



**Town of *Wellesley*
FY2023 Budget Request
Employee Benefits Operating Narrative: Mission, Services & Priorities**

Group Insurance

The Group Insurance budget covers the Town's share of health Insurance premiums for active and retired employees. In addition, it includes life insurance, dental insurance, long term disability insurance, an employee assistance program, and the Town's share of the Federal Medicare Tax. The tax-impact budget request is net of reimbursements from the Enterprise Funds for their personnel.

Group Insurance benefits for active and retired Town and School employees continue to comprise a significant percentage of the total budget, with the health insurance component growing at a faster rate than revenues. In recent years, health insurance has been a major factor in the difficulty of balancing the Town's budget. In response, the Town has implemented a number of changes, many of which have been subject to collective bargaining.

Recently the Town reached an agreement with its unions, effective July 1, 2022, to continue services with the West Suburban Health Group with two "deductible" plans including a benchmark and a high deductible option that are more cost effective for the Town. The change will moderate cost and continue to provide an excellent choice of health care plans for employees and retirees. Although the changes in plan offerings will slow the growth in health insurance costs to a more affordable level, **all staffing additions must be thoroughly vetted** because of their negative impact upon benefit costs.



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<u>Group Insurance Operating Request</u>										
Org	Object	Account # 01-914 Account Title	Explanation	FY19 Actual	FY20 Actual	FY21 Budget	FY22 Budget	FY23 Request	\$ Variance FY22-23	% Variance FY22-23
21914200	530259	OPEB Consulting	Provides investment and actuarial consulting services to the OPEB program	20,000	20,000	20,000	20,000	20,000	-	0.00%
21914200	575213	Group Health Insurance	Provides coverage for 1,800+ employees and retirees	16,454,217	16,848,690	17,784,013	17,629,688	18,128,387	498,699	2.83%
21914200	578500, 578510 & 575219	FSA, HRA & HSA Administration, Claims	Provides admin for 1,000 employees and retirees, plus HRA claims costs.	246,770	375,000	325,000	350,000	375,000	25,000	7.14%
21914200		Savings transferred from Health insurance fund		-	-	-	-	-	-	0.00%
21914200	575212	Health Insurance Consulting & Actuarial Services	Provides special purpose consulting and legal services to the Group Insurance program - OPEB full eval every-other year.	2,500	10,000	37,500	10,000	10,000	-	0.00%
21914200	575230	Medicare Tax	Employer share of the 2.9% of salary for employees hired after 4/1/86	1,435,000	1,450,000	1,540,000	1,575,000	1,610,000	35,000	2.22%
21914200	575210	Medicare B Penalty & Refunds	For those who were forced into Medicare		65,000	60,000	58,000	58,000	-	0.00%
21914200	575240	Long Term Disability *	Provides coverage to all benefit eligible employees with a basic level of protection	46,000	75,000	-	-	-	-	0.00%
21914200	575220	Group Life Insurance *	Now part of Allowance	-	-	-	-	-	-	0.00%
21914200	575250	Group Dental Insurance *	Now part of Allowance	-	-	-	-	-	-	0.00%
21914200	575297	Allowance for Other Insurances *	Per agreement, Town contributes base dental up to \$325 and option for Health Indemnity or Accident Insurance	698,800	675,000	675,000	700,000	700,000	-	0.00%
21914200	578550	VOYA Fees	Town now pays for the QBRA Plan Voya fees		45,000	30,000	30,000	30,000	-	0.00%
21914200	575260	Employee Assistance Plan	Provides local emergency intervention services to all employees. FY21 new agreement	64,800	64,800	64,800	90,000	90,000	-	0.00%
				TOTAL	\$ 18,968,087	\$ 19,628,490	\$ 20,536,313	\$ 20,462,688	\$ 21,021,387	\$ 558,699
										2.73%

Workers Compensation

The Town self-funds its Workers' Compensation program and has a dedicated employee within the Human Resources department to manage all claims and cases. The program includes the cost of reinsurance to protect against catastrophic cases. An actuarial analysis is performed annually to determine the adequacy of the self-insurance fund and to identify an annual appropriation amount. Because of several years of good claims experience, the Town has reached the balance recommended by its actuarial firm and has therefore been able to keep the 2023 contribution level to 2021.

Org	Object	Account # 01-912 Account Title	Explanation	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	\$ Variance FY22-23	% Variance FY22-23
01912200	578010	Approved Special Expenses	Workers' compensation requirement per Actuarial Study	\$ 287,700	\$ 287,700	\$ 244,149	\$ 244,149	\$ 244,149	\$ -	0.00%



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OPEB Liability Fund

Other (than Pension) Post- Employment Benefits (OPEB) liabilities are the cost of the Town's actuarially –determined obligation to subsidize a portion of retiree medical insurance for retired Town and School employees. 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.

Since 2006, the Town has been a leader in the Commonwealth in providing an aggressive strategy to fund its OPEB liabilities by 2037. OPEB contributions were increased annually over the course of a decade using a capital exclusion as part of the plan, and eventually OPEB contributions were funded entirely within the levy. The current actuarial funding schedule recommends a level annual appropriation of \$3,450,000, which no longer adds a structural imbalance to the budget. The funded status has continued to improve and the Town now expects the past service liabilities to be fully funded by 2030, with an assumed interest rate of 6.0%. The Retirement Board manages the OPEB investment at the Town's request, and secures actuarial valuations every two years.

Org	Object	Account # 01-919 Account Title	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	\$ Variance FY22-23	% Variance FY22-23
01919200	596998	OPEB Non-Excluded	\$ 3,432,000	\$ 3,432,000	\$ 3,432,000	\$ 3,432,000	\$ 3,450,000	\$ 18,000	0.52%
01919200	596999	OPEB Excluded	-	-	-	-	-	\$ -	0.00%
		EXPENSES TOTAL	\$ 3,432,000	\$ 3,432,000	\$ 3,432,000	\$ 3,432,000	\$ 3,450,000	\$ 18,000	0.52%

Pension/Retirement Contribution

The majority of Town employees participate in a defined benefit pension 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 7 and 11% of annual covered compensation (depending upon their hire date. The majority are now at the 11% level: 9% on the first \$30,000, and an additional 2% on the rest). The Town is required to pay its share of the actuarially determined contribution, which includes amortization of past service costs. Employees do not participate in Social Security and contribute significantly more to their own retirement than private sector employees contribute to Social Security.

A chart of the town's pension contributions from FY19 – FY23 is shown below:



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Org	Object	Account # 01-910 Account Title	Explanation	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	\$ Variance FY22-23	% Variance FY22-23
		Contributory Retirement Pension	Total Retirement	\$ 8,350,000	\$ 8,851,507	\$ 9,438,070	\$ 9,756,209	\$ 10,034,958	\$ 278,749	2.86%
									\$ -	0.00%
64*	575010	Sewer Contribution		(121,754)	(130,695)	(141,553)	(146,419)	(113,566)	\$ 32,853	-22.44%
74*	575010	Water Contribution		(284,092)	(304,954)	(330,291)	(341,643)	(264,988)	\$ 76,655	-22.44%
64	202049	MLP Contribution		(821,746)	(850,422)	(921,561)	(951,741)	(987,095)	\$ (35,354)	3.71%
		West Suburban Veteran's District		(11,150)	(8,921)	(9,477)	(9,809)	(12,038)	\$ (2,229)	22.72%
		Wellesley Housing Authority Contribution		(54,833)	(68,606)	(69,407)	(71,780)	(70,845)	\$ 935	-1.30%
01910200	575010	Contributory Retirement Pension	Expense total	\$ 7,056,425	\$ 7,487,909	\$ 7,965,781	\$ 8,234,817	\$ 8,586,426	\$ 351,609	4.27%

From FY97 until FY09, the Town did not make contributions to the WCRS, because the system was fully funded and investment earnings were more than sufficient to cover the annual cost to the Town. Town employees continued to make their contributions during this period, however. Following the severe downturn in global financial markets in 2008, the Retirement Board made the prudent decision to resume appropriating Town contributions to the system. Beginning with \$1 million in funding for FY10, and ramping up quickly, the contribution increased each year for several years, to achieve an actuarial funding schedule, before leveling off at a rate in line with annual revenue increases by FY16.

The FY23 appropriation of \$8,586,426 (up 4.27% from FY22), has been increased slightly to allow for an increase in the COLA (cost of living) base, which was recently approved by Town Meeting.

This schedule will achieve full funding by 2030. The MLP, Water, Sewer and Wellesley Housing Authority each contribute their share of the pension costs. The current amortization schedule is based upon the assumption that the average annual investment return for pension assets will be 6.0%, which is more conservative than other systems within the Commonwealth, but in line with assumptions of other systems nationwide. As has been the case historically, the WCRS is one of the best funded systems in the Commonwealth.

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 the option of paying a fixed percentage of payroll, or actual expenses, and has chosen the latter, less expensive approach.



Town of *Wellesley*

FY2023 Budget Request

Employee Benefits Operating Narrative: Mission, Services & Priorities

Org	Object	Account # 01-913 Account Title	Explanation	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	\$ Variance FY22-23	\$ Variance FY22-23
01913200	596087	Transfer to Unemployment Comp		\$ 150,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	0.00%

Compensated Absences

The Compensated Absences budget provides funds to pay eligible employees for sick and vacation time earned in prior years upon retirement, termination or death subject to the provisions of the respective collective bargaining agreements. Because these payouts cannot always be predicted or absorbed, this appropriation serves as a reserve for non-school budgets. Any unused amounts at fiscal year- end revert to free cash. Non-union contract employees are not compensated for unused sick time, and vacation carryover is limited by Town bylaws and Human Resources Policy.

Org	Object	Account # 01-950 Account Title	Explanation	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	\$ Variance FY22-23	% Variance FY22-23
01950100	519020	Sick Leave/Vacation Buyback		\$ 76,830	\$ 104,737	\$ 49,382	\$ 120,000	\$ 120,000	\$ -	0.00%



Town of *Wellesley*
FY2023 Budget Request
Traffic and Parking Operating Narrative: Mission, Services & Priorities

Mission

The mission of the Traffic and Parking Department is to facilitate vehicular and pedestrian safety and orderly movement throughout the community through the appropriate application of traffic regulatory and warning devices. The department also maintains municipal parking lots and on-street parking meters. This budget is funded from parking meter receipts.

Funds for Traffic and Parking expenditures are provided by parking meter receipts from on-street parking meters and the municipal parking lots and are deposited into the Town's Traffic and Parking Fund. In FY23, receipts are projected to be \$400,000, and the remainder of the fund for FY23 will be funded through operating budget. This budget funds the Traffic Fines Processing Department; traffic engineering services; meter maintenance; snow removal; sanding services for the Town's parking lots; and parking lot repair and maintenance.

<u>PERMANENT STAFFING (FTEs)</u>	<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Actual</u>	<u>FY22 Budget</u>	<u>FY23 Request</u>
<u>Full Time-Equivalent Employees</u>						
Position Titles:						
Administrator	0.5	0.5	0.5	0.5	0.5	0.5
Parking Clerk	1.0	1.0	1.0	1.0	0.5	0.5
Meter/Sign Repair	0.5	0.5	0.5	0.5	0.5	0.5
Parking Attendants	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>
Total Number of Positions	4.6	4.6	4.6	4.6	4.1	4.1



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Traffic & Parking Operating Request										
Org	Obj	Munis Object # Account Title	Explanation	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	\$ Variance FY22-23	% Variance FY22-23
PERSONAL SERVICES										
27293100	511010	Senior Administrator	50% Police Lieutenant	\$ 44,864	\$ 62,006	\$ 62,006	\$ 75,749	\$ 76,969	\$ 1,221	1.61%
			Parking Clerk	\$ 47,093	\$ 32,297	\$ 32,060	\$ 32,060	\$ 33,519	\$ 1,459	4.55%
27293100	511220	Other Professional	5 part-time positions 18 hours/week	67,612	69,273	70,363	93,020	93,960	\$ 940	1.01%
27293100	511240	Unif Staff	\$2.00/hour stipend	621	22	-	2,000	2,000	\$ -	0.00%
27293100	514010	Shift Diff	HWY sign/meter repair/maint MLP traffic signal maint	46,191	39,392	56,717	55,000	56,375	\$ 1,375	2.50%
27293100	511350	Laborer	One Patrolman in Police paid 50% from Traffic and Parking - made as a departmental transfer	35,958	36,085	36,085	36,556	37,168	\$ 612	1.67%
			Stipend for Treasurer Clerk to assist with parking ticket payment/concerns - made as a departmental transfer	4,600		-	-	-	\$ -	0.00%
27293100	511370	Clerk Assistance		246,940	239,075	257,230	294,385	299,991	\$ 5,606	1.90%
EXPENSES										
27293200	521005	Electricity - Charging Station	Electricity - Charging Station			4,012	-	-	\$ -	0.00%
27293200	521010	Electricity	Parking Lot Lighting traffic signals pedestrian lights	10,995	10,763	10,302	10,000	10,000	\$ -	0.00%
27293200	524015	Grounds Maint	Municipal Parking Lots monthly	32,458	19,846	31,303	34,000	34,000	\$ -	0.00%
27293200	524030	Equip Maint	Yearly replacement parking meter batteries	-		-	-	-	\$ -	0.00%
27293200	529030	Snow Removal	Municipal parking Lots	54,835	26,904	34,219	60,000	60,000	\$ -	0.00%
27293200	530700	Arch/Eng	On-call traffic consultants	22,404	29,983	20,151	75,000	75,000	\$ -	0.00%
27293200	530900	Other Prof	Violation Processing Meter collection	97,216	78,884	28,465	95,000	95,000	\$ -	0.00%
27293200	534010	Postage	Postage	662	705	422	1,000	1,000	\$ -	0.00%
27293200	534020	Telephone	Cellular phones parking attendants (3) parking clerk	1,046		-			\$ -	0.00%
27293200	534030	Advertising - General	Advertising - General	-	-	86	500	500	\$ -	0.00%
27293200	534040	Printing and Mailing	Printing and Mailing	-	-	-	-	-	\$ -	0.00%
27293200	536100	DPW-PW Services	Fringe per DPW Transfers	17,490	15,757	22,687	20,000	20,000	\$ -	0.00%
27293200	538090	Other Services	Traffic signal maintenance	47,243	29,884	45,668	50,000	55,000	\$ 5,000	10.00%
27293200	542010	Office Supplies	Office Supplies	522	412	355	800	800	\$ -	0.00%
27293200	542110	Uniforms	Uniforms	2,007	1,107	124	4,000	4,000	\$ -	0.00%
27293200	543040	Equipment Supplies	Meter maintenance supplies	2,990	3,672	10,484	5,000	5,000	\$ -	0.00%
27293200	543050	Paint Supplies	Line Painting contract	45,015	48,617	13,840	60,000	60,000	\$ -	0.00%
27293200	543090	Other M &R	CALE meter maintenance agreement CALE meter supplies	12,620	11,474	-			\$ -	0.00%
27293200	552030	Signs Supplies	Regulatory Signs	22,546	21,847	50,284	32,000	32,000	\$ -	0.00%
27293200	571010	Travel-Mileage	Travel-Mileage	1,804	1,767	2,179	3,000	3,000	\$ -	0.00%
			Landscaping Improvements Fencing Improvements Pothole Repair							
27293200	571540	Parking Lot Imp	12,768	12,654	2,454	20,000	20,000	\$ -	0.00%	
27293200	571550	Traffic Calming	Various traffic calming projects	46,131	9,608	7,919	60,000	60,000	\$ -	0.00%
27293200	575210	Health Insurance	Benefits	13,486	15,000	40,000	40,000	40,000	\$ -	0.00%
27293200	578020	Credit card	Credit card fees (max 2.88%) coin count verification from meters	19,936	17,998	30,000	30,000	30,000	\$ -	0.00%
Expense Total				464,175	356,882	354,954	600,300	605,300	\$ 5,000	0.83%
P/S and Expenses Total				\$711,114	\$595,957	\$ 612,184	\$ 894,685	\$ 905,291	\$ 10,606	1.19%
Capital Request				\$150,000	\$100,000	\$ 350,000	\$ -	\$ -	\$ -	0%
Grand Total				\$861,114	\$695,957	\$ 962,184	\$ 894,685	\$ 905,291	\$ 10,606	1.19%