

Town of Wayland, Massachusetts

**Presentation to the Board of
Selectmen**

December 4, 2017



UNIBANK FISCAL ADVISORY SERVICES, INC.
A SUBSIDIARY OF UNIBANK

Introduction –

A second review of revenue and expenditure projections, with four issues in mind:

- How can four pending major capital projects be funded,**
- Can the Town stay within its 10 percent debt to revenue policy,**
- How many other capital expenditures can be accommodated, and**
- What is the tax rate impact?**

The spreadsheet –

- **Lines 1 to 12 – assumptions**
- **Lines 14 to 17 – general fund expenditures**
- **Lines 18 to 26 and 33 – debt service**
- **Line 29 – pay as you go capital**
- **Line 34 – percent debt service to total revenue**
- **Line 39 – the projected levy**
- **Lines 40 to 53 – other funding sources**
- **Lines 55 and 56 – assessed value and tax rate**

The four pending major capital projects – the “big four”

- **The library – \$19.0 million local share**
- **The school fields – \$8.9 million**
- **The Council on Aging Center – \$5.4 million**
- **The Town Building renovations – \$4.7 million**

The total to be funded by bonds – \$38 million

The projections –

- The base year – fiscal 2018
 - Fiscal 2019 through 2029
 - The rates of escalation
 - Pay-as-you-go capital and OPEB
 - Current and future debt service
 - Sources of funding
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- The calculations (lines 34, 39, 57 and 58)

Funding capital projects –

- \$ 4,630,000 MPL bonds of 2018, March 2018 (19)
- \$25,000,000 “Big Four” bonds, March 2019 (20)
- \$13,000,000 “Big Four” bonds, March 2020 (21)
- \$ 3,000,000 MPL bonds of 2021 and bi-annually thereafter (22 through 26)
- Pay-as-you-go annual budget appropriation of \$2,500,000 in FY19 to \$3,500,000 in FY21 and escalated thereafter (29)

Debt service to total revenue

- FY18 to FY22 – 11.54 percent to 10.04 percent
- FY23 to FY28 – 9.43 percent to 9.58 percent
- FY29 – 7.37 percent (all in 34)

The relevance of Fiscal 2029 –

- Approximately \$2.6 million drop in total debt service **(20 and 33)**
- The next major capital project ...

The list of capital projects, fiscal 2019 through 2023 –

- **\$88,624,000 – listed in Brian’s report**

Available funding:

- **\$38,000,000 – two “Big Four” bond issues**
- **\$ 6,000,000 – two \$3.0 million MPL bond issues**
- **\$16,318,000 – pay as you go appropriations**

The shortfall: \$28,306,000

Other important lines / topics –

- Pay-as-you-go capital (29)
- OPEB (30)
- Free Cash (20)
- State aid and other local receipts (40 and 41)
- Proposition 2½

Assessed valuation / tax rate / tax levy –

- 2% annual increases in assessed valuation (11)
- Tax rate in 2028 is \$23.43 (56)
- With a 3% annual increase ...
- Tax rate in 2028 is \$20.71
- Levy growth – \$65 million in 2018 to \$103 million in 2028 (39)

Conclusions –

- The “big four” can be fit into your budget
- The 10% debt service to revenue constraint can be satisfied
- Both prior conclusions are dependent on the amount of future capital expenditures
- There is a shift from debt to PAYG-K
- There is an appreciable growth in your levy
- The “big four” should be contingent on Proposition 2½ debt exclusions

Questions and comments –