

Town of Wellesley



Wellesley Police and Fire Department Honor Guards

Select Board
Budget and Town-Wide Financial Plan
March 11, 2025



Town of Wellesley Town-Wide Financial Plan

Annual Town Meeting April 1, 2025

Purpose of TWFP

- Report on prior years success
- Projects potential deficit and Prop 2½ overrides in the future
- Evaluates Resource Allocation
- Quantifies impact of capital projects
 - Inside-the-levy debt
 - Excluded debt
- Identifies additional planning opportunities
 - Watch list of operational and capital demands on Town finances
 - Gauge sense of community support for initiatives

TWFP Guiding Principles

5 P's



Pay full cost of
current
operations/
services



Proactively
address
emerging issues



Protect the Town
against material
risks



Preserve the
Town's assets



Plan for the
long-term

Financial Principles



Balance net sources and uses – State Law



8% - 12% Reserve Fund - Financial Reserves Policy



Sustainability of Programs and Services

-

Departmental Strategic Plans - Town Meeting Resolutions



Keep wages and benefits competitive compared to peer communities to retain and recruit quality staff

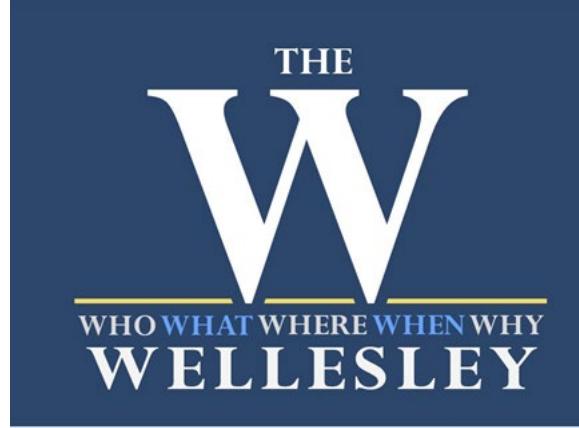
Union Settlements/Classification and Compensation



Investment in Capital and Lifecycle Replacement Projects
- Capital Financing Policy

Strategic Financial Planning

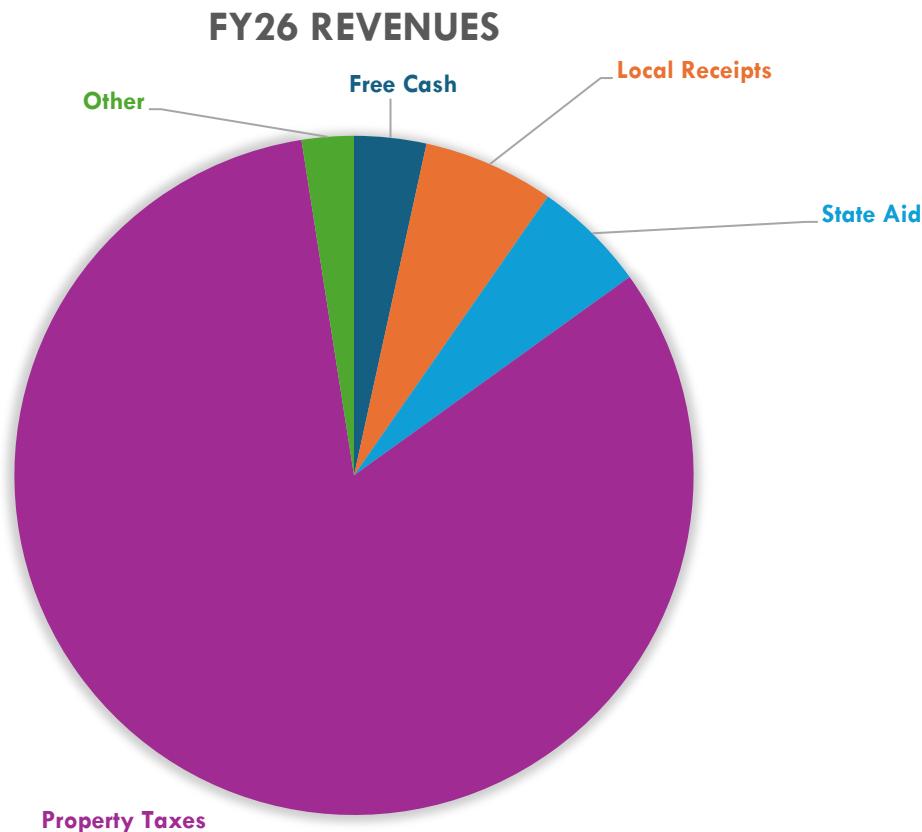
- Revenue projections
- Personnel costs
- Employee benefit costs
- Capital Planning
- Strategic initiatives



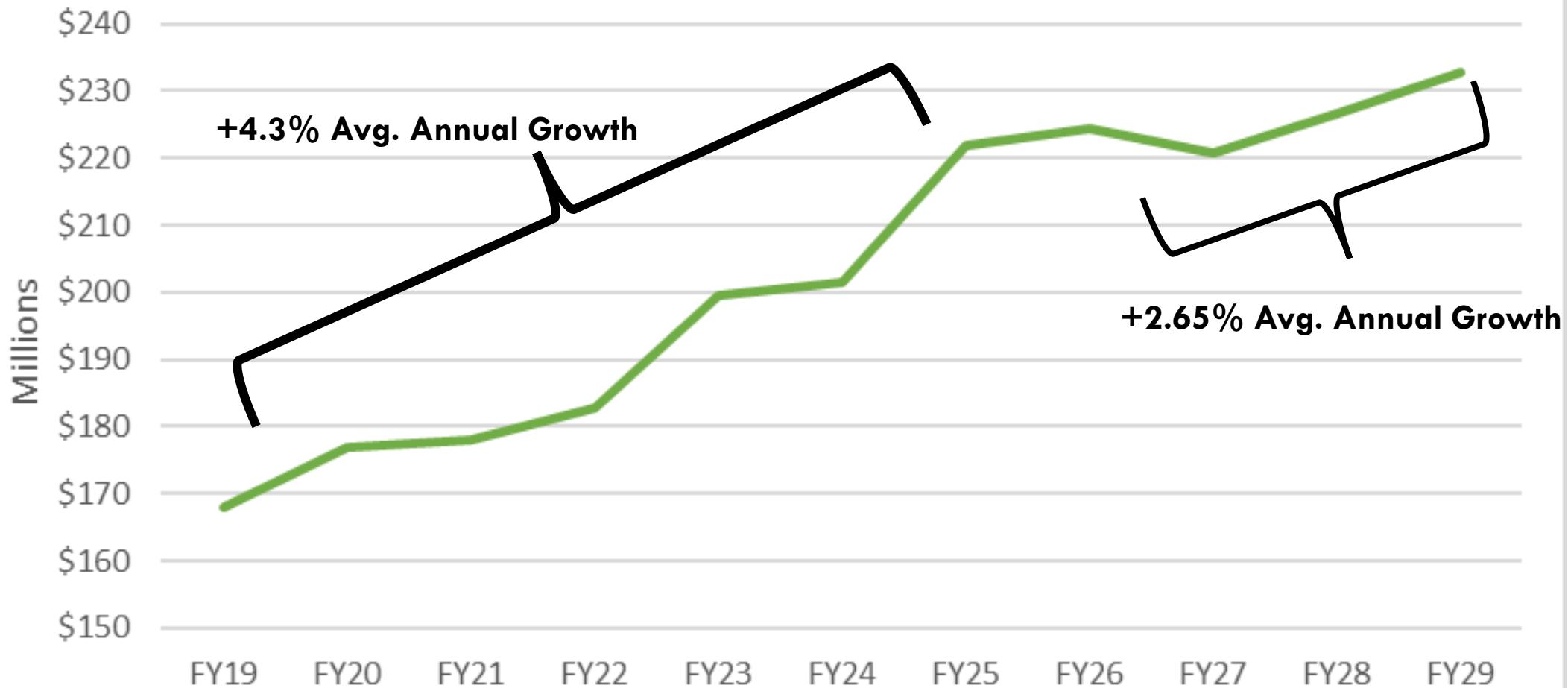
Revenue Forecast

	FY25	FY26	\$	%	FY27	FY28	FY29
	<u>Budget</u>	<u>Request</u>	<u>Inc/(Dec)</u>	<u>Inc/(Dec)</u>	<u>Projection</u>	<u>Projection</u>	<u>Projection</u>
Sources of Funds							
Taxes	\$ 164,161,680	\$ 169,965,722	\$ 5,804,042	3.5%	\$ 175,914,865	\$ 182,012,737	\$ 188,263,055
State Aid	12,021,225	12,121,225	100,000	0.8%	12,242,437	12,364,862	12,488,510
Local Revenue	12,380,667	14,012,083	1,631,416	13.2%	14,272,325	14,537,771	14,808,527
Free Cash to balance	2,250,000	2,246,401	(3,599)	-0.2%	2,200,000	2,100,000	2,000,000
Other Free Cash items	11,479,510	7,471,260	(4,008,250)	-34.9%	-	-	-
Other Sources	3,070,013	2,983,546	(86,467)	-2.8%	1,928,919	1,932,498	1,936,148
CPA for North 40	550,644	550,244	(400)	-0.1%	549,444	553,244	549,394
Exclusions & Exemptions	16,072,615	15,143,422	(929,193)	-5.8%	13,585,947	13,172,478	12,609,750
Total Sources	\$ 221,986,354	\$ 224,493,903	\$ 2,507,549	1.1%	\$ 220,693,937	\$ 226,673,589	\$ 232,655,383

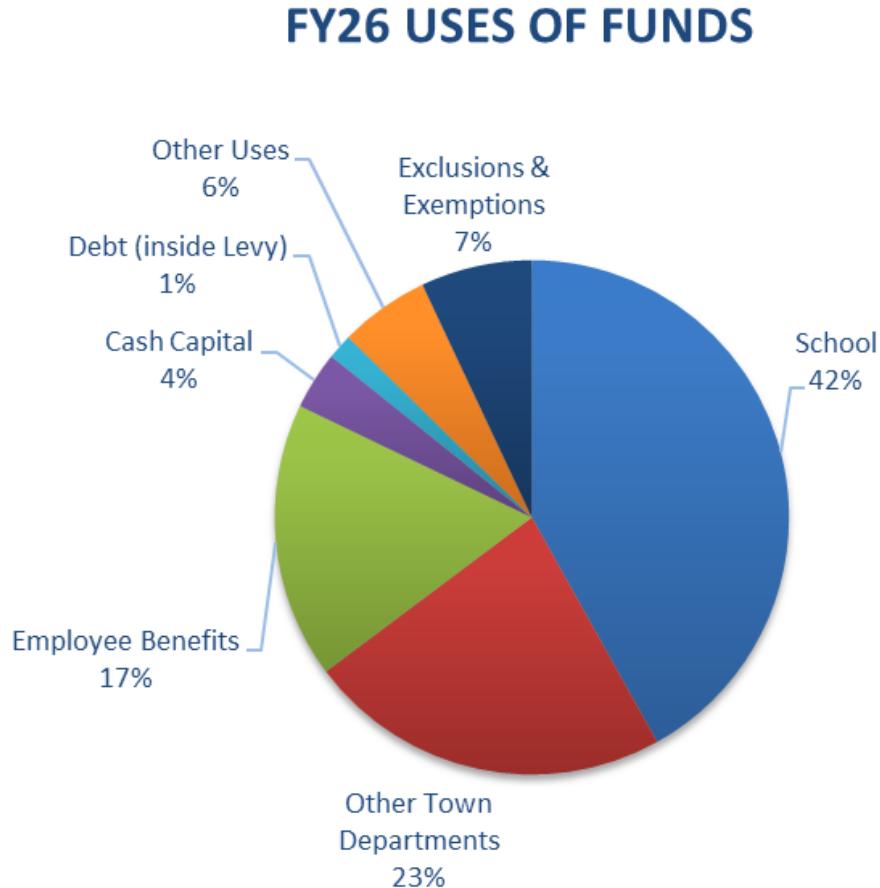
Revenue Assumptions



Total Sources Trend (FY19 - FY29)



FY2026 Request Use of Funds



Union Settled Through FY26

- Superior Officers
- Patrolmen
- Dispatch
- Firefighters
- Library Supervisors
- Library Staff Association
- DPW Supervisors
- DPW Production
- MLP Production
- FMD Custodians
- 5 School Unions

Union Settled Beyond FY26

- NONE

Biggest Cost Drivers

Wage increases for existing union positions

a) Step increases for employees not yet on top step



b) Any new steps or step changes



c) General wage increase for all bargaining unit members

Class and Compensation

- Town Meeting will review under Articles 4 and 5 a revised “Class and Comp” study.
- Study funded by \$50,000 Community Compact Grant
- Targets compensation levels at 75th percentile of comparable communities
- Article 8 includes:
 - \$275,000 for Merit Pay Plan (50/60 series) and salary adjustments
 - \$200,000 for on-time service adjustment to non-school non-union staff to address lack of COLA increases for from 2003 – 2023.

Employee Benefits Costs

- Health insurance – mandatory subject of bargaining
 - Employees working more than 20 hours a week are eligible for Health Insurance
 - Town pays 78% of BCBS premium
 - Town pays 60% of Harvard Pilgrim premium
- Negotiated 2-Year Health Insurance Contract with ALL Unions through FY27 (Finalized 3/25/25)
- FY26 Health Insurance Rates
 - **3.87% rate increase with a 6.97% differential adjustment on Harvard Pilgrim high deductible plans**
- Health Insurance includes Dental Insurance, EyeMed Insurance, Long-term Disability Coverage, Basic Life Insurance.

Employee Benefits Costs

- Pension Contributions to fund on planned schedule - \$9.3M
 - Anticipate fully funded by 2030
 - Rate of Return Assumption 6%
 - 1/1/2023 Actuarial Report at 90% Funding
- OPEB – Contribution on planned schedule – \$3.1M
 - Fully Funded by 2032
 - Rate of Return Assumption 6%
 - 12/31/2022 Actuarial Report at 72.6% funding

Expenditure Forecast

	<u>FY25 Budget</u>	<u>FY26 Request</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>FY27 Projection</u>	<u>FY28 Projection</u>	<u>FY29 Projection</u>
Uses of Funds							
School	\$ 91,081,978	\$ 94,035,026	\$ 2,953,048	3.2%	\$ 96,856,077	\$ 99,761,759	\$ 102,754,612
Other Town Departments	48,752,633	51,369,353	2,616,720	5.4%	52,910,434	54,497,747	56,132,679
Employee Benefits	35,938,580	38,979,042	3,040,462	8.5%	41,810,843	44,427,057	47,230,460
Cash Capital	7,759,465	8,150,857	391,392	5.0%	7,858,976	8,538,617	10,289,869
Debt (inside Levy)	4,965,457	3,568,406	(1,397,051)	-28.1%	5,800,000	7,100,000	8,100,000
Other Uses	16,864,982	12,697,553	(4,167,429)	-24.7%	4,108,553	4,180,309	4,253,469
Exclusions & Exemptions	16,623,259	15,693,666	(929,593)	-5.6%	14,135,391	13,725,722	13,159,144
Total Uses	\$ 221,986,354	\$ 224,493,903	\$ 2,507,549	1.1%	\$ 223,480,273	\$ 232,231,211	\$ 241,920,232
Surplus/(Deficit-Override)	\$ -	\$ -			\$ (2,786,336)	\$ (5,557,622)	\$ (9,264,849)

Strategic Financial Planning

Five-Year Capital Plan

Summary Schedule

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2026-2030 Total
Cash Capital	7,759,465	8,150,857	8,053,976	8,528,617	10,274,869	7,891,529	42,899,848
Free Cash	4,635,100	6,237,000	500,000	-	-	-	6,737,000
CPC Funding	2,065,000	170,000	-	5,000,000	-	-	5,170,000
Gift/Fundraising/Other	1,745,000	660,000	-	-	-	-	660,000
Chapter 90	790,000	790,000	790,000	790,000	790,000	790,000	3,950,000
Debt Capital Inside Levy	5,700,000	9,000,000	9,250,000	6,500,000	2,300,000	22,812,000	49,862,000
Debt Capital Exclusion *	-	-	5,560,000	44,440,000	-	2,650,000	52,650,000
Grand Total	\$ 22,694,565	\$ 25,007,857	\$ 24,153,976	\$ 65,258,617	\$ 13,364,869	\$ 34,143,529	\$ 161,928,848

Major Project Financing Schedule: Six Year Look-Ahead

February 1, 2025			FY2026		FY2027		FY2028		FY2029		FY2030		FY2031		FY2032		
Project	Phase	Estimated Cost	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	
			2025	2025	2026	2026	2027	2027	2028	2028	2029	2029	2030	2030	2031	2031	
<i>MOPO Renovation</i>	Supplemental Study	\$170K	CPC														
	Construction	\$9M						CPC/X									
<i>DPW New RDF Admin. Bldg</i>	Construction	\$5.0M		X													
<i>DPW Reno: Park & Hwy</i>	Design	\$1.56M					X			X							
	Construction	\$11.44M															
<i>Sprague HVAC Renovation</i>	Design	\$525k							X								
	Construction	\$2.75M									X						
<i>Library HVAC Renovation</i>	Design	\$550k							X								
	Construction	\$3.0M									X						
<i>Middle School Roof Replace</i>	Design	\$600K							X								
	Construction	\$8.0M									X						
<i>Sprague School Roof Replace</i>	Design	\$250K							X								
	Construction	\$2.1M									X						
<i>Bates School Roof Replace</i>	Design	\$375K							X								
	Construction	\$3.5M									X						
<i>DPW Reno: RDF Baler Bldg</i>	Design	\$500K										X					
	Construction	\$2.75M											X				
<i>New Preschool</i>	Design	\$2.65M								X - DE							
	Construction	\$24M										X - DE					
<i>AC: Bates, Schof, Fiske, MS</i>	Design	\$4.0M			X - DE												
	Construction	\$29M							X - DE								
TOTALS (Millions) =			\$111.72	\$0.17	\$5.00	\$4.00	\$0.00	\$1.56	\$38.00	\$2.30	\$11.44	\$2.65	\$19.35	\$0.50	\$24.00	\$0.00	\$2.75
<i>DE</i> = Debt Exclusion																	
<i>CPC</i> = Community Preservation Committee																	
<i>X</i> = To Be Decided																	

Reserves

Reserves as of 6/30/2024

	<u>Amount</u>
<i>FY25 Budgeted Operating Revenue</i>	\$ 188,563,572.00
Free Cash certified	\$ 28,171,581
General Purpose Stabilization fund	3,753,091
<i>Reserves as of 6/30/2024</i>	<u>\$ 31,924,672</u>
<i>% of FY26 Revenue</i>	16.93%

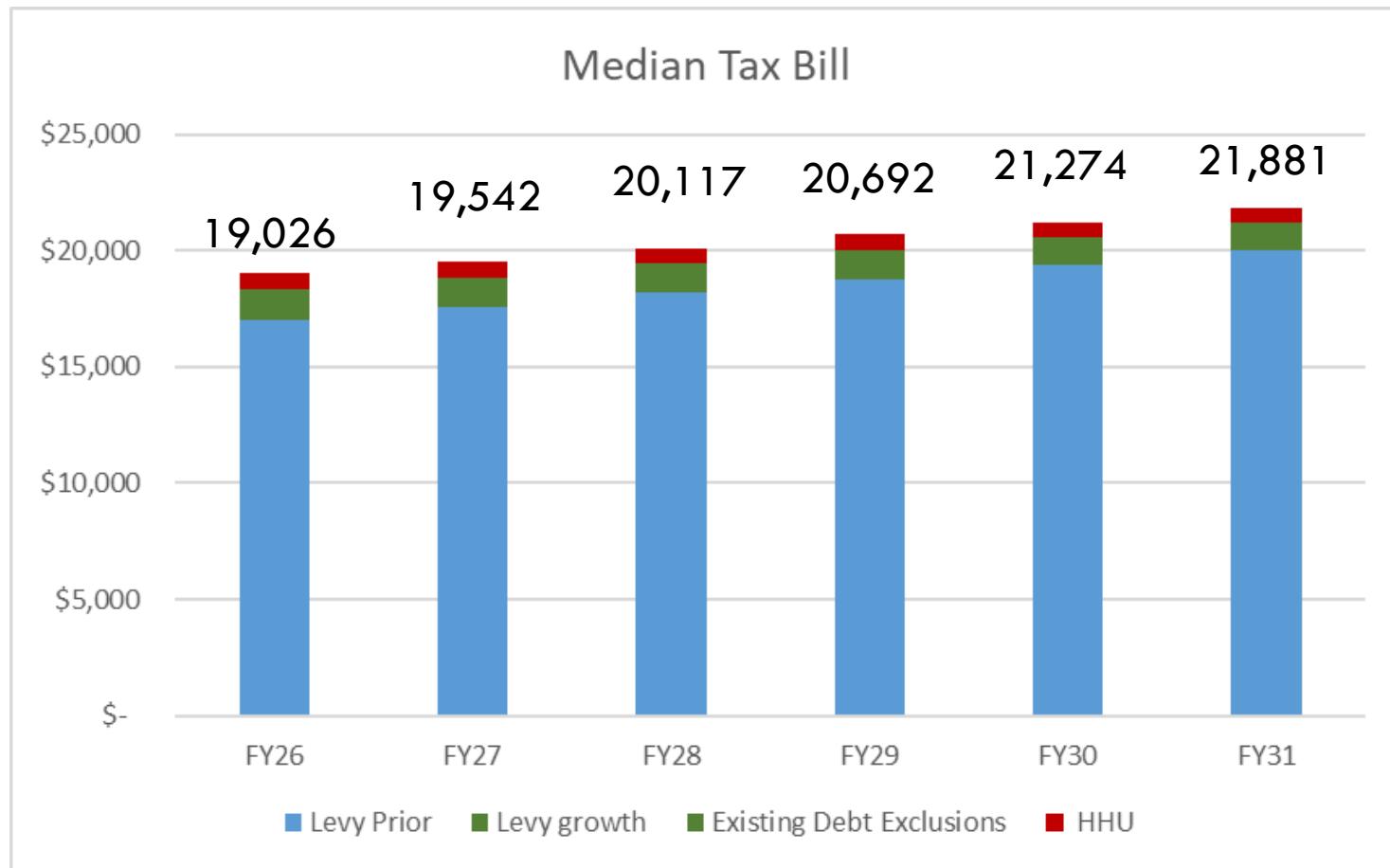
Sources and (Uses) of Reserves in FY25

Appropriations at STM 10/2024

Fire Dept. FSLA Settlement	(92,972)
Eminent Domain Taking - Weston Rd	(136,435)
DPW - Fuel Depot	(2,000,000)

Reserves

Appropriations ATM 4/2025	
Snow and Ice Supplemental	(700,000)
Health Insurance	(1,000,000)
Compensated Absence Supplemental	(110,000)
Parking Lot - Police Station (estimate)	(211,735)
Balance Operating	(2,246,401)
Fire Engine	(1,055,000)
Playgrounds	(2,000,000)
Schools A/C	(182,000)
Tennis/Pickleball Courts	(1,200,000)
Compensated Absence Fund Start	(500,000)
SPED Stabilization	(75,000)
IOD Stabilization Transfer	(26,013)
Baler Stabilization Transfer	(11,512)
Recreation 53D Dissolution Transfer	(400,000)
Estimated Turnback*	6,000,000
<i>Estimated Reserves as of 6/30/25</i>	\$ 25,977,604
FY26 Budgeted Operating Revenue	\$ 196,099,030
% of FY26 Revenue	13.25%



Median Home Value is \$1,652,000

Past 5 Years- Including \$4.5M in Grant Funds

- Plans
 - Climate Action Plan
 - Sustainable Mobility Plan
 - Open Space and Rec Plan
 - DEI Equity Audit
 - *Hazard Mitigation Plan
 - **Strategic Housing Plan (Coming Soon)**
 - *Classification and Compensation Study
 - *Safe Route for All Plan
 - *Complete Streets Update
- Hunnewell Elementary
- *Hardy Elementary
- Town Hall Interior/Exterior
- Middle School
 - Building Systems
 - Paving
 - *Covered Bike Racks
- Library
 - Interior Reno
 - Roof
- Fire Station
 - Roof
 - *Master Plan – Just getting underway
- LED Lighting – Schools/Town Buildings
- Sprague Field Turf
- High School Track and Field
- New Softball Field
- Cliff Road
- *GPA Roundabout
- Grove Street
- Walnut Street
- Stormwater Enterprise
- New Harvester (MOPO)
- New Fire Truck
- *New Communication System/Antenna
- All Union Contract Settled through FY26
- **Health Insurance Contract Settled through FY27**
- **Playground Reconstruction**
- **DPW Fuel Replacement – Under Construction**
- **MWRTA Catch Connect**
- *ADA Transition Study
- *Street Sweepers
- *PFAS Portable Filter System
- **Stormwater Utility**
- **New WPD Parking Lot**
- ***EV Charging**
 - Middle School
 - Town Hall
 - WPD
 - Hunnewell
 - Hardy
 - Weston Road Parking Lot
- ***Merchant Events**
- ***Digitization of Public Records**
- ***ADA Accessibility at Wellesley Square Station (Mini-Highs)**
- The “W”
- ***Cybersecurity Tabletop Exercise**
- **Alcohol Licensing Update**
- ***Warren HVAC (Just getting underway)**

Questions?

Back Up Slides

State Aid

State Revenue Trend

	Final 2021	Final 2022	Final 2023	Final 2024	Final 2025	Governor's Budget 2026
State Aid						
Chapter 70	9,273,504	9,407,484	9,665,964	9,916,764	10,345,036	10,643,686
	9,273,504	9,407,484	9,665,964	9,916,764	10,345,036	10,643,686
Other school		5,633	11,369	765	27,548	17,007
	9,273,504	9,413,117	9,677,333	9,917,529	10,372,584	10,660,693
Unrestricted (UGGA)	1,375,608	1,423,754	1,500,637	1,548,657	1,595,117	1,630,210
All other	51,094	45,401	49,149	48,761	53,524	59,962
Total	10,700,206	10,882,272	11,227,119	11,514,947	12,021,225	12,350,865
Assessments	1,308,172	1,309,563	1,328,612	1,395,057	1,476,252	1,510,473
Net	9,392,034	9,572,709	9,898,507	10,119,890	10,544,973	10,840,392

Local Receipts – Revenue

Local Receipts Trend- Not inc MLP

	Actual FY21	Actual FY22	Actual FY23	Actual FY24	Budget FY25	Budget FY26
Local Receipts						
Motor Vehicle Excise	\$ 5,547,986	\$ 5,699,888	\$ 5,648,284	\$ 7,000,110	\$ 5,400,000	\$ 5,900,000
Investment Income	353,917	134,811	5,865,281	7,263,184	975,000	925,000
Licenses and permits	2,700,054	3,448,034	4,545,715	3,928,120	2,330,000	3,400,000
One time 40R Permit	1,140,730	-	-	-	-	-
RDF	741,786	930,738	757,386	945,694	725,000	750,000
Pilot payments	76,465	76,000	76,428	76,298	75,000	75,000
Parking Fines & Forfeits	302,411	396,146	402,075	324,865	300,000	320,000
Meals tax, hotel/motel	505,715	692,178	863,673	973,459	750,000	750,000
Recreation transfer	38,227	108,014	-	-	-	-
Penalties, Interest on Taxes	629,987	447,074	476,978	646,594	250,000	250,000
Rentals	212,586	166,633	207,762	214,822	180,000	185,000
Fees	108,155	91,865	93,889	144,255	125,000	164,000
Departmental	100,259	100,479	94,273	80,767	80,667	93,083
Medicaid	308,553	318,348	104,333	212,250	-	-
Miscellaneous Recurring	-	-	-	-	190,000	200,000
FEMA	-	872,493	229,266	-	-	-
All other	-	91,815	208,642	581,525	-	-
Total	\$ 12,766,831	\$ 13,574,516	\$ 19,573,985	\$ 22,391,942	\$ 11,380,667	\$ 13,012,083

Federal Impacts - Schools

Description	Type of Funds	FY'25 Award Amount
National School Lunch Program (Est. Revenue)	Reimbursement	\$ 369,818.00
Medicaid Reimbursements (Est. Revenue)	Reimbursement	\$ 138,952.00
Early Childhood Education (Fund 262) (Award)	Entitlement	\$ 33,470.00
Special Education IDEA (Fund 240) (Award)	Entitlement	\$ 1,204,636.00
Title 1, Part A (Fund 305) (Award)	Entitlement	\$ 104,372.00
Title IIA, Part A (Fund 140) (Award)	Entitlement	\$ 51,144.00
Title III (Fund 180) (Award)	Entitlement	\$ 18,856.00
Title IV (Fund 309) (Award)	Entitlement	\$ 10,000.00
IEP Program Improvement (Fund 274) (Award)	Targeted	\$ 20,000.00
		\$ 1,951,248.00

Town Union Contracts

Cost of Living Adjustments (COLA)

Union	FY24	FY25	FY26	Total
Superior Officers (Police)	6%	3%	3%	12%
Patrol Officers	6%	3%+1% EMT	3%	13%
Dispatch	4%+ 1% EMD	3%+ 1% EMD	2%	11%
Firefighters	4% +1% EMT	3%+1% EMT	3%+1% EMT	13%
DPW Supervisors	5%	3%	1% + New Step (4%) for 10 Years	13%
DPW Production	5%	2%	2%+ New Step (4%) for 10 Years	13%
Library (Supervisor and Staff)	4%	3%	3%	10%
FMD Custodians	4%	3%	2%	9%

*Emergency Medical Technician (EMT) and Emergency Medical Dispatch (EMD) are stipends

School Union Contracts

Cost of Living Adjustments (COLA)

Union	FY23	FY24	FY25	FY26	Total
Unit A (Teachers/Nurses)	2.75%	2.5%	2.75%	3%	11%
Unit B (Administrators)	2.75%	2.5%	2.75%	3%	11%
Unit C (Instructional Support Professionals)	5.25%	4%	2.75%	3%	15%
Unit D/E (Administrative Professionals)	4%	4%	2.75%	3%	13.75%

Longevity Increases

Union	FY23	FY24	FY25	FY26	Total
Unit A	5%	5%	5%	2%	17%
Unit B	5%	5%	5%	2%	17%
Unit C	5.25%	4%	2.75%	3%	15%
Unit D/E	4%	4%	2.75%	3%	13.75%

Retention Payments

Union	FY23	FY24	FY25	FY26	Total
Unit C	\$4K/3K	\$3K/2K	\$2K/1K	\$1K/\$0	\$1.59M
Unit D/E	\$4K/3K	\$3K/2K	\$2K/1K	\$1K/\$0	\$170K