



# Town of Wayland Massachusetts

**Finance Committee**

Carol Martin (Chair)  
Steven Correia (Vice Chair)  
Adam Gutbezahl  
Kelly Lappin  
Pamela Roman  
George Uveges  
Dave Watkins

**FINANCE COMMITTEE**  
**February 13, 2020**  
**Wayland Town Building**  
**Council on Aging Meeting Room**  
**7:00 P.M. Minutes**

**Attendance:** C. Martin, S. Correia, P. Roman, K. Lappin, A. Gutbezahl, and D. Watkins  
(9:10pm, remotely)

**Absent:** G. Uveges

**Also, in Attendance:** Finance Director, B. Keveny

**Call to Order:** The meeting was called to order by Chair C. Martin in the Council on Aging Meeting Room at 7:00p.m. when a quorum was present. C. Martin reviewed the agenda and announced the meeting was being taped by WayCam.

**Review Agenda for Public Announcements/Public Comment and Members' Response:** S. Correia will take minutes for tonight's meeting. At this time, we may have a minute-taker to review the tapes, but C. Martin has not heard from them officially yet.

**Finance Director's Report:** none

**Members' Reports, Concerns; Topics, Unanticipated 48 Hours Before Meeting:** S. Correia stated that they will now only be accepting articles titled "final," and requested they be sent only to him and C. Martin. He also reminded the Committee to make sure all petitioners review and ok the final versions of the articles before they go to print.

A. Gutbezahl expressed disappointment that the draft budget presentation includes a slide that has projects for FY22-25. His understanding was that the slide would be eliminated, since the projects have not yet been evaluated. C. Martin responded that her understanding from the previous meeting was that they would include qualifiers on the slide, and that she would explain during the presentation that it was only a rough draft. She stated that generally the Finance

Committee gives some forward-looking statements in budget presentations, and that part of the Committee's job is to educate residents on what challenges they are looking at, moving forward.

**FY2021 Draft Budget Presentation:** C. Martin welcomed everyone to the annual Draft Budget Presentation for FY21. A Summary of the presentation is as follows:

- **Finance Committee's Goals, Process, and Strategy**

The Finance Committee's goals include: Operating Budget increases that conform within the Prop 2 ½ guidelines, Debt Service that is less than 10% of the Operating Budget, Capital Spending Borrowing of \$3-5M a year, financial strategies and practices that help us maintain a Aaa bond rating, Operating and 5-Year Capital Budget forecasts, and having the total debt be less than 100% of our General Fund revenue.

- **Proposed FY21 Operating and Capital Budgets**

The town's current financial position is solid and stable.

- Moody's confirmed Aaa Rating, Stable Outlook in February 2020
- Transitioning 5-Year Capital Planning from Submission-based to Resource-based which will result in better forecasting
- Available Unused Levy Capacity
- Debt Metrics used by Finance Committee are within Guidelines
- Eliminated Funding Recurring Expenses with Free Cash
- Implementing Pay-as-you-Go Capital

- **FY21 Budget Process**

Guideline:

- Fund Committed Costs
- Identify and Prioritize Staff Increases and New Initiatives
- \$2.7m Year-Over Operating Budget Increase

Result:

- \$87.8m Budget Request: \$5.2m Year-Over Increase
- Adjustments: To Town, School, Debt & Health Ins. Budgets
- \$86.3m Draft Budget: \$3.7M Year-Over Increase; \$1m Over

- **Operating Budget Summary**

Includes the town, school, and unclassified. The proposed budget is \$86,306,068. It is a \$3,653,664 increase year over, which represents a 4.4% increase.

- **Drivers to Changes in FY21 Operating Budget**

Payroll is the biggest expense, which includes both town and school together. Another big expense is transportation- the school bus contract has come back at \$280K which is slightly higher than before. New initiatives for the town and school totaled \$771K. Debt service is only increasing \$61K due to the increase of the debt service of \$885k being offset by declining debt, refinanced debt, and very favorable borrowing rates.

- **Omnibus Budget- Expense Summary**

The total budget includes: The Operating Budget of \$86.3M, the Water Enterprise Budget of \$4m, the Wastewater Enterprise Budget of \$797K. It also includes additional unappropriated expenses: the overlay of \$250K, the state assessments of \$122K, and then Cherry Sheets for \$18K; as well as appropriations outside the budget: Cash Capital of \$600k, and OPEB expense of \$500K. This brings the total Omnibus Budget to \$92,602,145

- **Omnibus Budget- Revenue Summary**

How we will fund the budget- \$74.0M in taxation, \$6.0m state aid, \$5.0M in local receipts, \$1.8m in transfers from other funds, \$4m from the Water Enterprise, \$800.0K funded by Wastewater. Total: \$92.6K.

- **Residential Tax Effect**

We have to raise \$74M for FY21. The FY20 tax rate came out to 17.76%. Your tax bill that year, if your house was assessed at the average of \$800K, would be \$14,208- an increase of \$500 from FY19. For FY21, we don't know if the assessed values will increase going to increase, so we used the same numbers- \$800K for average residential property. We estimated that the tax rate will go to 18.15%, which would mean an increase of \$315 for FY21.

- **Budget Tax Levy Effects**

As our Operating Budget expenses increase, the amount of property tax to support that also increases. However, whenever the amount of the property tax raised is higher than the amount that's allowed under the prop 2 ½ formula, there is an accompanying reduction of the unused levy capacity. Our projected unused levy capacity for FY21 will be \$5M. That will be compared to the \$10M that we had in FY16. The inference is if we continue at this pace we are accelerating an operating override.

- **FY21 Proposed Capital Budget**

All the departments, committees, and boards submit their Capital Requests for the current year and next 4 years going out, so the Finance Committee can put together a 5-year plan. This year, the total requests came to \$18M. We then met with the School and Town Committees to collaboratively whittle down the requests. We worked together to decide which projects were achievable for this year, how they should be funded, and what those funding sources would be. The current proposed Capital Budget is \$3.861M. Summary of Funding Sources: total borrowing within the levy will be \$1.540M, cash capital \$600K, free cash \$1.551M ambulance fund \$95K, and water capital \$75K.

- **Debt Exclusion Review**

BoS received two debt exclusion ballot question requests in January from the School Committee. They asked the Finance Committee for a funding recommendation should the requests pass at Town Meeting.

Request: Loker School Roof - \$3.8M

- Replace roof and air handlers
- Maintenance of our assets
- Roof is leaking- FY21 Priority
- Design work completed

- Town Approved for MSBA Reimbursement
- Met 2.5M Debt Exclusion Threshold

Recommendation: Fund with exempt debt.

Status: The project scope has expanded to include the full roof. New total is \$4.3m. To be decided by voters at the polls and the 2020 ATM.

Request: HS Athletic Field Renovations - Part 3 - \$2.2M

- Replaces two fields at the HS
- Cost includes design and construction
- Under 2.5m debt exclusion threshold

Recommendation: Do not fund with exempt debt

Status: The Debt Exclusion Request was withdrawn, and the construction portion of the project deferred to FY22. The School Committee is submitting an article requesting \$200K for the design fund at the 2020 ATM.

- **Prior Debt Exclusion**

Request: Loker Turf Field - \$3.4M

Status: Voters passed the Debt Exclusion in March 2019, but the project failed to garner the needed 2/3rds vote at the 2019 ATM. The project is currently in the FY22 Capital Plan. The Recreation Commission is requesting FY21 consideration. If presented, the article will need 2/3rds vote at the 2020 ATM.

- **Outlook for FY 22 and Beyond**

5-Year Capital Planning

- Transitioning from Submission based to Resourced Based Plan
- Means Every CIP needs to be evaluated both for the funds and available manpower
- Priority given to maintenance of assets
- Study, design, build, operate, maintain strategy
- Formalized capital spend plan
- Increased debt exclusion threshold to 2.5m
- FY21- year one of transition
- Requests slotted in 5-year plan by finance team vs boards

- **FY21-FY25 Submitted Capital Projects**

Current submitted debt consideration by year: FY21- \$9-10M, FY22- \$9-11M, FY23- \$13-15M, FY24- \$3-5M, FY25- \$3-5M. FY21-25 Total Submitted: \$37-46M. These numbers reflect submissions only, the Committee has not reviewed or evaluated any requests yet. Will be relying on help from the Finance Team for input to decide if projects should stay in their present years. The goal is to even these numbers out and have a level capital spend plan. This year we started with \$18M in requests, last year we started with \$24M, so as a town we are getting better over time at whittling down the projects based on resources and funding. We will continue to fine tune this plan.

**Review, Discuss and Possibly Vote Warrant Articles:**

D. Watkins joined the meeting remotely at 9:10pm, as he was unable to attend in person. All votes taken after 9:10pm were made by roll-call.

- **Previous Fiscal Year's Unpaid Bills**

This is a standard article. There are two unpaid bills from FY19- \$7,814 for School Budget Utilities, and \$16,633.82 to Direct Energy, for a total of \$24,447.82. S. Correia moved that the Finance Committee approve the article to pay previous fiscal year unpaid bills. Seconded by K. Lappin. Motion passed 6-0-0.

- **OPEB Funding**

The article is broken into two parts. Part A is the contribution from each of the Enterprise and Revolving Funds. Part B is the \$500K coming from taxation to the OPEB Fund. C. Carlson stated that she has reached out to Claus Shigley, Audit Committee, and K. Lappin about working with BoS, after Town Meeting, to further clarify the article for the future and to ensure the best use of the trust fund. S. Correia moved that the Finance Committee recommends approval of OPEB Funding. Seconded by K. Lappin. Motion passed 6-0-0 by roll-call vote: S. Correia- yes, D. Watkins- yes, P. Roman- yes, K. Lappin- yes, A. Gutbezahl- yes, C. Martin- yes.

- **CPC - Accessibility Improvements for Two Town Playgrounds**

Gretchen Schuler, 126 Old Connecticut Path, Community Preservation Committee Chair, joined the discussion.

The article requests \$417,416 to make ADA improvements to the Claypit Hill and Happy Hollow School playgrounds. C. Martin asked G. Schuler if she had spoken with the resident interested in making a language change to the article. The Resident had requested the article specify which material would be used on the ground of the playgrounds. G. Schuler stated that she spoke with the resident and referred her to the Recreation Commission, who have not agreed to her proposed language change as they do not yet know which material they will be using. The Committee added her concern as an argument against- that opponents may argue that materials to be used should be specified in the article. Arguments in favor- providing access to playgrounds for all residents is required and should be a priority for the town. S. Correia moved that the Finance Committee approve the Article for Accessibility Improvements for Two Town Playgrounds totaling \$417,416. Seconded by K. Lappin. Motion passed 6-0-0 by roll-call vote: S. Correia- yes, D. Watkins- yes, P. Roman- yes, K. Lappin- yes, A. Gutbezahl- yes, C. Martin- yes.

- **CPA- Set Asides and Transfers**

The article has picked up an additional \$88K. It has been reallocated to the three remaining accounts and makes an incremental increase in the Uncommitted Fund from when it was last voted. The total set aside is now \$714,945, with \$110,738 going to open space, historic preservation, and community housing. \$10,000 still goes to administrative expenses, and \$372,731 still goes to Mainstone Farm. P. Roman moved to reopen and

approve CPA- Set Asides and Transfers in the amount of \$714,945. Seconded by S. Correia. Motion passed 6-0-0 by roll-call vote: S. Correia- yes, D. Watkins- yes, P. Roman- yes, K. Lappin- yes, A. Gutbezahl- yes, C. Martin- yes.

- **Capital Stabilization Fund**

Louise Miller, Town Administrator, and Cherry Carlson, Board of Selectmen Chair, joined the discussion.

The Capital Stabilization Fund can be used to defray the cost of engineering and design, renovation, reconstruction or construction of Town facilities, or the debt service for engineering and design, renovation, reconstruction or construction of Town facilities. C. Martin asked if an initial deposit to this fund had been considered. C. Carlson stated that there is no funding at this time, and suggested that there should be an explanation stating so in the article. L. Miller explained that the fund is a Capital Stabilization Fund, so it is to be used for a capital project, as opposed to a Debt Interest Stabilization Fund that is to be used to stabilize debt service. K. Lappin clarified that, though you cannot take money from the fund to level out existing debt service, it could be used to pay the debt service on a new project. The Committee requested a revised version of the article before voting on it.

- **Reallocate Previously Appropriated Funds for Community Center**

The article reallocates money that was set aside to design the build-out of the Municipal Pad, and gives more flexibility in allowing the funds to be used for any future projects or spaces that may come up. It will allow the Bos to decide where these funds will be used. Arguments against- opponents may argue that the money should go back into the General Fund, rather than allocating them specifically for this project. S. Correia clarified that the funds cannot be used on just any project. The funds were originally appropriated to start the design on a Council on Aging, and they will still use the funds on a Council on Aging, but at a different facility. The Committee expressed reticence to give the BoS a blank check to appropriate funds as they see fit. L. Miller stated that the BoS has received a proposal on the RFP, but that they now need funding to determine whether that site is feasible as a community center. K. Lappin expressed issue with the article amount being far more than feasibility costs alone. The discussion was tabled until the next meeting.

- **Allow Certain Contracts**

This is an article to allow the town to enter into contracts longer than three years, but not to exceed five years. Arguments in favor- it allows contracts to match the life of the asset, and increases efficiency. No arguments opposed. L. Miller clarified the article allows the town to have a pool of contractors on call for small projects for a longer period of time, to save the town having to request qualifications more often. She further explained that this does not change the overall cost to the town, it just allows the town to spread the cost of small projects over a longer period of time. The Committee added language specifying that, under state law, projects in excess of \$200K are procured separately, on a project-by-project basis. S. Correia moved the Finance Committee recommends approval of the Article to Allow Certain Contracts Up to 5 Years. Seconded by K. Lappin. Motion passed

6-0-0 by roll-call vote: S. Correia- yes, D. Watkins- yes, P. Roman- yes, K. Lappin- yes, A. Gutbezahl- yes, C. Martin- yes.

- **Current Year Transfers**

C. Carlson suggested a small wording change to the last line of the article. D. Watkins moved to approve Current Year Transfer Requests. Seconded by S. Correia. Motion passed 6-0-0 by roll-call vote: S. Correia- yes, D. Watkins- yes, P. Roman- yes, K. Lappin- yes, A. Gutbezahl- yes, C. Martin- yes.

**Five-Year Capital Plan: Review and Discuss FY22-FY25 Submissions; Determine Next Steps:**

A. Gutbezahl stated that he feels very strongly they should not be discussing the 5-year plan at this point. He stated that there is not nearly enough time to properly understand what the needs of the departments will be moving forward. Additionally, he stated that, without specific information from the department boards about their resources, the Committee would be reallocating projects based on funding levels and what they think is appropriate based on debt. This would mean the Committee would be operating on a submission-based analysis, rather than the resource-based plan they told the town they would be transitioning to.

K. Lappin requested the Committee make a commitment to focus on the 5-year plan after Town Meeting, and to finish it over the summer.

C. Martin and S. Correia explained that, compared to previous years, the plan for the out years is actually very encouraging. S. Correia stated that, in previous years, the budgets were set but never analyzed, and he agreed with A. Gutbezahl that this work needs to be done. He stated that the Committee will make their report as they have done in previous years, but put in the report that they are working towards a better looking 5-year plan.

**Chair and Vice-Chair Updates including Schedule and Report of the Finance Committee:**

C. Martin reviewed plans for the upcoming meetings scheduled for Feb 18, 20, and 24, in preparation to meet the deadline on Feb 25. S. Correia requested the Committee take a look at the blurbs he finished for the Capital Budget. C. Martin added that to the agenda for Feb 18.

C. Martin requested the Committee review the Report of the Finance Committee. Topics included in the draft include: the transition to a resource-based capital plan, evaluating and understanding the needs of FY22-25, and large repair projects in the 6-15-year horizon. Discussion ensued regarding the town's good fortune regarding the recent interest rates, and the inclusion of this in the report, along with an explanation of how this windfall is potentially masking some budgetary concerns. The Committee also discussed finding the correct ratio of numbers within the narrative portion of the report, so that it would be informative without repeating numbers found within the graphs. C. Martin will draft the report and present it to the Committee to edit in future meetings.

**Review, Vote & Approve Minutes: 1/2nd, 1/7th, 1/22st, 1/27th, 1/30/20, 2/3rd, 2/10th:**  
Tabled. No minutes ready for approval.

**Adjourn:** P. Roman moved to adjourn the meeting at 10:52p.m. Seconded by K. Lappin. Motion passed 6-0-0 by roll-call vote: P. Roman-yes, K. Lappin-yes, S. Correia-yes, A. Gutbezahl-yes, D. Watkins-yes, C. Martin-yes.

Respectfully Submitted,

Lauren Lorentz