Recording System	-	-	37,054	-	-	-	37,054
Digital Fingerprint Capturing Station	-	-	-	18,344	-	-	18,344
Cruiser Hands Free System	-	-	-	32,945	-	-	32,945
Security Camera Replacement	-	-	-	-	80,000	-	80,000
MLO Interactive Range system	58,260	-	-	-	-	-	-
Network Switch Replacement	11,732	-	-	-	-	-	-
<b>Total Police</b>	<b>83,988</b>	<b>90,818</b>	<b>107,656</b>	<b>51,289</b>	<b>95,443</b>	<b>-</b>	<b>345,206</b>
<b>Fire</b>							
Scott Air-Pak	25,000	25,000	-	-	-	-	25,000
Engine Rehabilitation	-	50,000	-	-	-	-	50,000
Replace command vehicle(s)	-	45,000	-	46,500	-	48,000	139,500
Fire Turnout Gear	-	-	115,000	-	-	-	115,000
Vehicle Exhaust Recovery	-	-	15,000	-	-	-	15,000
Fire Hose Equipment	9,000	-	-	10,000	-	-	10,000
Radio System/Portables	-	-	-	-	55,000	-	55,000
Rescue Boat and Trailer	-	-	-	-	30,000	-	30,000
Light Tower/Generator Trailer	-	-	-	-	10,000	-	10,000
Air bottle cascade system	9,250	-	-	-	-	-	-
Training Room Equipment	20,000	-	-	-	-	-	-
<b>Total Fire</b>	<b>63,250</b>	<b>120,000</b>	<b>130,000</b>	<b>56,500</b>	<b>95,000</b>	<b>48,000</b>	<b>449,500</b>
<b>Selectmen</b>							
Town Wide Government Study Committee	15,000	-	-	-	-	-	-
<b>Council on Aging</b>							
ADA door access - main entrance	-	4,000	-	-	-	-	4,000
ADA door access - ramp entrance	-	4,000	-	-	-	-	4,000
ADA Bathroom Upgrades	-	3,000	-	-	-	-	3,000
Portable Audio/Visual System	-	2,000	-	-	-	-	2,000
Furnishing for new staff member	-	3,000	-	-	-	-	3,000
Re. 16 East Visual Alert	-	1,000	-	-	-	-	1,000
<b>Total Council on Aging</b>	<b>-</b>	<b>17,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,000</b>
<b>Facilities Maintenance</b>							
BOS Subtotal	262,238	334,486	289,322	134,455	190,443	48,000	996,706
	1,500,000	1,575,000	1,893,000	1,934,200	1,970,000	2,000,000	9,250,000
<b>Total Cash Capital</b>	<b>1,762,238</b>	<b>1,909,486</b>	<b>2,182,322</b>	<b>2,068,655</b>	<b>2,160,443</b>	<b>2,048,000</b>	<b>10,368,906</b>
<b>Fire</b>							
Replace Fire Engine Vehicle(s)	500,000	-	-	-	-	700,000	700,000
<b>Total Borrowed</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700,000</b>	<b>700,000</b>
<b>Grand Total Selectmen</b>	<b>2,262,238</b>	<b>1,909,486</b>	<b>2,182,322</b>	<b>2,068,655</b>	<b>2,160,443</b>	<b>2,748,000</b>	<b>11,068,906</b>

**Town of Wellesley**  
**FY16 - FY20 Capital Budget Program**  
**Facilities Maintenance Department Schedule**

Building Description	FY15	FY16	FY17	FY18	FY19	FY20	FY16-20 Total
<b>Town Cash Capital</b>							
Townwide (Municipal)	34,400	118,000	29,000	22,000	17,000	21,000	207,000
Town Hall	114,000	61,000	135,000	34,000	91,000	40,000	361,000
Police	118,000	96,000	130,500	30,000	18,000	108,000	381,500
Fire Department Main (Headquarters)	143,000	128,000	169,500	25,000	50,000	40,000	412,500
Fire Department Central (Station 1)	20,000	50,000	40,000	25,000	32,000	-	147,000
Warren (Recreation and Health)	43,500	144,000	95,000	61,000	5,000	-	305,000
Morses Pond	5,000	-	9,250	-	3,000	-	12,250
Main Library	84,700	128,000	129,000	59,200	4,400	36,600	357,200
Hills Library	-	31,000	15,000	-	20,000	20,000	86,000
Fells Library	8,000	30,000	20,000	12,000	10,000	20,000	92,000
<b>Subtotal Cash Capital - Municipal</b>	<b>570,600</b>	<b>785,000</b>	<b>772,250</b>	<b>268,200</b>	<b>250,400</b>	<b>285,600</b>	<b>2,361,450</b>
<b>School Cash Capital</b>							
Districtwide (Schools)	169,700	122,000	127,000	109,000	107,000	157,000	622,000
Preschool at Wellesley (PAWS)	23,700	31,000	27,000	-	-	-	58,000
Bates Elementary	168,500	125,000	155,000	75,000	75,000	56,000	486,000
Field House	-	34,000	25,000	-	-	40,000	99,000
Fiske Elementary	4,500	-	-	-	-	-	-
Hardy Elementary	173,000	10,000	35,000	35,000	85,000	35,000	200,000
Hunnewell Elementary	40,000	10,000	35,000	35,000	79,000	35,000	194,000
Sprague Elementary	52,000	92,000	208,000	75,000	75,000	53,000	503,000
Schofield Elementary	20,000	-	-	-	-	-	-
Upham Elementary	176,000	38,000	125,000	45,000	35,000	66,000	219,000
Middle School	90,000	151,000	35,000	-	-	99,000	375,000
High School	12,000	177,000	30,000	-	-	-	207,000
<b>Subtotal Cash Capital - Districtwide</b>	<b>929,400</b>	<b>790,000</b>	<b>802,000</b>	<b>374,000</b>	<b>486,000</b>	<b>541,000</b>	<b>2,963,000</b>
<b>Other Unidentified Cash Capital</b>	<b>-</b>	<b>-</b>	<b>318,750</b>	<b>1,292,000</b>	<b>1,263,600</b>	<b>1,173,400</b>	<b>4,047,750</b>
<b>Total Cash Capital Requests</b>	<b>1,500,000</b>	<b>1,575,000</b>	<b>1,893,000</b>	<b>1,934,200</b>	<b>1,970,000</b>	<b>2,000,000</b>	<b>9,372,200</b>
<b>Borrowed Inside</b>							
Town Hall Projects	-	-	-	3,300,000	-	-	3,300,000
Sprague Lighting	-	-	561,000	-	-	-	561,000
Middle School Projects	-	-	1,102,000	1,962,000	1,706,000	2,594,000	7,364,000
Bates School Projects	-	-	-	424,000	-	-	424,000
Main Library (Lighting, Roof, Carpet)	-	-	-	200,000	-	731,000	931,000
Hills Library Roof Replacement	-	-	-	480,000	-	-	480,000
Warren HVAC Upgrades	-	-	-	500,000	-	-	500,000
Fire HQ Roof	-	-	-	-	-	190,000	190,000
Fire Central (Station 1) Roof Replacement	-	-	-	525,000	-	-	525,000
Architect's Bundle	2,668,826	-	-	-	-	-	-
Middle School Auditorium Seating	363,976	-	-	-	-	-	-
District-wide Security Upgrades	910,000	-	-	-	-	-	-
Fire HQ Flooring	173,140	-	-	-	-	-	-
Police/Fire HVAC	1,403,280	-	-	-	-	-	-
New FMD Offices Substation	-	-	150,000	1,475,000	-	-	1,625,000
<b>Total Borrowed Inside</b>	<b>5,519,222</b>	<b>-</b>	<b>1,813,000</b>	<b>8,866,000</b>	<b>1,706,000</b>	<b>3,515,000</b>	<b>15,900,000</b>
<b>Total FMD Capital Requests</b>	<b>7,019,222</b>	<b>1,575,000</b>	<b>3,706,000</b>	<b>10,800,200</b>	<b>3,676,000</b>	<b>5,515,000</b>	<b>25,272,200</b>

\*Figures are estimates

**Town of Wellesley**  
**FY16 - FY20 Capital Budget Program**  
**NRC, Library, Planning, Clerk, & School Departments**

Capital Project	FY15	FY16	FY17	FY18	FY19	FY20	FY16-20 Total
<b>Natural Resources Commission</b>							
Tree Planting	40,000	40,000	40,000	40,000	40,000	40,000	200,000
Trail System Improvements	-	5,000	5,000	5,000	5,000	5,000	25,000
Park Sidewalk/Paths Emergency Repairs	20,000	-	20,000	20,000	20,000	20,000	80,000
IPM Turf Plan Implementation	-	-	10,000	10,000	10,000	10,000	40,000
Encroachment Boundary Markers	-	-	5,000	5,000	5,000	5,000	20,000
Morses Pond	-	-	35,000	95,200	124,200	45,200	299,600
Kelley Tennis Court Assess. & Design Plan	-	-	-	2,500	-	-	2,500
Hunnewell Field Previous Pavement Maint.	5,500	5,500	5,500	5,500	5,500	5,500	27,500
Lighting Abatement at Athletic Fields	-	5,000	-	-	-	-	5,000
<b>NRC Subtotal</b>	<b>65,500</b>	<b>55,500</b>	<b>120,500</b>	<b>183,200</b>	<b>209,700</b>	<b>130,700</b>	<b>699,600</b>
Fuller Brook (CPC and Borrowing)	5,470,205	-	-	-	-	-	-
<b>Total NRC</b>	<b>5,535,705</b>	<b>55,500</b>	<b>120,500</b>	<b>183,200</b>	<b>209,700</b>	<b>130,700</b>	<b>699,600</b>
<b>Library</b>							
Computer Replacement	28,000	34,500	35,000	40,000	42,500	45,000	197,000
Relocate Stacks for Recarpeting	-	-	65,000	-	-	-	65,000
Self Check System	-	-	24,000	24,000	12,000	12,000	72,000
Material Handler	-	-	10,000	250,000	-	-	260,000
WFL Van	-	-	-	-	-	30,000	30,000
Servers	8,000	-	16,000	8,000	8,000	8,000	40,000
RFID Tags	-	5,200	5,300	5,400	5,500	5,600	27,000
Replacement of Furnishings	5,000	16,000	11,000	12,000	13,000	14,000	66,000
Security System Upgrade	-	20,000	-	5,000	-	5,000	30,000
Replace Switches	5,000	-	-	-	-	-	-
Website Construction/Redesign	-	40,000	-	-	6,000	-	46,000
<b>Total Library</b>	<b>46,000</b>	<b>115,700</b>	<b>166,300</b>	<b>344,400</b>	<b>87,000</b>	<b>119,600</b>	<b>833,000</b>
<b>Town Clerk</b>							
Voting Booths	7,000	7,000	6,000	-	-	-	13,000
<b>Total Town Clerk</b>	<b>7,000</b>	<b>7,000</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,000</b>
<b>Planning Board</b>							
Comprehensive Plan	-	30,000	50,000	-	-	-	80,000
<b>Total Planning Board</b>	<b>-</b>	<b>30,000</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,000</b>
<b>Capital Project</b>							
<b>School Department (non-Facilities)</b>							
Instructional Equipment	100,068	15,130	20,000	20,000	100,000	50,000	205,130
Photocopiers	-	-	-	-	-	-	-
General Equipment	5,700	4,500	2,500	2,500	2,500	2,500	14,500
Infrastructure	10,371	42,900	37,900	26,418	16,542	16,873	140,633
Furniture/Furnishings	47,423	65,851	155,000	200,000	200,000	200,000	820,851
Technology	627,468	727,685	1,149,013	1,284,829	959,860	897,606	5,018,993
<b>Total School Capital</b>	<b>791,030</b>	<b>856,066</b>	<b>1,364,413</b>	<b>1,533,747</b>	<b>1,278,902</b>	<b>1,166,979</b>	<b>6,200,107</b>

**Town of Wellesley**  
**FY16 - FY20 Capital Budget Program**  
**Department of Public Works**

Capital Project	FY15	FY16	FY17	FY18	FY19	FY20	FY16-20 Total
<b>Cash Capital</b>							
Street Improvement	542,500	110,000	630,000	635,000	635,000	692,500	2,702,500
Sidewalk Restoration	100,000	160,000	160,000	160,000	160,000	160,000	800,000
Private Ways	20,000	20,000	20,000	20,000	20,000	20,000	100,000
Catch Basin Rehabilitation	-	-	200,000	200,000	200,000	200,000	800,000
RDF Container Replacement	22,500	25,000	25,000	25,000	25,000	25,000	125,000
Other Improvements	19,000	50,000	5,000	5,000	5,000	5,000	70,000
Vehicle/Equipment Procurement	701,000	898,000	894,000	879,000	887,000	1,122,200	4,680,200
Athletic/Playground Improvements	176,000	178,000	188,000	118,000	118,000	203,000	805,000
RDF Resurface Paved Areas	-	30,000	-	30,000	-	35,000	95,000
RDF Sprinkler	-	27,000	-	-	-	-	27,000
Hunnewell Football Field Fencing	-	-	10,000	10,000	10,000	10,000	40,000
DPW Fuel Depot Rehabilitation	-	-	250,000	-	-	-	250,000
Park/Highway Building Improvements	30,000	30,000	30,000	30,000	30,000	30,000	150,000
Park/HWY Small Equipment Washbay	-	-	70,000	-	-	-	70,000
<b>Total Cash Capital</b>	<b>1,611,000</b>	<b>1,528,000</b>	<b>2,482,000</b>	<b>2,112,000</b>	<b>2,090,000</b>	<b>2,502,700</b>	<b>10,714,700</b>
<b>Other Funding Sources:</b>							
DPW Street Resurfacing (Ch 90)	542,000	1,212,000	720,000	720,000	720,000	792,000	4,164,000
Washington Street (Ch 90)	700,000	700,000	700,000	-	-	-	1,400,000
DPW Salt Shed (Ch 90)	-	900,000	-	-	-	-	900,000
<b>Total Other Funding Sources:</b>	<b>1,242,000</b>	<b>2,812,000</b>	<b>1,420,000</b>	<b>720,000</b>	<b>720,000</b>	<b>792,000</b>	<b>6,464,000</b>
<b>Borrowed Inside</b>							
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	-	-	-	-	-	-	-
Hunnewell Field/Restroom Facility	-	-	300,000	-	-	-	300,000
Hunnewell Field Artificial Play Surface	-	-	-	150,000	1,500,000	-	1,650,000
Hunnewell Field Reno Baseball Field	-	-	-	25,000	1,242,000	-	1,267,000
RDF Recycled Materials Loading	-	-	-	-	-	-	-
Park/Hwy Building Roof	-	-	700,000	-	-	-	700,000
Park/Hwy Building HVAC Rehab	-	-	-	-	-	-	-
Replacement/Renovation DPW Yard	-	-	-	900,000	1,000,000	-	1,900,000
Total Borrowed	-	-	1,150,000	2,475,000	5,492,000	-	9,117,000
<b>Grand Total DPW</b>	<b>2,853,000</b>	<b>4,340,000</b>	<b>5,052,000</b>	<b>5,307,000</b>	<b>8,302,000</b>	<b>3,294,700</b>	<b>26,295,700</b>

## APPENDIX D: FY16 BASE GROWTH IN THE WPS BUDGET

This Appendix describes how Base items impacted the growth of the FY16 WPS budget proposal, as is detailed in the chart below:

Base Budget Increases	FY15 Budget Gaps	FY16 Increase (Decrease)	Total Increase (Decrease)
<b>Salary</b>			
Turnover & Adjustments	(\$351,330)	(\$650,000)	(\$1,001,330)
Return from Leaves of Absence		439,043	439,043
COLA		1,582,593	1,582,593
Steps, Lanes, Longevity	80,000	941,657	1,021,657
Other Salary Adjustments		(143,835)	(143,835)
<b>Salary Total</b>	<b>(\$271,330)</b>	<b>\$2,169,458</b>	<b>\$1,898,128</b>
<b>Special Education</b>			
Tuitions	660,332	(176,396)	483,936
Transportation		(82,656)	(82,656)
Loss of FY15 Circuit Breaker (CB) Carryover		567,874	567,874
Increase in CB in FY16		(381,031)	(381,031)
<b>Special Education Total</b>	<b>\$660,332</b>	<b>(\$72,209)</b>	<b>\$588,123</b>
<b>Other</b>			
Chapter 222 Tuitions	79,462	15,462	94,924
Substitutes	190,446	6,407	196,853
Revolving Funds	175,000	(10,000)	165,000
Other Contractual	56,500	13,599	70,099
<b>Other Total</b>	<b>\$501,408</b>	<b>\$25,468</b>	<b>\$526,876</b>
<b>Total</b>	<b><u>\$890,410</u></b>	<b><u>\$2,122,717</u></b>	<b><u>\$3,013,127</u></b>
% of FY15 Budget	1.40%	3.34%	4.74%

The Base portion of budget growth includes increases that add no resources or internal educational capacity in FY16. It includes budget increases that are continuations of unplanned FY15 expenditures, primarily **Special Education** and **Other** items in the table above. It also includes **Salary**-related FY16 changes including contractual obligations and estimates of turnover, the cost of teachers who return from Leaves of Absence, and other salary items.

Turnover was higher than planned in FY15, resulting in savings as more experienced teachers leaving Wellesley were generally replaced by less experienced teachers at lower salaries. A Turnover figure is established in every budget and will be increased by \$250,000 in FY16 to be more consistent with FY15 and the experience in recent years. The combination of favorable Turnover and contractual FY16 salary increases combine for a 3.0% increase over the total FY15 budget. Cost of Living Adjustment (COLA) accounts for the biggest part of the increase and is larger than would be expected because some of the FY15 COLA increases occurred midyear but will be in effect for the full FY16. The 1.5% COLA increase at the beginning of FY16 and an additional 1.5% increase mid-year result in an effective 2.26% FY16 COLA increase which is greater than the average annual increase over the life of the three year contract.

The largest deviation from budget in FY15 (over \$650,000) is in **Special Education**, primarily from tuitions for Out-of-District students. Some very significant and unexpected placements are the main drivers of this increase. The FY16 budget shows a reduction from this high level of Out-of-District spending, but it is very difficult to predict changes in these tuition costs as a single unexpected placement may invalidate the budget projections. The anticipated reduction in FY16 is therefore a budget risk factor. Savings for Special Education transportation are expected to be achievable based on contract timing.

In the **Other** category, Chapter 222 Tuitions are a result of a new law passed in July that requires School Districts to support educational placement for students who are excluded from attending WPS, usually for disciplinary or legal reasons. Some reimbursement from the State may be available for this in the future, similar to Circuit Breaker reimbursement for Special Education, though in both cases, this reimbursement would be expected to lag actual costs. Substitute teacher costs were under-budgeted in FY15 and a higher level of substitute costs is planned for FY16. For different reasons, budgets for funding from the High School Activities and Child Lab Revolving Funds were unrealistically high and can't be supported from the fund balances. Over \$500,000 of FY14 Circuit Breaker (CB) Carryover was used in the FY15 budget to fund Special Education expenses. Because all available CB Carryover will be used in FY15, this is effectively a budget increase in FY16. Fortunately, the high level of Special Education expenses in FY15 creates an increased level of CB reimbursement for FY16, providing some offset relief.

This analysis shows how the FY16 budget increases about 4.7% without adding any additional resources to the Wellesley Public Schools. The changes identified here are a result of FY15 budget gaps that will continue in FY16 or contractual or mandated increases that do not add to WPS internal educational capability. It illustrates the challenges relative to the original 4.5% budget growth estimate and why significant savings needed to be identified to permit even Level Service funding.

**APPENDIX E: SCHOOL STAFF COMPENSATION**  
**March 2015 Update**

This Appendix provides a summary of FY16 personal services costs by category as well as detailed information on the current salary schedule for Wellesley's teachers and professional staff; the contractual step and lane system used in WPS; and teacher profiles showing how our current staff is distributed in both FTEs and salary across steps and lanes. Comparative salary information for Wellesley and other towns is also included. The salary schedule for the Wellesley Teachers Unit A is from the contract that is effective from July 1, 2013 through June 30, 2016. In addition to about 484 teachers in Unit A, there are about 29 senior administrators in Unit B including Directors, Department Heads, Assistant Principals and Housemasters. Their contract period is the same as for Unit A. Units A and B together account for almost 70% of the personnel and over 80% of total salary in the District. An additional 42 administrative support personnel are represented by the Wellesley Education Support Staff Association. About 200 non-union employees comprise the remainder of the WPS staff.

<b>PERSONAL SERVICES FOR SCHOOL STAFF</b>						
<b>Description</b>	<b>FY15 Budget FTE</b>	<b>FY15 Budget Salaries</b>	<b>FY16 Budget FTE</b>	<b>FY16 Budget Salaries</b>	<b>% increase over FY15</b>	
Senior Supervisory	Central Office administrators, principals & assistants, administrative time of department heads & directors	35.60	\$4,388,595	40.85	\$5,104,040	16.3%
Teachers	Classroom teachers, Special Educators	402.98	\$34,630,688	419.50	\$36,610,380	5.7%
Professional support	Librarians, guidance counselors, nurses, therapists, psychiatrists, math, science and technology specialists, Out-of-District Coordinator	84.70	\$7,325,130	79.6	\$7,430,299	1.4%
Classroom and other teaching support	Teaching & technology assistants, ELL tutors, paraprofessionals, computer technicians, student supervisors, athletic trainers	178.18	\$5,455,227	175.78	\$5,335,120	-2.2%
Administrative Support	Secretaries, clerks, administrative assistants	37.62	\$1,694,168	37.77	\$1,819,714	7.4%
Operations	Business office staff, van drivers & attendants	20.60	\$931,050	18.29	\$827,922	-11.1%
On Call/ Temporary	Substitutes, tutors, part-time coaches, club advisers, etc.	N/A	\$1,263,648	N/A	\$1,453,776	15.1%
<b>Sub-Total (tax impact)</b>		<b>759.68</b>	<b>\$55,688,506</b>	<b>771.79</b>	<b>\$58,581,251</b>	<b>5.2%</b>
Other (non-tax impact)	Positions funded by grants/ revolving funds	51.24	\$1,801,469	50.18	\$1,736,046	-3.6%
<b>TOTAL</b>		<b>810.92</b>	<b><u>\$57,489,975</u></b>	<b>821.97</b>	<b><u>\$60,317,297</u></b>	<b>4.9%</b>

## **Personal Services**

The analysis of personal services above provides information about the cost and cost increases in salary by category. It is most useful when there is little movement between categories, making the year-to-year comparisons more meaningful. In FY16, the Senior Supervisory category grew because department heads' administrative time increased (by 0.2 FTE each) to support the new teacher evaluation system, a change included in the recent contract. Shifting the elementary Literacy and Math Coordinators to department heads added 1.6 FTE to the budget in that category. Library and ELL department heads each increased 0.1 FTE. These changes magnify the year-over-year cost increase in the Senior Supervisory category. In the Classroom/Other Support category, three TA and Paraprofessional positions were eliminated as part of the savings strategy to create room for higher-priority positions. Savings also impacted the Professional Support category.

## **Steps and Lane Increases**

In Wellesley, as in most Massachusetts public schools, the system of "steps and lanes" has been used to recognize experience (step) and educational accomplishment (lane). When a teacher is hired, compensation is based on the number of years of teaching experience (step), as well as the level of college or post-college training achieved (lane). Under the terms of the present contract, 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 1 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. Beginning in FY10, there were 15 steps, with all step increases equalized at 4.17%. For the contract covering FY12 and FY13, a 16<sup>th</sup> step was added that has a value 1% higher than the salary at the 15<sup>th</sup> step.

## **Annual Percentage Increase**

For union employees, FY16 salary budgets have been prepared by simulating the continuation of the current steps and lanes system. All teachers moving up a step through Step 15 will receive an increase of 4.17% in FY16. Those teachers moving from Step 15 to Step 16 will receive a 1% step increase. Once a teacher has reached Step 16, the annual increase is equal to the negotiated annual Cost of Living Adjustment (COLA). For Units A and B, the FY16 contractual COLA increase is 1.5% on July 1, 2015 and 1.5% on January 1, 2016 (equivalent to a 2.26% annual rate). For Administrative union personnel, the COLA is 2.0%. An increase of 2.25% is assumed in the budget for non-union employees. Teachers that change lanes receive an increase according to the level of the new degree. For each step, a lane increase from Bachelor's to Master's is worth an additional 10.2% increase in compensation; from Master's to Master's + 30 is worth 7.7%, and from Master's + 30 to Master's + 60 or Doctorate is worth 7.0%.<sup>97</sup>

## **Longevity and Stipends**

In FY16, Wellesley teachers who have completed 20 years of teaching in Wellesley and are therefore on the top step, will receive an annual "longevity stipend" of \$2,833 or 3% of their base salary, whichever is less. The total spending for longevity stipends is budgeted to increase by

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<sup>97</sup> Master's + 30 means that the teacher has successfully completed a Master's degree and has received sufficient additional graduate semester credits from regionally accredited colleges or universities so as to total 60 graduate semester credits (including the 30 credits within the Master's degree itself). Master's + 60 teachers have received 90 graduate semester credits.

about \$7,855 in FY16. Stipends are payments to teachers for coaching a sport, running a student club, or serving as a curriculum grade level or team leader.

### Compensation

Below is the Bargaining Unit A salary schedule for FY16 with 16 steps and four lanes.

Step	Wellesley Teacher's Association Unit A Salary Schedule FY16			
	Bachelor's	Master's	Master's+30	Master's+60/ Doctorate
1	\$46,492	\$51,256	\$55,213	\$59,074
2	48,429	53,391	57,513	61,534
3	50,447	55,615	59,909	64,098
4	52,548	57,933	62,406	66,770
5	54,739	60,348	65,005	69,553
6	57,020	62,862	67,715	72,450
7	59,394	65,481	70,535	75,470
8	61,868	68,210	73,473	78,616
9	64,446	71,052	76,534	81,890
10	67,132	74,013	79,723	85,303
11	69,929	77,096	83,045	88,856
12	72,843	80,309	86,505	92,558
13	75,878	83,654	90,110	96,415
14	79,040	87,140	93,865	100,433
15	82,333	90,770	97,775	104,618
16	84,405	93,056	100,237	107,251

This chart shows the estimated FY16 FTE Distribution of Bargaining Unit A for Steps 1-16 and by level of education without any of the new positions or FTE reductions that have been proposed:

Step	BA	MA	MA+30	MA+60/ PhD	TOTAL FTEs	%
1	0.20	3.00	1.00	1.00	<b>5.20</b>	1.1%
2	1.41	7.10	0.20	0.00	<b>8.71</b>	1.8%
3	5.50	10.60	1.00	0.00	<b>17.10</b>	3.5%
4	4.30	13.60	2.00	0.00	<b>19.90</b>	4.1%
5	3.00	8.00	2.70	0.00	<b>13.70</b>	2.8%
6	0.00	5.40	5.00	1.40	<b>11.80</b>	2.4%
7	0.00	10.70	1.00	2.00	<b>13.70</b>	2.8%
8	1.00	9.00	7.00	5.50	<b>22.50</b>	4.6%
9	1.00	12.10	1.50	1.80	<b>16.40</b>	3.4%
10	1.00	8.40	6.00	5.33	<b>20.73</b>	4.3%
11	0.00	6.80	8.00	5.00	<b>19.80</b>	4.1%
12	1.00	4.50	7.00	4.00	<b>16.50</b>	3.4%
13	1.00	8.50	17.90	9.00	<b>36.40</b>	7.5%
14	0.00	9.00	3.50	9.00	<b>21.50</b>	4.4%
15	1.20	10.40	6.50	8.30	<b>26.40</b>	5.5%
16	9.20	46.91	54.70	103.20	<b>214.01</b>	44.2%
<b>TOTAL FTEs</b>	<b>29.81</b>	<b>174.01</b>	<b>125.00</b>	<b>155.53</b>	<b>484.35</b>	
%	6.2%	35.9%	25.8%	32.1%		

Wellesley teachers are highly educated and very experienced. Under the Steps and Lanes system, 44.2% of all FTEs in Unit A have attained the top step (Step 16), and the balance (just under 56%) are granted the annual automatic increases driven by the Steps and Lanes system described above. Further, 57.9% of all teachers have attained an educational level of Master's Degree plus 30 hours or higher. The compensation table below reflects the FTEs (currently 484.35) in Unit A by Step and Lane and the total compensation breakdown, as estimated by advancing current staff through their anticipated FY16 Step and Lane assignments.<sup>98</sup>

Step	BA	MA	MA+30	MA+60/ PhD	TOTAL \$ COMPENSATION
1	\$9,298	\$153,767	55,213	\$59,074	\$277,351
2	68,284	379,076	11,503		458,863
3	277,456	589,519	59,909		926,884
4	225,956	787,889	124,811		1,138,656
5	164,216	482,780	175,514		822,509
6		339,455	338,575	101,429	779,459
7		700,641	70,535	150,940	922,116
8	61,868	613,886	514,311	432,388	1,622,452
9	64,446	859,729	114,801	147,401	1,186,377
10	67,132	621,709	478,335	454,665	1,621,841
11		524,253	664,360	444,278	1,632,890
12	72,843	361,391	605,535	370,232	1,410,001
13	75,878	711,059	1,612,969	867,731	3,267,637
14		784,256	328,528	903,893	2,016,676
15	98,800	944,003	635,538	868,325	2,546,665
16	776,526	4,365,234	5,482,964	11,068,303	21,693,027
<b>TOTAL</b>	<b><u>\$1,962,702</u></b>	<b><u>\$13,218,645</u></b>	<b><u>\$11,273,399</u></b>	<b><u>\$15,868,658</u></b>	<b><u>\$42,323,404</u></b>

This chart below compares the profile of WPS teachers over a period of six years. With a high level of experience and educational background, the cost of the Town's teaching staff is significant. Compensation for Unit A teachers, including classroom teachers, professional support and nurses equals \$42,323,404 which is 72.3% of the FY16 Personal Service budget and 63.1% of the entire WPS FY16 Budget request.

Wellesley Teacher Profile <sup>99</sup>						
Years of Experience (Step)	FY11	FY12	FY13	FY14	FY15	FY16
Steps 1 to 5	9.5%	11.8%	10.4%	7.5%	12.0%	13.3%
Steps 6 to 12	36.4%	35.4%	35.8%	32.1%	31.4%	25.1%
Steps ≥ 13	54.1%	52.8%	53.8%	60.4%	56.6%	61.6%
Median Step	13	14	14	14	14	14
<b>Education</b>						
Bachelors	7.6%	7%	6.6%	6.7%	6.6%	6.2%
Masters	42.3%	36.8%	36.4%	35.5%	36.6%	35.9%
Masters+30 credits or Masters+60 Credits/Doctorate <sup>100</sup>	50.1%	55.3%	55.9%	57.8%	56.8%	57.9%

<sup>98</sup> This table excludes any consideration of Cost of Living Adjustments (COLA).

<sup>99</sup> In FY10 and FY11, there were 15 steps. In FY12 and beyond, there were 16.

<sup>100</sup> For FY16 the "Master's+30" accounts for 44.6% of the teachers in this category; the "Master's+60 /PhD" accounts for 55.4% of the teachers.

### Comparison to Teacher Salaries in Other Towns

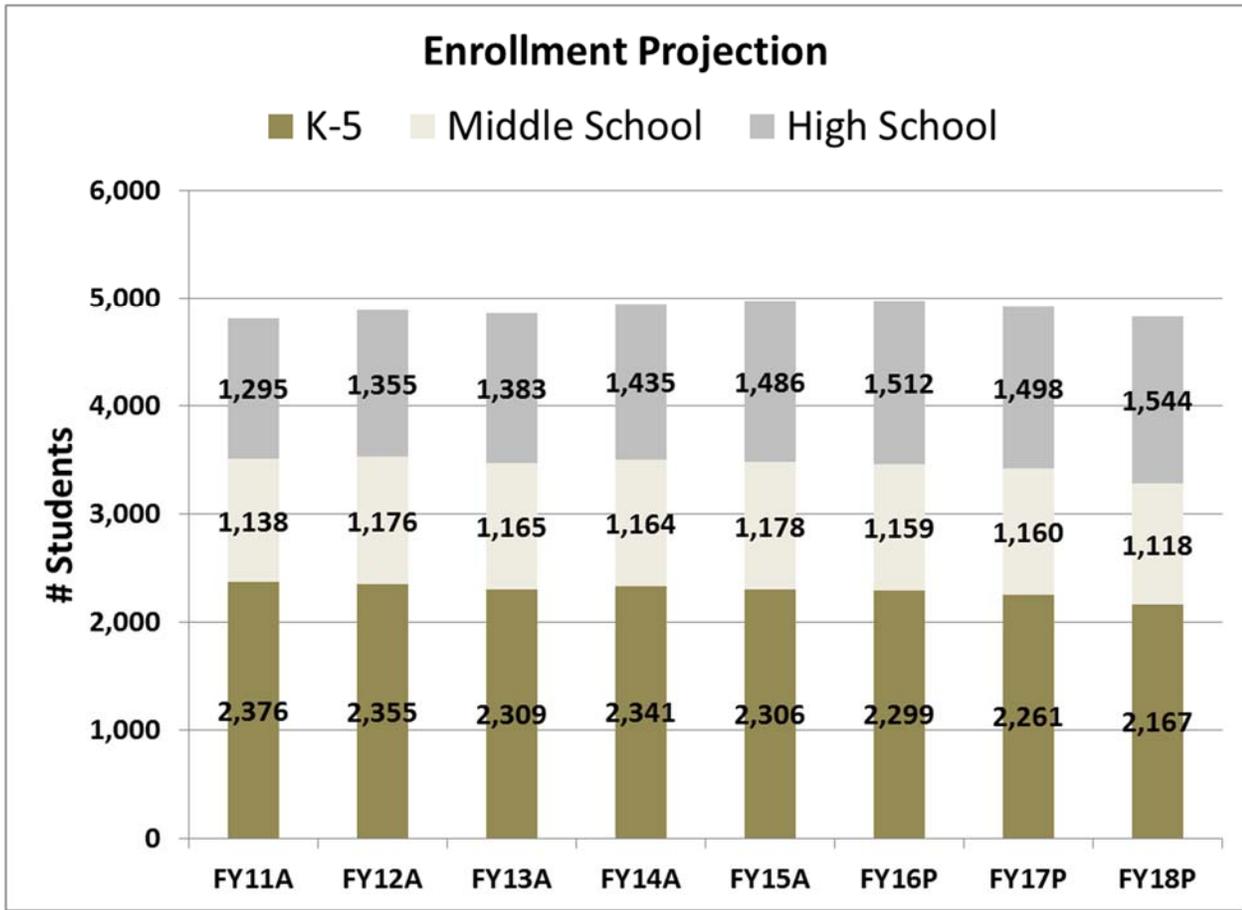
In the table below, Wellesley teachers' salaries for FY16 are compared to twelve similar towns by specific positions on the salary schedules. The Comparative Salary Schedules ranks salaries at the minimum and maximum step for three of Wellesley's lanes: Master's, Master's plus 30 credits and Master's plus 60 credits/Doctorate. When 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 Bachelor's lane, which includes fewer than 10% of Wellesley teachers; also, this table excludes the effect of longevity stipends.

Competitive Salary Schedules for FY15												
Town	Masters				Master +30				Masters +60/Doctorate			
	Min. Step	Rank	Max. Step	Rank	Min. Step	Rank	Max. Step	Rank	Min. Step	Rank	Max. Step	Rank
Belmont*	50,595	3	88,979	6	53,369	7	93,396	8	56,481	7	98,530	8
Brookline*	53,128	1	87,729	8	56,386	1	94,544	7	59,577	2	100,932	5
Concord	49,982	6	95,487	1	52,541	8	100,385	1	56,486	6	107,912	2
Lexington	48,262	10	86,328	10	51,105	11	91,862	9	54,008	10	99,738	7
Lincoln	50,410	4	93,761	2	54,665	2	95,473	6				
Natick	49,141	8	77,013	12	54,055	4	84,712	11	59,595	1	93,396	10
Needham	45,989	13	79,161	11	49,537	13	83,499	13	52,843	11	88,691	12
Newton	49,765	7	86,602	9	53,605	6	91,348	10	56,365	8	97,027	9
Sudbury	49,062	9	91,037	4	51,882	10	96,270	5	54,358	9	100,863	6
Wayland	47,538	12	88,368	7	49,695	12	97,219	4	51,789	12	108,002	1
<b>Wellesley</b>	<b>50,122</b>	<b>5</b>	<b>90,998</b>	<b>5</b>	<b>53,992</b>	<b>5</b>	<b>98,020</b>	<b>3</b>	<b>57,767</b>	<b>4</b>	<b>104,880</b>	<b>3</b>
Weston	51,667	2	92,442	3	54,585	3	98,564	2	57,229	5	103,005	4
Winchester	47,731	11	76,226	13	52,245	9	83,797	12	58,007	3	89,771	11

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 those of other towns. Because 44.2% of Wellesley's teachers are at the maximum step and only 1.1% are at the minimum step, the most relevant comparisons are at the top step. For the top steps in the three lanes under comparison, Wellesley is ranked from third to fifth.

On an aggregate basis, the Wellesley salary scale is most comparable to Weston's and Sudbury's. To remain competitive, the Administration's goal is to maintain compensation above the midpoint of peer communities. With current salaries, Wellesley ranks in the top third of these communities.

**APPENDIX F: SCHOOL ENROLLMENT AND FY16 FORECAST**



The chart above shows the WPS enrollment over the past five years and the projections for the next three. The actual numbers of students in elementary, middle and high school is shown in FY11-FY15, while the FY16-FY18 numbers are current projections taken from last year's enrollment report.<sup>101</sup> High school enrollment has grown steadily over several years and will increase by 129 students from FY13 enrollment numbers based on the FY16 projections. There were 29 more high school students enrolled in FY15 than were predicted by the FY15 projections from October 2013; in general, actual high school enrollment has exceeded projected enrollment in past years and staff additions have lagged enrollment as a result. Many of the Level Service additions in FY16 are driven by high school enrollment, now expected to be 26 students more than in FY15.

Middle school enrollment is projected to drop by 19 students overall but individual grades are expected to vary widely: Grade 6 is projected to fall by 61 students but Grades 7 and 8 will increase by 32 and 10 students, respectively. The decreased enrollment in Grade 6 offered some

<sup>101</sup> 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.

potential for savings by eliminating the current “Half House” but the School Committee opted to maintain 4 ½ Houses in Grade 6 to create staff stability and be in a position to handle projected Grade 6 enrollment increases (+30 additional students) in 2017 without major staff shifts between grades. The addition of 2.0 FTE was required to keep the Half House because contractual agreements resulted in reduced teaching time for department heads so they would have more time to perform teacher evaluations.

In FY15, overall elementary enrollment dropped 35 students from FY14 levels though an enrollment drop of 4 students had been predicted the year before (a -31 student error). Compared to the FY15 plan, actual FY15 kindergarten enrollment was 66 fewer students than expected, while Grades 1-5 were 35 students above plan. From an elementary school standpoint, the biggest deviations from predicted enrollment were at Fiske (25 above plan) and Schofield and Hunnewell (both seven below plan). The largest grade level increases were 11 students (Grade 1 at Fiske and Grade 2 at Sprague) and the largest decrease was nine students (Grade 1 at Hunnewell). Two elementary sections were reduced in FY15. Currently, four sections are closed to new enrollment and seven families with a total of 12 children have been reassigned from their “home” districts as a result of grade closures. Five sections are over School Committee class-size guidelines<sup>102</sup> which is an improvement relative to past experience.

In FY16, elementary enrollment is projected to decline by only seven students. The largest projected changes are a reduction in Grade 1 of 28 students and an increase in Grade 5 of 30 students. Across the schools, Bates is forecast to decline by 13 students and Schofield is expected to increase by 11 students. With these relative small changes across a total forecast elementary population of 2,299, the number of sections is expected to remain at 115. The Administration expects that ultimately decreases in the number of elementary sections will be able to support the increased World Language program which will add 3.0 FTEs to the operating budget in FY17 budget and another 3.0 FTEs in FY18.

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<sup>102</sup> Elementary school class-size guidelines are 18-22 students for grades K-1 and 22-24 students for grades 2-5.

## APPENDIX G: SPECIAL EDUCATION PROGRAMS

### 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 (ID) specialized programs and Out-of-District (OOD) programs and services<sup>103</sup> are needed to meet the needs of a growing population of students with disabilities.

After an extensive evaluation by a team of Special Education professionals and parents, an Individual Education Program (IEP) is developed for each student who requires services. The IEP is a binding contract between the school and the parents, outlining the specialized services that student will receive and the benchmarks which must be met. 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 public 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. Of the 920 students in FY16 projected to be on an IEP, most of them (854) have needs that can be met within the WPS system in ID programs; the remaining students (66) are educated through OOD placements.

The Special Education budget of \$19,573,853 for FY16 represents a 8.3% increase from FY15 and is approximately 29% of the school budget, supporting about 18% of the student population. The population of students with disabilities is growing, with increasing numbers of students identified each year through early intervention programs. A number of these students present with significant disabilities, including medically-fragile children, multi-handicapped children, and children with autism spectrum disorder, as well as students with significant emotional and/or behavioral issues. 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. Because federal Special Education law requires that school districts provide services in the Least Restrictive Environment (LRE),<sup>104</sup> WPS is mandated to educate students, to the greatest extent appropriate, within general education environments. Related services, which allow these students to remain within the public school setting, can include therapies (such as occupational or physical therapy) and counseling. Students may receive ID services in preschool (at PAWS, a specialized preschool program), at their local elementary schools, or through a specialized program housed at one of the elementary schools, WMS or WHS.

If the Town has a cohort of students with similar low incidence specialized needs, specialized programs are developed whenever possible. By developing ID programs, Wellesley meets the mandate of LRE and creates cost efficiencies by avoiding OOD Placement tuitions and expensive transportation costs. When ID placement isn’t possible, the school helps find and pay for an OOD placement for students between the ages of 3 and 22. Those placements can range from other public (collaborative) schools, private day schools and private residential schools. Tuition for a private day school setting is often extremely expensive, ranging from \$43,000 to over \$138,000,

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<sup>103</sup> Out-of-District services typically include screening and evaluation, speech/language and physical therapy, and psychological services.

<sup>104</sup> The Least Restrictive Environment requires students with disabilities to be educated with children who do not have disabilities (to the maximum extent appropriate), which may require supplementary aids and services.

and residential schools can range from \$163,000 to \$396,000. The State Division of Purchased Services sets annual tuition rates for these services.

The Special Education budget is developed based on the needs of each student's IEP. ID costs include all expenses incurred for students educated in the Wellesley Public Schools. OOD expenditures include tuitions and transportation costs for Special Education students educated outside the WPS system. Each IEP is assessed and the appropriate staffing is determined to ensure that the WPS can meet the level of mandated services outlined in the IEP. In addition, some students require specialized equipment, materials, and/or low-incidence services (e.g., nursing, vision and/or hearing services/equipment) that result in a higher level of per-pupil expenditure than most Special Education students. These expenses are built into the budget on a student-by-student basis. Tuition and transportation expenses are also determined individually and are based upon a student's current Special Education placement (where the IEP will be implemented) and reasonable predictions for the coming fiscal year.

### **In-District and Out-of-District Transportation**

The State mandates that Special Education students who require transportation to an ID or OOD Placement (either because of the nature of their disabilities or because their programs are located outside their neighborhood school districts) must be provided with it. Salaries for transportation include the Transportation Coordinator, transportation attendants and van drivers for the school's thirteen vans and are included in Personal Services. Vehicle-related expenses associated with the van program (fuel, maintenance, etc.) and outside vendor transportation services are included in Expenses.

### **Funding Special Education**

Budgeting for all of the Special Education programs, including the OOD tuitions, is based on students enrolled in Special Education as of October 1 of the current fiscal year. The School Department then predicts which students will graduate, "age out" of the system (turn 22 years old), return to the WPS 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, both state and federal, provide substantive offsets.

### **State Funding (Circuit Breaker)**

In FY04, the Massachusetts State legislature funded the Circuit Breaker (CB) Special Education Reimbursement Program to provide financial support to local governments for the cost of students in both in-district and out-of-district placements. Under the program, school districts receive partial reimbursement for the costs of these programs. The FY16 budget assumes a reimbursement rate of 70% of the cost to educate any student above a threshold, which equals four times the state-wide average per pupil cost. Since its inception, the CB funding percentage authorizes the legislature to appropriate up to 75% of the cost of the Special Education students that exceed four times the State average per pupil cost. The FY15 CB threshold is \$43,012 and is projected to increase to about \$45,000 in FY16, a 4.6% increase which is consistent with recent trends. CB funding is subject to the following limitations: 1) It is calculated on a child-by-child basis, not on an aggregate basis and 2) Transportation costs cannot be included in the calculation. Therefore, CB funding is triggered only if an individual child's costs exceed the threshold.<sup>105</sup> In addition, the School Department may apply for "extraordinary relief" under the CB funding program if the current year "CB 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

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<sup>105</sup> For example, if a town paid \$70,000 tuition for a student to attend an out-of-district institution, and the State were to reimburse 70% of the \$28,000 cost above the threshold of \$42,000, the town would pay \$50,400 and the State would cover \$19,600 for this student's placement.

was eligible for “extraordinary relief” funds was in FY06 when the Town received \$272,051. The school department has applied for extraordinary relief and expects a response from the State by the end of March 2015.

### **Federal Funding**

In FY13, WPS altered its approach to the federal grant funding of staff positions. In prior years, partial FTEs of professional staff would be budgeted and the salary dollars for those positions would be subject to a 9% administrative fee to the Massachusetts Teachers’ Retirement System. In simplifying the allocation of staff to grants and allocating support staff positions instead of professional positions, the administration has been able to maximize grant dollars and apply them directly for services to students.

### **Special Education Programs**

WPS has developed a full continuum of specialize programs across all levels to support students within district where possible. In order to develop these programs, a significant cohort of students must exist to be able to realize cost efficiencies while meeting the federal mandate to educating students in the Least Restrictive Environment. At this time, there are no plans to develop new programs.

#### Preschool at Wellesley Schools (PAWS)

- Students with significant developmental delays (7 classrooms with 10 sessions<sup>106</sup>)

#### Elementary Schools

- 16 Learning Center classrooms<sup>107</sup>
- Schofield (2 classrooms) – Language Based Program for traits and characteristics of dyslexia
- Hunnewell (2 classrooms) – Therapeutic Learning center for emotion/social needs
- Upham (3 classrooms)<sup>108</sup> – Skills for Autism Spectrum
- Sprague (2 classrooms) – Integrated Specialized Services for disabilities that cross domains

#### Wellesley Middle School

- Ten Learning Center classrooms
- Language based Programs for traits and characteristics of dyslexia (2 classrooms)
- Therapeutic Learning Center for emotional/social needs (1 classroom)
- Skills for Autism Spectrum (1 classroom)
- Integrated Specialized Services for disabilities that cross domains (1 classroom)

#### Wellesley High School

- 9 Learning Center classrooms
- Language-based Program for traits and characteristics of dyslexia (1 classroom)
- Integrated Specialized Services for disabilities that cross domains (1 classroom)
- Gateways Program to assist students with emotional needs (1 classroom)
- Launch Program for students aged 18-22 who will not receive a high school diploma to prepare those students for adult life

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<sup>106</sup> Some sessions are full day and others are half day.

<sup>107</sup> Three at Bates, two at Fiske, two at Hardy, two at Hunnewell, two at Schofield, three at Sprague, and two at Schofield.

<sup>108</sup> Upham has an Inclusion classroom in addition to the Primary and Intermediate classrooms similar to those at Schofield, Hunnewell and Sprague.

## APPENDIX H: 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 ½ 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 onetime items. Exclusion type questions, if approved by voters, are used to fund onetime 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 2014 begins July 1, 2013, and ends June 30, 2014, usually written as FY 14.

**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 0.5 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 ½%) 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.** 2 ½% of certified full and fair cash value of taxable property.

**PROPOSITION 2 ½.** 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 2 ½% 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 I: 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 Moderators 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 hands 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 votes 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.