



Town of Wayland Massachusetts

Finance Committee

Jonathan Barnett
Steve Correia
Michael Hoyle
Kelly Lappin (Vice Chair)
April Methot
Brian O'Herlihy
Pamela Roman (Chair)

FINANCE COMMITTEE

April 24, 2024

In-Person and Remote

Town Building – Council on Aging Room

41 Cochituate Road, Wayland, MA

7:00 P.M. Minutes

Attendance: J. Barnett (via Zoom), K. Lappin, A. Methot (via Zoom – arrived at 7:08 PM and left at 8:20 PM), B. O'Herlihy and P. Roman. Absent: S. Correia and M. Hoyle.

Call to Order: The meeting was called to order by Chair P. Roman at 7:01 PM. She noted that she, K. Lappin and B. O'Herlihy were all participating in person and J. Barnett was participating via Zoom¹ and then read the following:

One may watch or may participate remotely with the meeting link that can be found at <https://www.wayland.ma.us/public-body-meeting-information-virtual-in-person-and-hybrid>. Pursuant to Chapter 2 of the Acts of 2023, this meeting will be conducted in person and via remote means, in accordance with applicable law. This meeting may be recorded and will be made available to the public on WayCAM as soon after the meeting as is practicable. When required by law or allowed by the Chair, persons wishing

¹ At approximately 7:08 PM, K. Lappin noted that A. Methot had joined the meeting via Zoom.

to provide public comment or otherwise participate in the meeting, may do so by in person attendance, or by accessing the meeting remotely, as noted above. We request public comment be limited to two minutes per person.

P. Roman reviewed the agenda for the public.

Materials Discussed/Distributed: Meeting Agenda for the 4/24/2024 meeting; draft Minutes for meeting held on 4/17/2024; email dated 4/24/2024 from Tom Holder, Department of Public Works (DPW) Director, together with memorandum dated 4/22/2024 from Abigail Charest, Town Engineer, to Michael McCall regarding issue at Town Center wastewater facility requiring an additional capital request at the 2024 Annual Town Meeting (ATM); Sudbury Schools FY25 Budget Book; email dated 4/24/2024 from K. Lappin, together with Excel spreadsheet containing inflation graph and comparative town data; and P. Roman's draft PowerPoint presentation by Finance Committee (FinCom) to Select Board (SB) (v1 dated 4/24/2024).

Public Comment and Members' Response:

None.

Announcements:

P. Roman noted that she and A. Methot met with the Schools Finance Subcommittee and Susan Botton, Schools Director of Finance & Operations, earlier in the day to discuss FY2026 budget matters, including the type of information the FinCom would like to receive in connection with its review of the Schools FY2026 budget.

Vote to approve Minutes of 4/17/24:

Members reviewed the draft Minutes of 4/17/24. K. Lappin proposed an edit. K. Lappin moved to approve the Minutes of 4/17/24, as revised. J. Barnett seconded. Motion passed by roll call vote of 5-0-0: J. Barnett (yes), K. Lappin (yes), A. Methot (yes), B. O'Herlihy (yes) and P. Roman (yes).

Discussion on Proposed Finance Committee Presentation to Select Board / Town. Discussion may include but is not limited to (i) Review of FY25 Omnibus Budget, Operating, Capital, 5-Year Capital; (ii) Budget Outlook – Prop 2 ½, Override expectations; (iii) Override history in Wayland; (iv) Wayland comparison to Peer Towns on various metrics; (v) Peer/Other MA Town Approaches to Override; and FinCom Recommendations:

P. Roman noted that she had decided to only present the SB with information on the FY25 Omnibus Budget, Operating, Capital and 5-Year Capital Plan at its meeting on 4/29/2024 and defer a discussion of Proposition 2 ½ (Prop 2 ½) planning for FY2026 and/or FY2027 until after the 2024 ATM.

Members reviewed P. Roman’s draft PowerPoint presentation by the FinCom to SB (v1 dated 4/24/2024)² and provided suggested additions, deletions, and edits. Focus was on Slides 1 to 13 with a review of the remaining six slides deferred until the next meeting. The Members agreed, however, that Slide 16 (Prop 2 ½ Levy Capacity) should be included in the budget presentation to the SB as context for the recommendation regarding Prop 2 ½ planning.

P. Roman will revise the presentation and have A. Methot review prior to providing a copy to the Town Manager’s office for inclusion in the SB’s meeting packet for the 4/29/2024 meeting. She and K. Lappin will lead the discussion with the SB at their upcoming meeting.

Topics Not Reasonably Anticipated by the Co-Chairs 48 Hours Prior to Posting, if any, and Setting Next Meeting:

None.

The Members agreed to meet on 4/29/2024 at 7:00 PM, with the primary focus being the FinCom FY25 budget presentation to the SB. Continued discussion on Proposition 2 ½ presentation slides will also be included on the agenda.

B. O’Herlihy noted that an agenda should be posted for 5/13/2024, the first night of the 2024 ATM, so the Members can discuss and potentially vote on (i) the

² See Exhibit A for a copy of Slides 1 to 13 and 16 of the draft presentation.

amended FY25 Capital Budget to accommodate the DPW's request for additional capital funding for the Town Center wastewater facility, and (ii) the FinCom positions, if any, on Articles 27 and 28 in the 2024 ATM warrant.

Adjournment:

K. Lappin moved to adjourn the meeting. J. Barnett seconded. Motion passed by roll call vote of 4-0-0: J. Barnett (yes), K. Lappin (yes), B. O'Herlihy (yes) and P. Roman (yes). Meeting adjourned at 8:34 PM.

Respectfully Submitted,

Brian O'Herlihy
Minutes Taker



Town of Wayland
Massachusetts

Fiscal Year 2025 Omnibus Budget Proposed Operating and Capital Budgets

Finance Committee Presentation to Select Board
April 29, 2024



Town of Wayland
Massachusetts

Agenda

- Finance Committee Mission & Strategy
- FY25 Budget Environment & Budget Drivers
- Proposed FY25 Operating Budget
- Proposed FY25 Capital Budget and 5-Year Capital Plan
- Finance Committee Recommendations
- Questions



Mission and Strategy

- Mission: define a financial strategy for the Town to use as basis for recommending a fiscally responsible operating and capital budget to Annual Town Meeting
- Strategy: balance the demand for services, by a community with multiple needs and desires, with the ability of residents with a broad range of financial situations to afford those services



FY25 Budget Environment

Challenges Facing FY25 Budget and Beyond:

- Approaching Prop 2 ½ Overrides in FY26 or FY27 as Levy Cushion Depletes
- Inflationary Environment
- Collective Bargaining Agreements completed (FY24-FY26; most Town/Teachers' unions) at higher Cost of Living Adjustment levels than for prior contracts
- Adopting Tuition-Free Full Day Kindergarten - to be funded with ARPA Funds in FY25
- Need to Address Water Infrastructure – Significant Capital Investment, HS Wastewater in near-term; other infrastructure needs in medium/long-term



Town of Wayland Massachusetts

FinCom Operating Budget: Budget Drivers

- Town and Schools
 - Settlement of 7 collective bargaining agreements (\$1,722 COLA for FY24)
 - Transition to Tuition-Free FDK (\$537K, to be funded with ARPA funds in FY25)
 - Schools Non-Payroll expenses (+\$431K); primarily due to Transportation
 - Addition of 3.8 FTEs for Town (\$231K)
 - Rising Benefit costs - Healthcare (\$975K) and Retirement (\$378K)
 - Energy costs (\$111K)



Town of Wayland Massachusetts

FY25 Operating Budget (Guideline of "Level Services")

		FY 23	FY 24	FY 25	FY 25 vs FY 24		FY25 vs
(in \$000)		Actual	Approved**	Proposed	\$	%	24 Alloc'd
Town	Payroll	\$14,966	\$16,170	\$17,555	\$1,385	8.57%	6.12%
	Spending	\$5,558	\$5,353	\$5,544	\$191	3.57%	3.57%
	Total	\$20,524	\$21,523	\$23,099	\$1,576	7.32%	5.50%
Schools	Payroll	\$39,917	\$42,329	\$44,537	\$2,208	5.22%	4.82%
	Spending	\$7,247	\$7,663	\$8,094	\$431	5.62%	5.62%
	Total	\$47,164	\$49,992	\$52,631	\$2,639	5.28%	4.94%
Unclassified	Vocational Education	\$242	\$85	\$85	\$0	0.00%	
	Debt Service	\$6,006	\$8,351	\$7,603	-\$748	-8.96%	
	Retirement	\$5,728	\$5,907	\$6,285	\$378	6.40%	
	Health Insurance	\$8,487	\$9,202	\$10,177	\$975	10.60%	
	General Insurance	\$969	\$1,086	\$1,101	\$15	1.38%	
	Reserve for Salary Adj.	\$0	\$662	\$286	-\$376	-56.80%	
	Stormwater	\$115	\$125	\$125	\$0	0.00%	
	Reserve Fund	\$0	\$250	\$250	\$0	0.00%	
	Other	\$916	\$946	\$975	\$29	3.07%	
	Energy*	\$0	\$1,596	\$1,707	\$111	6.95%	
	Total	\$22,463	\$28,210	\$28,594	\$384	1.36%	3.31%
Total		\$90,151	\$99,726	\$104,324	\$4,598	4.61%	4.61%

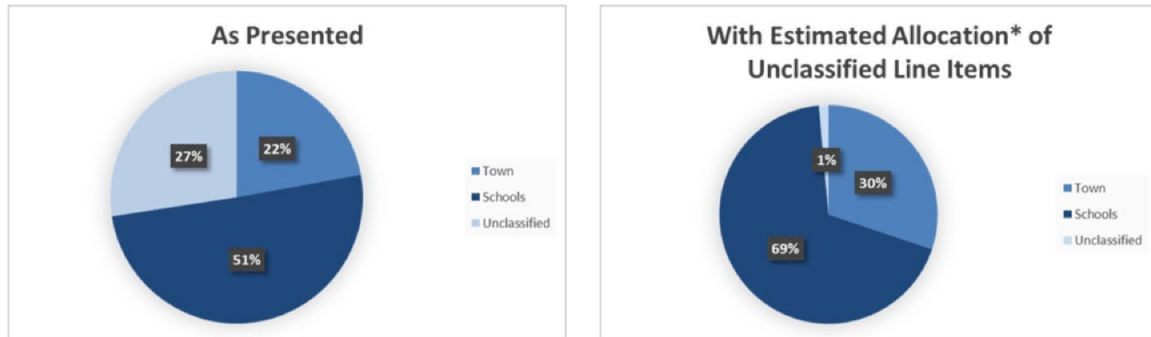
* In FY23, Energy/utilities expenses were allocated to the Town and Schools lines with a combined \$1.597M total.

**FY24 Approved budget has been restated to reflect the allocation of \$1.189M to Schools from Salary Reserve following the Special Town Meeting vote in December 2023 approving the transfer of funds for WTA and WESA settlements.



Town of Wayland Massachusetts

FY25 Operating Budget: Composition



* Debt service, Retirement and Health Insurance and Medicare allocated 30%/70% to Town/Schools, respectively. Unclassified includes General Insurance, Reserve Fund and Stormwater.



Town of Wayland Massachusetts

FY25 Operating Budget: Sources and Uses of Funds

(\$ in 000's)	FY 23 Actual	FY 24 Approved	FY 25 Proposed	FY25 / FY24 \$ Difference	% Change	
Uses						
Operating Budget	\$90,151	\$99,726	\$104,324	\$4,598	4.61%	
Cash Capital	\$625	\$0	\$0	\$0	0.00%	
OPEB Contribution	\$500	\$500	\$500	\$0	0.00%	
Other St. Assessments, Overlay, Offsets	\$364	\$356	\$400	\$44	12.31%	
Articles	<u>\$126</u>	<u>\$225</u>	<u>\$0</u>	<u>-\$225</u>	-100.00%	Funded with Free Cash
	\$91,767	\$100,807	\$105,224	\$4,417	4.38%	
Sources						
Taxation	\$79,244	\$84,941	\$89,781	\$4,840	5.70%	
State Aid	\$7,328	\$8,556	\$8,672	\$116	1.36%	Small Increase YoY
Local Receipts	\$5,373	\$5,300	\$5,300	\$0	0.00%	
Ambulance Receipts	\$374	\$409	\$413	\$4	1.00%	
Transfer from Other Funds	<u>\$1,047</u>	<u>\$1,601</u>	<u>\$1,058</u>	<u>-\$543</u>	-33.94%	Lower than FY24
	\$93,366	\$100,807	\$105,224	\$4,417	4.38%	
Estimated Tax Rate	\$16.65	\$15.52	\$16.40			



Town of Wayland Massachusetts

FY25 Capital Budget-By Department

<u>Department</u>	
DPW	\$ 1,411,250
Facilities	360,000
Fire	279,000
Information Technology	210,000
Joint Communication Center	350,000
Police	74,897
Schools	1,133,300
Water Enterprise Fund	3,830,000
Total	\$ 7,648,447
<u>Funding Sources</u>	
Borrowing	\$ 1,354,577
Free Cash	2,109,661
Ambulance Fund	279,000
Surplus Capital	75,209
Water Enterprise Fund Borrowing	3,830,000
Total	\$ 7,648,447



Town of Wayland Massachusetts

FY25 Capital Budget

Recommended Capital	FY25	Guideline
Cash Capital (CC) <i>Taxation in Current Year</i>	\$0	\$600-800K
Free Cash (FC) <i>No Impact on Tax Levy</i>	\$2,109,661	\$1.5-2.0M
Surplus Capital <i>No Impact on Tax Levy</i>	\$75209	No GL
Non-exempt Debt (LD) <i>Taxation - payments spread over up to 20 years</i>	\$1,354,577	\$3.0-5.0M
Exempt Debt (ED) <i>Taxation-payments spread over up to 20 years not subj. to Prop 2 ½</i>	\$0	No GL
Ambulance Receipts (AMB) <i>No Impact on Tax Levy</i>	\$279,000	\$200-300K
Water Debt <i>No Impact on Tax Levy – Impact on customers</i>	\$3,830,000	
Total	\$7,648,447	



Town of Wayland Massachusetts

FY25 Capital Projects

DPW	Compactor Replacement	\$ 75,000
DPW	Light Trucks-P60 Utility	130,000
DPW	Sidewalk Improvements	250,000
DPW	Heavy Equipment Replacement - H8 Trackless 2005	200,000
DPW	Town Wide Road Reconstruction	756,250
Facilities	Library RFID Tagging	100,000
Facilities	DPW Wash Bay Rehabilitation	175,000
Facilities	DPW Fleet Maintenance Flooring	85,000
Fire	Equipment - Detection Meters	30,000
Fire	Ambulance Stretcher & Stairchair	99,000
Fire	SCBA Air Packs	75,000
Fire	Fire Vehicle - Vehicle 3	75,000
IT	Video Monitoring and Management System	210,000
JC C	Building Security and Video Equipment	50,000
JC C	Equipment for a Secondary PSAP	300,000
Police	Department Issued Firearms	43,317
Police	Speed & Message Board	31,580
School	DW Fire Alarm Control Panel/Smoke Detection	170,000
School	DW Boilers and Boiler System	169,000
School	DW Student Information System	112,000
School	Mini Bus	50,000
School	WMS Rooftop Air Handling Units and Exhaust Fans -	164,800
School	Elementary Installation of HVAC Air Conditioning	317,500
School	DW Roof Replacement	150,000
Water Fund	Second Water Tank Construction	2,500,000
Water Fund	Vehicle W-2	130,000
Water Fund	Water Main Construction	1,200,000
		<u>\$7,648,447</u>



Town of Wayland Massachusetts

5-Year Capital Plan

Department	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Conservation	\$ 1,400,000				\$	1,400,000
DPW	1,411,250	6,989,369	1,986,250	3,198,787	1,607,226	15,192,882
Facilities	360,000	2,870,000	1,060,000	3,140,000	625,000	8,055,000
Fire	279,000	1,040,000	605,000	205,000	395,000	2,524,000
Information Technology	210,000	280,000	225,000		340,000	1,055,000
Joint Communications Center	350,000	225,000	275,000	175,000		1,025,000
Police	74,897	160,000	135,000	110,000	100,000	579,897
Schools	1,133,300	1,798,900	2,217,392	2,792,671	2,696,500	10,638,763
Water Enterprise Fund	3,830,000	400,000	1,130,000	500,000	1,100,000	6,960,000
Total	\$ 7,648,447	\$ 15,163,269	\$ 7,633,642	\$ 10,121,458	\$ 6,863,726	\$ 47,430,542

Project Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Building Repair	\$ 886,300	\$ 4,635,900	\$ 2,402,000	\$ 5,586,671	\$ 1,251,500	\$ 14,762,371
Equipment	1,558,897	7,188,000	1,400,000	715,000	835,000	11,696,897
Infrastructure	4,706,250	2,229,369	2,682,642	2,273,787	2,707,226	14,599,274
Land Improvement	-	-	444,000	1,546,000	2,000,000	3,990,000
Vehicles	385,000	1,110,000	705,000	-	70,000	2,270,000
Other	112,000	-	-	-	-	112,000
Total	\$ 7,648,447	\$ 15,163,269	\$ 7,633,642	\$ 10,121,458	\$ 6,863,726	\$ 47,430,542

Does not include plan for Water infrastructure expense as plan is TBD.

Does not include Recreation (fields) or De-Carbonization projects (\$11.6M identified).



Town of Wayland Massachusetts

Prop 2 ½ Levy Capacity

(\$ is 000s)	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025 E</u>	<u>FY 2026 E</u>
Operating Budget	\$ 86,149	\$ 88,722	\$ 92,679	\$ 99,726	\$ 104,324	\$ 107,976
		2.99%	4.46%	7.60%	4.61%	3.50%
Tax Levy	\$ 74,070	\$ 77,151	\$ 80,213	\$ 84,942	\$ 89,781	\$ 93,433
		4.16%	3.97%	5.90%	5.70%	4.07%
<u>Levy Limit</u>						
Prior Year Levy Limit	\$ 73,387	\$ 75,549	\$ 77,742	\$ 80,567	\$ 84,083	\$ 86,485
2.5% Growth Allowance	1,835	1,889	1,944	2,014	2,102	2,162
New Growth	327	305	881	1,501	300	300
Levy Limit	75,549	77,742	80,567	84,083	86,485	88,947
Debt Exclusion	4,080	3,650	3,764	5,263	4,797	4,646
Maximum Levy Limit	79,628	81,392	84,331	89,346	91,282	93,593
Excess Levy Capacity	\$ 5,558	\$ 4,241	\$ 4,118	\$ 4,403	\$ 1,500	\$ 160

Source: FY21-FY24, Mass DOR Division of Labor Services; FY25 & FY26 Estimated, Town estimates



Town of Wayland Massachusetts

Recommendations

- Prepare for FY26 or FY27 Operating Override
- 3-5 Year Operating budget projections
- Review Town Operations/Processes (ad hoc committee/working group) for efficiencies
- Engage in Strategic, Long-term Capital Planning that Informs 5-year Capital Plan
- Manage Capital Projects to ensure timely completion
- Encourage Most Efficient Investment of Town Assets, including Debt Proceeds (Cash)
- Consider Inter-Municipal with other Towns - Utilities/Other Purchases
- Consider Medicare Buy-In for Retirees
- Formulate Strategic Long-Term Plan for OPEB Spending
- Evaluate Hiring Practices to Mitigate Financial implications (Settlements)
- Study Transfer Station Viability