



Town of Winchester

Beth Rudolph, PE
Acting Town Manager

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April 25, 2022

Dear Madame Moderator and Town Meeting Members,

I am pleased to submit this update to Town Meeting. I have had a busy and productive first six months in the position of Acting Town Manager, as the Town has moved forward with our many initiatives regarding affordable housing, sustainability, COVID-19 response, capital projects, support for our Town Center businesses, as well as development of the Town Manager's FY23 financial plan and budget model for FY24 through FY26.

Our community faces a number of important decisions as we head into Spring Town Meeting, and I look forward to working together to engage in a respectful public process as members debate the matters before us.

COVID-19 Response

Since March 2021, the Winchester Health Department has administered over 3200 COVID vaccine doses and booster shots, and held 49 testing clinics at Town Hall, including free testing for the month of February. They have also performed contact tracing in our schools and broader community to limit the spread of COVID. Earlier this year, with the rise of the Omicron variant, the Town purchase 7500 at-home test kits, which were distributed to residents, schools, and at-risk populations. While we hope that the next year will bring continued relief from the pandemic, the Town stands ready to meet the public health needs of our community either way.

Communications & Website Update

Improving communication to residents continues to be a high priority for the Town Manager's office. Our future efforts will be informed by the results of the Communications Study Committee, that was formed at the Fall 2021 Town Meeting and has been meeting regularly this winter.

Currently, the cornerstone of the Town's communication plan is our website, which was updated earlier this year. One of the key changes to the website was the implementation of a combined government and community calendar where all events are posted in once place, making it easier to see what is happening in Town and to identify potential conflicts when scheduling events. Additionally, residents may sign-up on the website to be notified via email about a variety of topics, including government meetings, news alerts, community events, volunteer opportunities, and the weekly Town Manager's newsletter.

Sustainability Initiatives

In 2019, the Select Board committed Winchester to reducing greenhouse gas emissions by 80% by 2050, and the Town adopted a Climate Action Plan in 2020 which outlined a roadmap to meet this goal. Over the past year, the Town has embarked on several important sustainability initiatives, including the following:



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- Participation in MAPC's Accelerating Climate Resilience Program;
- Receipt of a \$102,000 grant from MassDEP to install four DC Fast electric vehicle charging stations in Town; and
- Implementation of sustainability measures for municipal and private development projects, including EFPBC's Lynch School Sustainability Sub-Committee, Town Hall HVAC project, and a recent commitment from the developer of 10 Converse Place to construct an all-electric building.

Capital Initiatives and Construction Updates

It will be a busy construction season again this summer as a result of municipal projects, and construction by Eversource, National Grid, the MWRA, and the MBTA. Below is a summary of some of the key projects:

- The Muraco boiler replacement is complete, and the roof will be replaced this summer. Unfortunately, electrical repairs have been delayed to summer 2023 due to supply chain issues.
- Construction was completed this month on Flood Mitigation Project 8 – Swanton Street bridge improvement to increase the hydraulic capacity at the bridge. Design is underway on the Muraco School culvert project.
- Construction is expected to be completed this spring on traffic calming improvements at the intersection of Church Street and Waterfield Road, and at the intersection of Woodside Road and Wildwood Streets. DPW is also installing new sidewalks and curbing on a stretch of Woodside Road.
- MassDOT is currently completing improvements under the Safe Routes to School (SRTS) program around the Vinson-Owen School, including installation of a new traffic signal at Johnson Road and Ridge Street.
- Development of the Town-wide Transportation Plan is underway, with the goal of identifying and prioritizing projects that will improve bike and pedestrian safety. The Town has scheduled a listening session for Thursday, May 19th at 7pm via zoom to get input from residents on their transportation priorities. We have also developed an on-line survey and webtool that residents can use to identify problem areas.
- Construction has started on the North Reservoir Dam reconstruction project, which is expected to last through the end of the year. Design is underway for improvements to the South Reservoir Dam to bring the structure into compliance with dam safety requirements.
- The contractor will be starting construction shortly on the Transfer Station improvements. Work is expected to last through the end of 2022.
- The MBTA has started construction on the Winchester Center Station renovation project; worked is expected the last through summer 2024.



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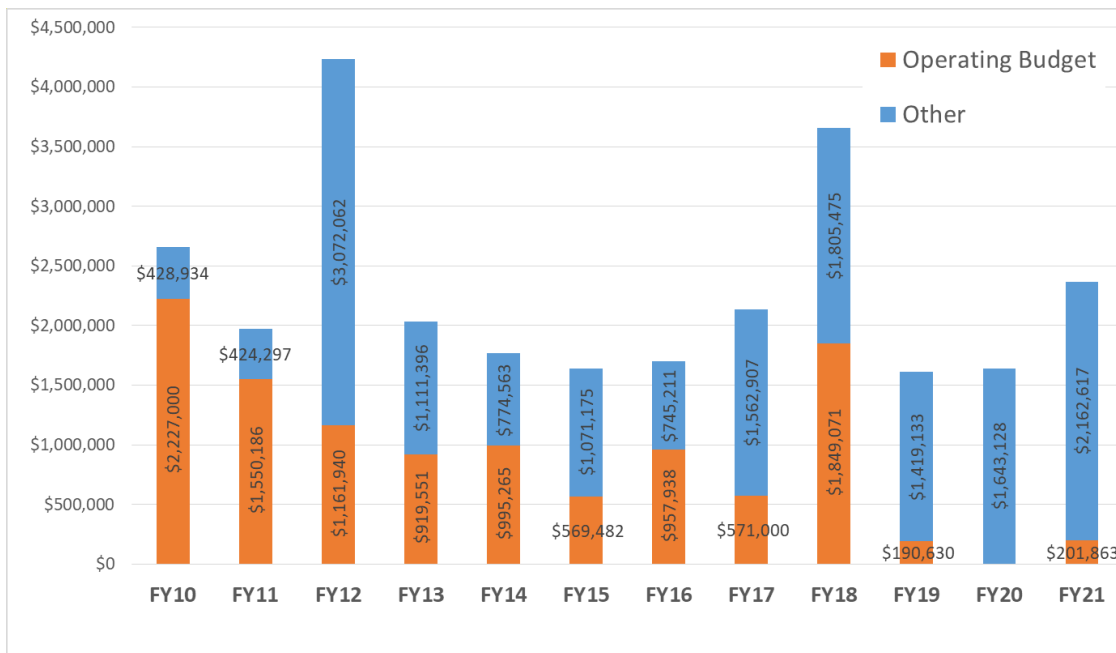
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- Eversource is continuing construction on 115kV and 345kV transmission line project. The primary focus will be on the 345kV project, which impacts Washington and Cross Streets. Eversource has stated that they will likely need to close Cross Street for several months this year to complete the project.
- The MWRA will be starting construction on Forest Street to replace an existing 48-inch water main. The MWRA expects the work to be completed in three phases. Work on Phase I of the project is expected to last from May to November 2022. Phase II will begin in April 2023 and will include work in the easement between Forest Street and the Woburn line. Phase III is expected to start in April 2024, and will include work on Eugene Drive.

Free Cash Summary

The Town currently has a certified Free Cash balance of just over \$13,318,331. Fall 2021 Town Meeting appropriated \$1,723,340 in Free Cash, including a one-time allocation of \$1 million for the Transfer Station project. This spring, approximately \$1,135,842 is being requested for use on a variety of projects, and to supplement the FY22 budgets for several departments. If all the articles pass, the remaining total unappropriated Free Cash balance will be just over \$10,459,147. This number does not include the use of Free Cash that may be needed to balance the FY23 budget, which FinCom expects to be around \$600,000.

The figure below provides a summary of the historical Free Cash usage for the operating budget and other uses since FY10. The “other” category includes supplemental budget adjustments (*i.e.* snow and ice), capital, recreation, and other one-time uses. Note that the Free Cash usage for the operating budget for each fiscal year represents the amount needed to balance the budget in the subsequent fiscal year. So for example, in FY10, just over \$2.2 million was used to balance the FY11 budget.





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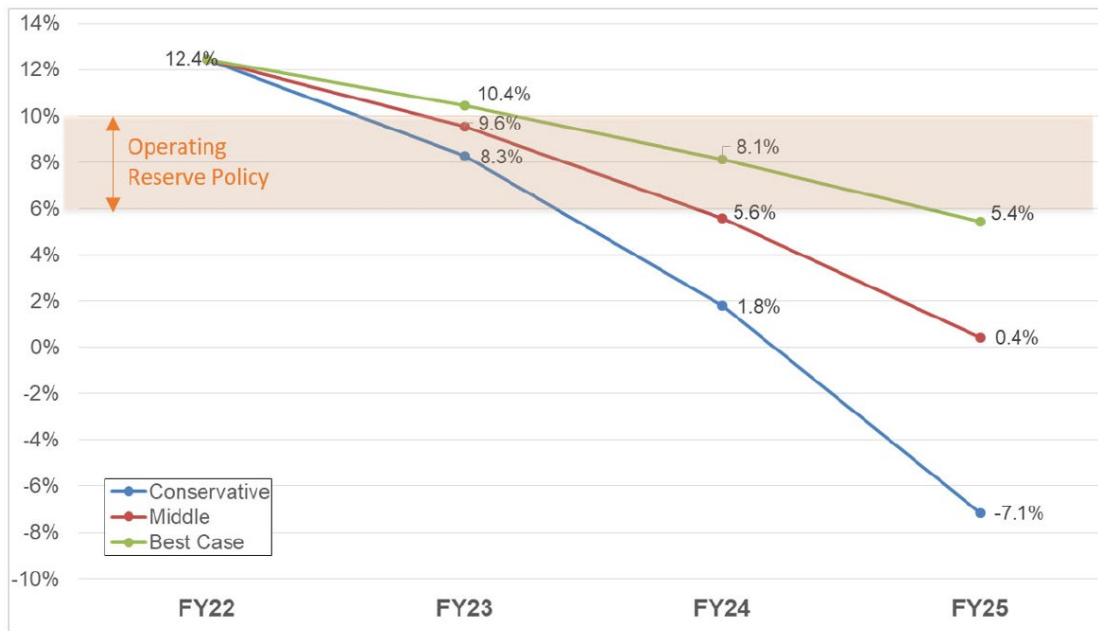
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Very little Free Cash was committed to the subsequent year operating budget in FY19, FY20, and FY21 (for FY20, 21 and 22, respectively) due to the operating override. On average since FY10 (excluding the three override years), the Town has used approximately \$1.2 million in Free Cash annually to balance the budget.

Financial Outlook

The development of long-range financial projections is key to understanding future trends in revenues, expenses, and operating reserves. As part of the FY23 budget development process, senior management developed a model for FY24 through FY26 and completed a sensitivity analysis to evaluate three scenarios representing various revenue growth and expense projections. A figure showing the projected operating reserves under the various scenarios is shown below.



While the FY23 budget can be balanced with the modest use of Free Cash, the long-term projections show that the structural deficit between revenue and expenses will grow in FY24 – FY26 resulting in an unsustainable pattern of Free Cash usage and reduction of the projected operating reserves below our 6% minimum threshold during this three year planning horizon, likely resulting in the need for an operating override during this period.

Falling below the 6% threshold would put the Town's AAA bond rating at risk. In our discussions last fall, Moody's specifically identified the following factors that could lead to a downgrading of the rating – trend of operating deficits leading to a decline in reserves, increase in the Town's debt burden, and an inability to maintain funding towards long-term liabilities. Based on this feedback, the Town should consider adopting a stronger operating reserve policy in the future, such as 8 to 12%, as part of any future operating override discussions.



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This budget process has highlighted the need for the Town to come to consensus on a long-term financial plan, and vision for Town's services and capital needs. Much work lies ahead to balance the desire for investment in our community with the availability of resources.

Sincerely,

Beth Rudolph, PE
Acting Town Manager