



Town of Winchester

Beth Rudolph, PE
Acting Town Manager

Town Manager
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November 1, 2022

Dear Madame Moderator and Town Meeting Members,

I am pleased to submit this update to Town Meeting, completing my first year as Acting Town Manager. Since we met this spring, the Town has closed out FY22 and moved forward with a number of important initiatives regarding affordable housing and capital projects. The Town continues to be supported by a dedicated and capable professional staff, and I am grateful for their efforts over the past year to manage the work of Town government and support these initiatives.

Our community faces a number of important decisions and challenges as we head into Town Meeting and the FY24 budget season. I look forward to working together to engage in a respectful public process as Town Meeting debates the matters before us.

Personnel

Two of the Town's long-time Department Heads will be retiring in the coming months. First, Department of Public Works (DPW) Director Jay Gill will be retiring in January 2023, after 40 years of service to the Town. Mr. Gill began working with the DPW in 1982 and has held many positions in the department over the years, including serving as Director for the past 12 years. During his career Mr. Gill has plowed or managed snow operations for over 2600 inches of snowfall, missing only two major storm events in his tenure. Second, Fire Chief Rick Tustin will be retiring in April 2023 after 37 years of service to the Town. Like Mr. Gill, Mr. Tustin has served in many roles at the Fire Department over the years, including holding the position of Fire Captain and Fire Prevention Officer for 18 years prior to becoming Chief. Please join me in congratulating Mr. Gill and Mr. Tustin on their retirements. Our community is better for their leadership and service. They will be greatly missed.

Please also join me in welcoming our new Library Director Nicole Langley. Ms. Langley was appointed in July 2022 by the Library Board of Trustees to lead the department after the retirement of the previous director, Ann Wirtanen.

FY22 Close and Financial Outlook

The Town of Winchester successfully navigated the FY22 budget cycle, which closed on June 30th. In general, property tax revenues met expectations and motor vehicle excise revenue rebounded closer to pre-COVID levels, after several years of lower income. The Town received \$2.2 million in building permit revenue, of which close to \$1.2 million was collected from the 40B projects on Cambridge and River Streets. Departmental turnbacks in FY22 totaled \$2,168,100, primarily as a result of vacancies and turnover in the Police, Fire, and Library departments. Additionally, the health insurance budget turned back approximately \$275,000 in FY22, and the Select Board has placed an article on the Fall Town Meeting warrant to move this amount to the Healthcare Stabilization Fund created in the spring.



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Earlier this fall, The Massachusetts Department of Revenue's Division of Local Services (DLS) certified the amount of the Town's available funds, or "Free Cash", as of July 1, 2022 as follows:

- General Fund – \$16,740,751
- Water and Sewer Enterprise Fund – \$1,555,662
- Recreation Enterprise Fund – \$511,750

This represents an increase over the amount certified for the prior fiscal year for the General Fund and Recreation Enterprise Fund, but a reduction of approximately \$328,000 from the amount certified as of July 1, 2021 for the Water and Sewer Enterprise Fund, though still in a healthy range. Town Meeting is being asked to appropriate \$469,000 from Free Cash this fall.

In 2010, the Select Board adopted an Operating Reserves (defined as the sum of the Undesignated General Fund Balance and the General Stabilization Fund) policy to maintain reserves between six and 10%. Based on the certified free cash balance at the close of FY22, the current operating reserve is 16.2%, up from 14.4% at the close of FY21.

Despite the healthy balance of Free Cash certified for FY22, significant financial challenges and structural deficits face the community in the coming years as we balance maintaining existing service levels and the desire to add new initiatives, with our available financial resources. In FY23, approximately \$690,000 of Free Cash was used to balance to budget. This deficit is expected to grow in FY24 and beyond to unsustainable levels, which would drop the Town below our 6% minimum operating reserve policy and would put our AAA bond rating in jeopardy, which is important for future borrowing needs. This growing deficit will lead to the need for a future operating override. Senior management will be updating our 3-year budget model as part of the FY24 budget process to further evaluate our extended financial outlook.

Existing Capital Initiatives and Construction Updates

- In spring 2021, Winchester voters approved a \$12,760,000 debt exclusion override to support funding for construction of the last flood mitigation project (Project 10) and for the design and construction of immediate repairs to the Muraco School Elementary School. Design is currently underway on the flood mitigation project, with construction expected in 2023. The new boilers were installed at the Muraco School last year and the roof replacement is currently on-going. Electrical repairs are expected to be completed in summer 2023 due to supply chain issues.
- Construction was completed this summer on the traffic calming improvements at the intersection of Church Street and Waterfield Road. Construction is also complete on the Safe Routes to School (SRTS) project at the Vinson-Owen School, which included installation of a new traffic signal at Johnson Road and Ridge Street.
- The Town received a Shared Streets grant to complete the traffic calming improvements at the intersection of Wildwood Street and Woodside Road, which unfortunately pushed the project into spring 2023 for construction. DPW completed construction of a new sidewalk and curbing on Woodside Road this summer near Winter Pond.



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- Construction started earlier this year on both the Transfer Station renovation and the North Reservoir Dam repair project. The dam project is expected to be substantially complete by the end of 2022, and the Transfer Station project is expected wrap up in spring 2023.
- The MBTA started work on renovations to the Winchester Center Commuter Rail Station this past spring. Construction is expected to end in summer 2024.
- Eversource is continuing work on construction of the 115kV transmission line project, which runs between Everett and Woburn. They expect to have all major construction finished by the end of this year, and will be paving the impacted streets curb-to-curb this fall and next spring.
- Construction is on-going on the 345kV transmission project (Woburn to Wakefield), which will result in continued impacts to Washington and Cross Streets. Work is expected to continue into summer 2023, and is likely to require the closure of Cross Street to complete construction around the Aberjona River and railroad crossing.

The Town Manager's hearing on the warrant articles is scheduled for **Thursday, November 3rd at 6:30pm** via remote participation. The zoom link is provided below:

You are invited to a Zoom webinar.

When: November 3, 2022 06:30 PM Eastern Time (US)

Topic: Town Manager's Public Hearing

Webinar ID: 810 8258 2440

Register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_vZldeSIIRcingDWSYEXk8w

After registering, you will receive a confirmation email containing information about joining the webinar.

We appreciate the support and engagement of Town Meeting members as we move forward into Fall 2022 Town Meeting.

Sincerely,

Beth Rudolph, PE
Acting Town Manager