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TOWN OF WAYLAND

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WAYLAND, MASSACHUSETTS 01778

CAPITAL STABILIZATION SUB COMMITTEE

CHERRY C. KARLSON
DAVID V. WATKINS

Final Meeting Minutes Capital Stabilization Fund Sub Committee Wednesday, January 19, 2022 12:00 p.m.

Attendance: Cherry C. Karlson, David Watkins,

Also Present: Town Administrator Louise Miller, Interim Town Administrator Stephen Crane, Interim Human Resources Manager, Jordan Remy

A1. Call to Order, Review the Agenda for Public: At 12:00 p.m., D. Watkins called the meeting of the Capital Stabilization to order when a quorum was present and reviewed the agenda for the public.

A2. Public Comment: There was no public comment.

A3. Responsibility for Minutes: Dave Watkins is responsible for meeting minutes.

A4. Review charge, Develop action steps and timetable, and Determine deliverables for next meeting/agenda:

C. Karlson reminded the meeting participants that at Town meeting in May 2021, the Town established a Capital Stabilization Fund. L. Miller said that the policy process began last October. D. Watkins communicated that he had researched policies in other towns and the result of the research was provided in a memo addressed to the Town Administrator.

L. Miller asked that the committee spend some time defining what stabilization means. She informed the committee about FY24 financial expectations. She described that one classic purpose of a stabilization fund is use of Funds. She described a scenario of making up shortfalls for debt service due to increasing interest rates.

L. Miller articulated the committee consider two goals. The first is to use the fund to support prospective projects, and the second is to protect the Town when there is an adverse financial event.

D. Watkins added that one of the end results is a more normalized taxation rate.

S. Crane described the policies in Concord and Longmeadow and contributed that the stabilization fund was consistently funded by two to three percent of general fund revenues.

L. Miller sees contributions to the stabilization fund as a way for the Town to smooth out the tax rate. She identified that the stabilization fund could be funded from capital close outs as was done ATM 2021. She indicated that Needham has five capital stabilization funds and each has a special purpose.



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D. Watkins discussed that with the Town's significant Free Cash position there is an opportunity to repurpose a portion of the free cash to the Capital stabilization fund.

L. Miller indicated that it would be a problem to use a single capital stabilization fund for the purpose of managing all capital expenditures including debt service. She communicated that the policy could be written to have a consistent funding level using an appropriation based on taxation and discretion.

C. Karlson walked through a scenario of how it would work with Town Meeting. In scenario one she discussed the use case of requesting that Town Meeting fund a project with the source of funds the Capital Stabilization Fund. She commented on a scenario where surplus funds are swept to the Capital Stabilization Fund and that in that scenario it did not smooth the tax curve by reduced the baseline of investments.

S. Crane observed that is the Wayland does appoint a Capital Planning Committee, the Capital Stabilization Fund will be an important tool for project management.

D. Watkins attempted to recap the objectives of a proposed policy: 1) to smooth the tax curve, 2) to smooth debt service curve, 3) to keep projects moving forward, 4) to maintain a steady capital investment plan and 5) to create a funding source.

L. Miller described an opportunity in this budget year to appropriate \$500,000 to the Capital Stabilization Fund in FY23.

J. Remy created an initial draft of a policy based on information he gathered. The committee decided to use it as a basis to draft the initial policy.

A5. Topics not Reasonably Anticipated 48 hours in advance, if any: None.

A6. Adjourn: The Sub Committee adjourned at 12:58 p.m.

Items Distributed for Information and Used By the Sub Committee during the Meeting of January 19, 2022:

1. ATM 2021, Warrant article 11, Capital Stabilization Fund (attached)
2. [Subcommittee charge](#)
3. D. Watkins memo of September 29, 2021 to L. Miller, re: Capital Reserve Fund Policy (draft)
4. MMA Best Practices, Municipal Reserves, January 2016 (attached)
5. [DLS Information Guide Release, Stabilization Funds, July 2017 \(supersedes IGR 04-201\)](#)
6. Draft Capital Stabilization Policy (source: J. Remy)