



## TOWN OF WAYLAND

41 COCHITUATE ROAD  
WAYLAND, MASSACHUSETTS 01778

### MEMORANDUM

To: Board of Selectmen  
From: Louise Miller, Town Administrator  
Brian Keveny, Finance Director  
Date: November 9, 2020  
Re: Proposed Financing Plan for Draft FY2022-FY2026 CIP

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The Town of Wayland's Capital Improvement Plan (CIP) should serve as a multi-year tool to plan, coordinate and fiscally manage the maintenance of and improvements to capital assets. Capital expenditures cover feasibility, design, and construction or implementation, of maintenance and improvements to facilities, infrastructure, vehicles, and equipment. Capital facilities include buildings and grounds, fields, trails, parks, and other recreational and open spaces. Capital infrastructure includes public works infrastructure, comprising roads, sidewalks, streetlights, bridges, etc., as well as information technology infrastructure. Finally, capital assets include vehicles and equipment over a certain threshold amount. Planning the timing of capital projects ensures that the most needed projects are addressed first and that the costs are reviewed to minimize annual impacts on taxation. While the Capital Improvement Plan is a five-year plan, it should be reviewed and updated annually as the condition of assets and the Town's needs and priorities may change.

The Draft CIP for FY2022-2026 will continue to highlight certain challenges to be met with significant capital investment needed in existing facilities and also in potential new facilities. Balancing requests for large capital investments while maintaining the ordinary investment in capital projects will require careful fiscal planning and discipline.

We begin the CIP process by evaluating all available financing sources to support future capital spending. Last year, we proposed a capital financing plan for use by the Town as the Town's Five-Year CIP is reviewed and updated annually. The funding plan was based on a review of historical expenditure levels for each of the funding sources available for funding of capital expenditures. The two financing goals for the Town's Draft CIP preparation were to smooth out the amount allocated by funding source and to make an initial determination of the funding goals for each funding source based upon the use of the funds. The goal and result of the financing plan was predictable capital budgets and predictable effects on tax rates.

Last year, we proposed achieving a predictable capital financing budget, by structuring the Five-Year Draft CIP around the following recommendations for the three sources of capital funds:

- Cash Capital: \$600,000 to \$800,000 annually
- Stable Debt Service Within the Levy: \$3,050,000
- Free Cash: \$1,500,000 to \$2,000,000 to be reviewed annually

We also provided an annual spending estimate for other potential funding sources. Below is a table summarizing capital funding from the three primary funding sources, as well as an annual spending estimate for other potential sources of revenue.

Funding Source Category	Annual Spending Estimate
Cash Capital	\$.600M - \$.800M
Free Cash	\$1.5M - \$2.0M
Debt	\$3.0M- \$5.0M
Ambulance Fund	\$.200M
Other Funds	\$.200M
Chapter 90	\$.500M
CPA Fund	\$.500M
Water Fund Revenue	\$.100M
Water Fund Reserve	\$.100M
Wastewater Revenue	\$.050M
Wastewater Reserve	\$.050M

The capital financing plan proposed for the Draft CIP for FY2022-2025 will follow the same financial model that was developed last year. The Draft CIP will be developed based on projected available funding sources, review of CIP requests, and the anticipated financial impact on the Town’s levy. Last year, we did not review the other funding sources in detail to determine their reliability and predictability in building the Five-Year CIP. We did recognize that the amount recommended annually from Stabilization and other Funds will be based on ability of funds to support payments. Chapter 90, which is State funding for public roads, is based on the Town’s historical distribution of approximately \$500,000 annually. CPA requests for funding must be approved by the Community Preservation Community. Water and Wastewater Enterprise Fund expenditures are subject to maintaining a positive fund balance and rate-setting for support. This year, we plan a review of the Ambulance Fund, which is used to defray a portion of both capital and operating expenses of the Fire Department.

Once capital requests are received from all departments, boards, and committees and the capital review process is completed, the Draft CIP for FY2022-2026 will prioritize and propose specific capital expenditures, based on the funding model. While we do our best to project the Town’s capital needs and associated anticipated costs, the CIP is an organic document and should evolve to reflect updated information on projects including project costs and new Town priorities.