



# Town of Wayland Massachusetts

## Finance Committee

- Nancy Funkhouser
- Carol Martin
- Thomas Greenaway (Chair)
- Bill Steinberg
- David J. Gutschenritter
- Gil Wolin

## AGENDA

Wednesday, June 18, 2014, 6:30 P.M.  
Wayland Town Hall

*Note: Items may not be discussed in the order listed or at the specific time estimated. The meeting likely will be videotaped for broadcast by WayCAM and may be recorded by others.*

- 6:30 Call to order
- 6:35 Public comment & committee members' responses to public comment
- 6:40 Consider & vote reappointment of Audit Committee representative Gordon Cliff
- 6:45 Finance Director's Report
  - Report from the audit committee
  - FY14 YTD revenue and expenses & year-end turnback projections
  - Other items
- 7:15 Reserve fund transfer requests
  - School committee: Claypit PA system & 2012 ATM Article 28 Forensic Auditor
  - Treasurer: Bank Fees
  - Miscellaneous payroll items
  - Others
- 7:30 Report from Planning Board & Planning Department on Town Center (Tentative)
- 7:45 Long-range planning project (2009 report attached to agenda)
- 8:00 Capital Improvement Plan (May 30, 2014 memorandum attached to agenda)
- 8:15 Minutes
- 8:30 Report of the Chair
  - Selectmen to interview and appoint FinCom members June 23
  - Topics not reasonably anticipated within 48 hours of the meeting

8:40 Members' Reports and Concerns

- Gutschenritter – Town Administrator search
- Steinberg – DPW Director search
- Martin – School Business Administrator search
- Others

9:00 Executive Session:

- Review and approve minutes from Executive Session, May 19, 2014
- Discuss upcoming negotiations between the Town of Wayland and the following representing unions: Food Service Workers Association, Police, Teamsters (DPW), AFSCME (department heads and professional employees), SEIU (administrative and clerical), and Library, as well as nonunion employees. Executive session is required, as discussing such information in a public session could be detrimental to the outcome of such negotiations.

9:15 Adjourn



# Wayland Finance Committee

## Long Range Planning: A Town-wide Financial Framework

December 14, 2009



# Agenda

- Background and Results to Date
- Fiscal Challenges
- Peer Town Comparison
- Financial Framework Going Forward



# Background

- FinCom's last multi-year financial stability plan (FY08-10) was rolled out in February 2006 following two years of overrides.
- FinCom developed 8 financial goals to avoid annual overrides:
  1. Modify healthcare programs
  2. Adopt Medicare coverage for retirees
  3. Control salary increases of new labor contracts
  4. Re-think school structure relative to declining enrollment
  5. Expand our commercial base
  6. Look for efficiencies in town operations
  7. Investigate zoning changes that encourage new growth in the tax base
  8. Influence state aid



# How Have We Done?

## 1. Modify our healthcare programs

- ✓ Introduced the Rate Saver Plan
- ✓ All new employees go to the Rate Saver Plans
- ✓ Lowered the town's HMO contribution rates
- ✓ Implemented Health Insurance Waiver program

Total savings since 2006: \$1,561,000



# How Have We Done?

## 2. Adopt Medicare (Sect. 18) coverage for retirees

- ✓ Passed at town meeting April 2007

Total savings since passage: \$463,000

## 3. Control salary increases of new labor contracts (FY08-FY10)

- ✓ All settlements met FinCom guidelines.



# How Have We Done?

4. Re-think school structure relative to declining enrollment
  - ✓ School consolidation
  - ✓ Classroom sections eliminated as possible
  - ✓ Middle School houses restructured

Total savings to date: \$950,100





# How Have We Done?

## 5. Expand our commercial base

- X Town center still pending after 3+ years
- X Other commercial properties dormant
- X No change in commercially-zoned land
- X FinCom proposed split tax rate; not implemented



# How Have We Done?

## 6. Look for efficiencies in town operations and combine certain functions

- ✓ DPW implemented July 2009  
Projected first year (FY10) savings: \$128,000
- ✓ Recreation shared services July 2009  
Savings to date: \$34,000
- X No other areas combined



# How Have We Done?

7. Investigate zoning changes that encourage new growth in the tax base.

X No changes implemented

8. Influence state to increase aid and provide more flexibility on health care and pension.

- ✓ ATM article to switch pension management to state
- ✓ Advocated for healthcare plan design change
- ✓ Participated in MMA initiative for increased state aid
- ✓ Participated in Suburban Coalition and MASC efforts



# Fiscal Challenges: Operating Budget

- Recognize:
  - Prop 2 ½ does not meet growth of budget elements
  - State aid levels are unreliable
  - Cost structure is unsustainable with the current revenue base; therefore, budget cuts are required every year to meet Prop 2 ½ without an operating override
  - Service efficiencies, cost reductions, promote new growth, cash, and overrides are the tools available to balance the budget



# Fiscal Challenges: Operating Budget

- Change budget structure to minimize overrides going forward
  - Manage the cost structure consistent with the revenue base
    - including alternative ways of providing services and enhancing value while reducing expenses
  - Maximize revenue opportunities



# Fiscal Challenges: Control Expenses

- Controlling costs and implementing efficiencies are needed to balance future budgets:
  - We are a service industry; budget is over 70% personnel related
  - Healthcare costs continue to escalate
  - Pension costs will remain high in the short term to make up for market performance in late 2008/early 2009
  - OPEB funding is a mandated new accrual expense



# Fiscal Challenges: Boost Revenues

- Additional revenues are needed to balance future budgets:
  - Anticipated revenues from Town Center, Wayland Commons not yet realized
  - Some commercial properties remain vacant
  - Local revenues and new growth are negatively impacted by the economic downturn
  - Past delays in capturing new growth adversely impact taxes
  - Meals tax passed at STM November 2009



---

# How Do We Compare Now?

## Peer Town Analysis

- FinCom updated our 10 peer towns in May 2009.
- Peer towns were selected for population density, proximity to Boston, per capita income, % school age children, and commercial tax base.
- Further information on FinCom website.





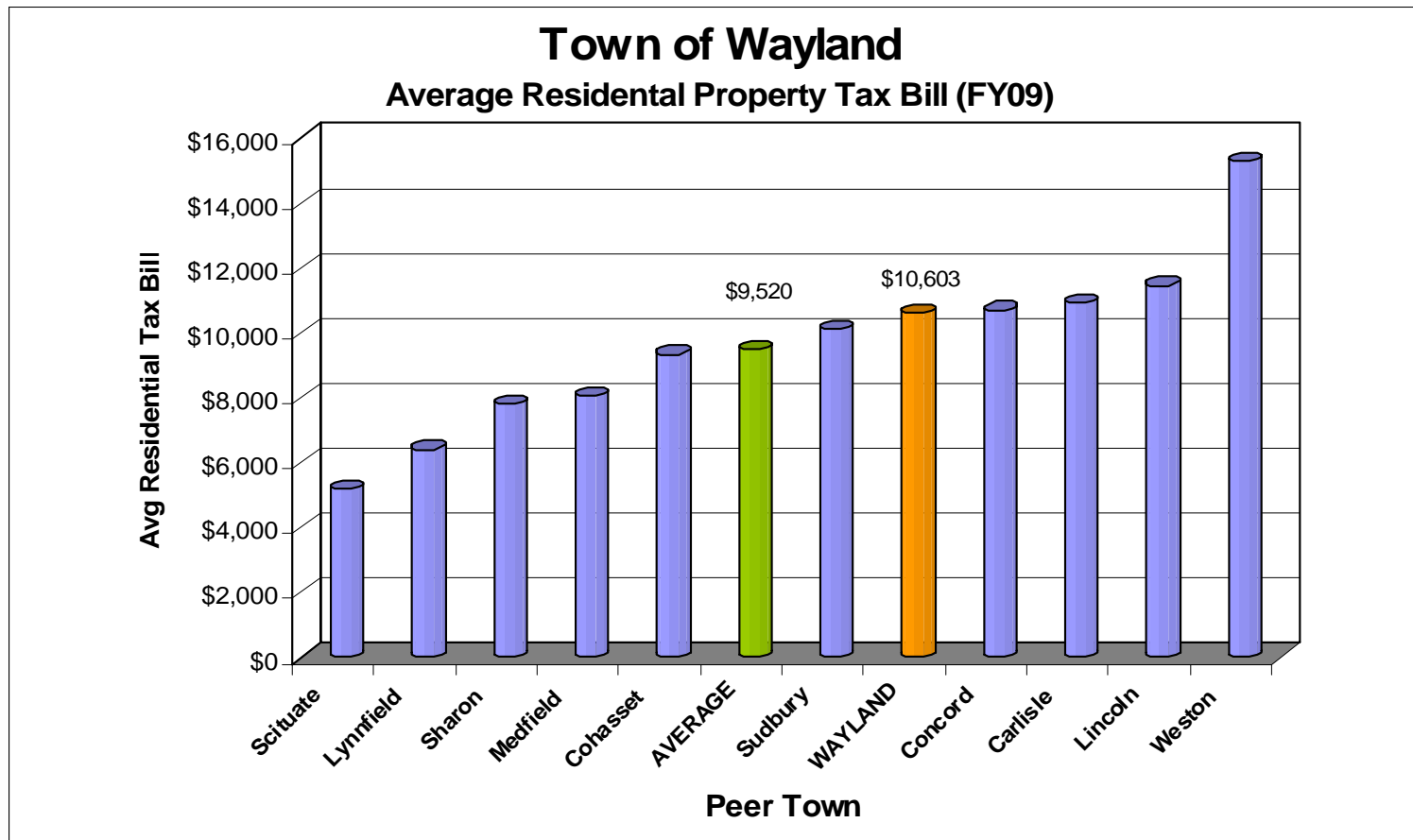
# Peer Town Analysis

## Updated Peer Town List

▪ Carlisle	▪ Cohasset
▪ Concord	▪ Lynnfield
▪ Lincoln	▪ Medfield
▪ Sudbury	▪ Scituate
▪ Weston	▪ Sharon



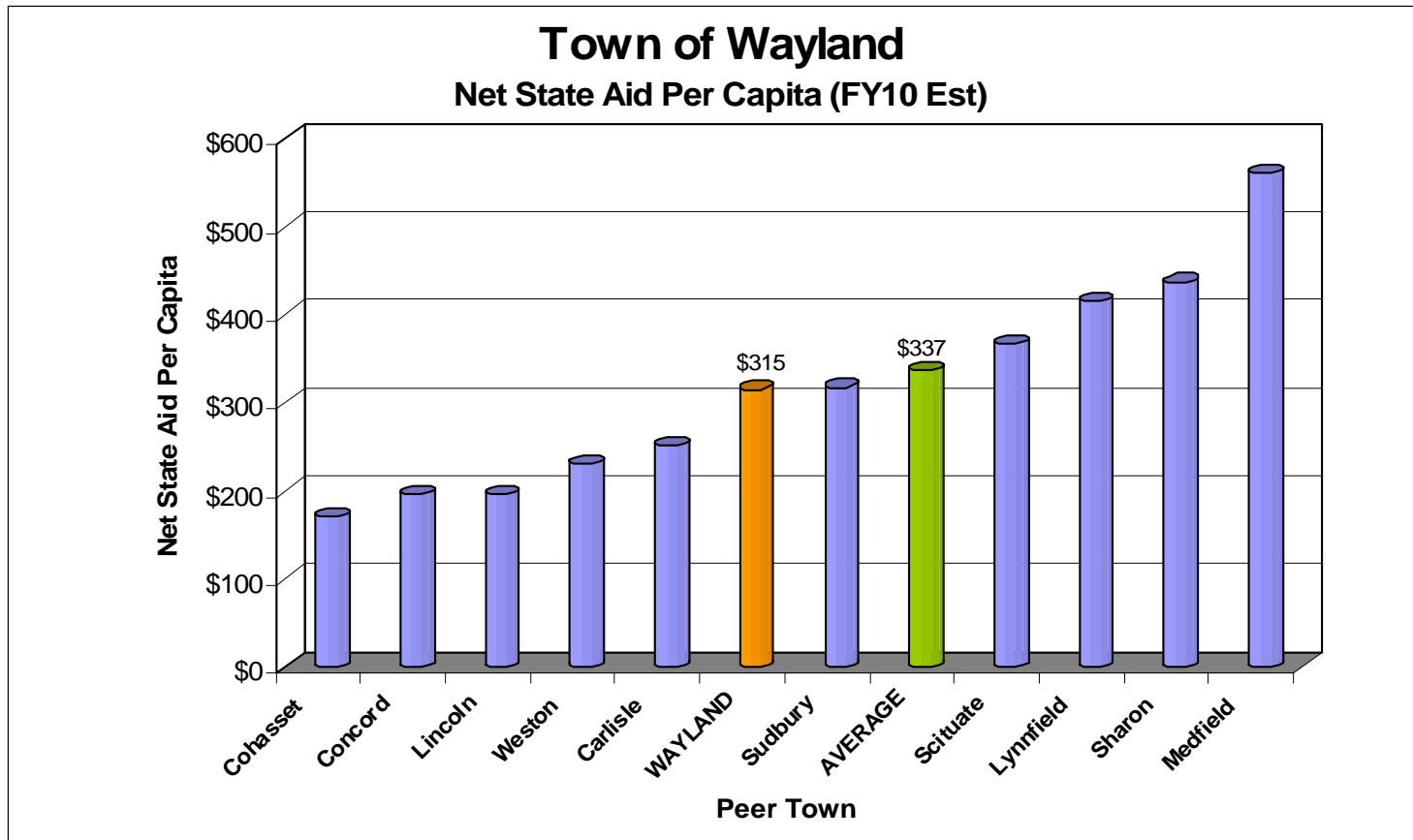
# Peer Town Analysis Average Property Tax Bill



Data Source: MA DOR DLS Website



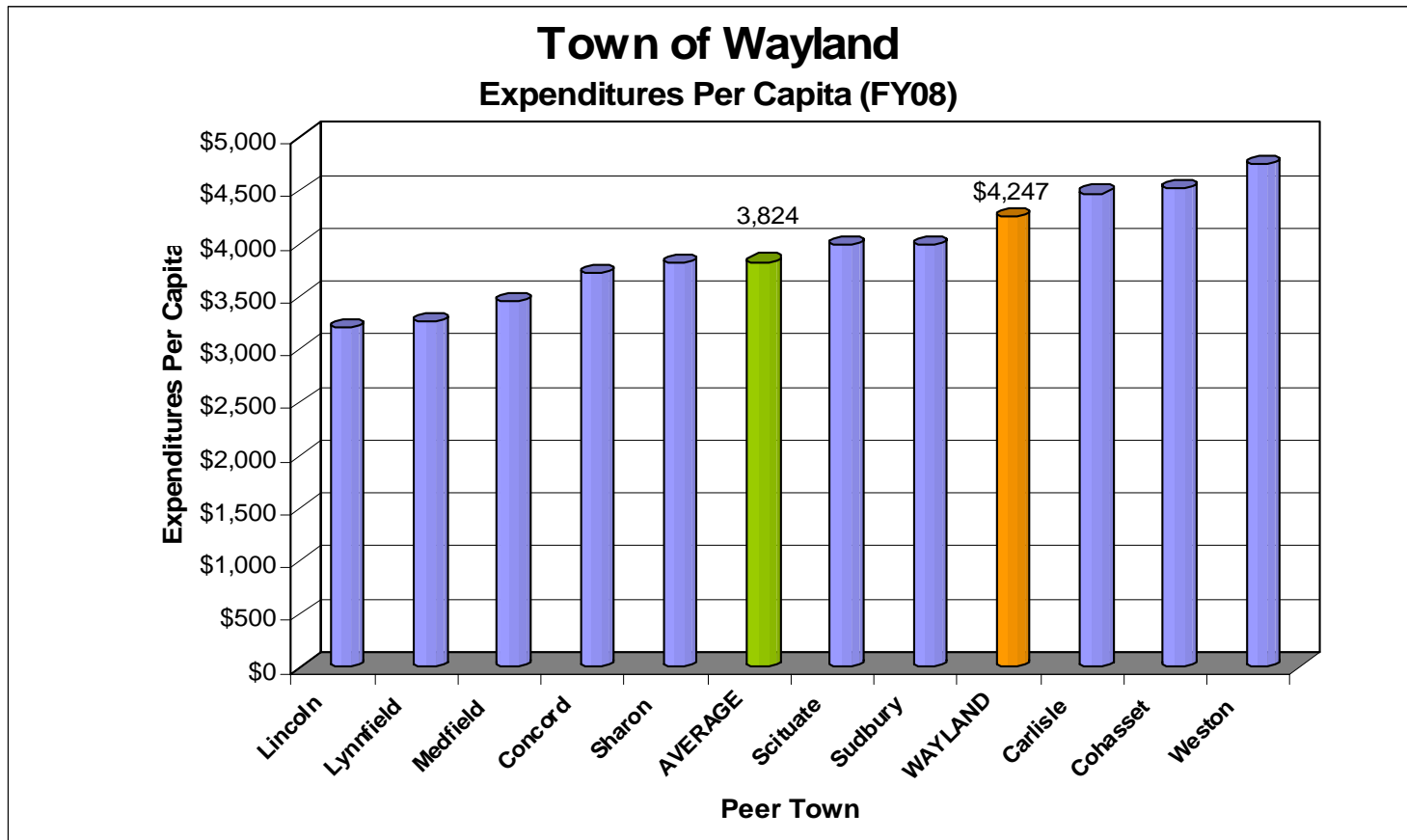
# Peer Town Analysis: Net State Aid



Data Source: MA DOR DLS Website



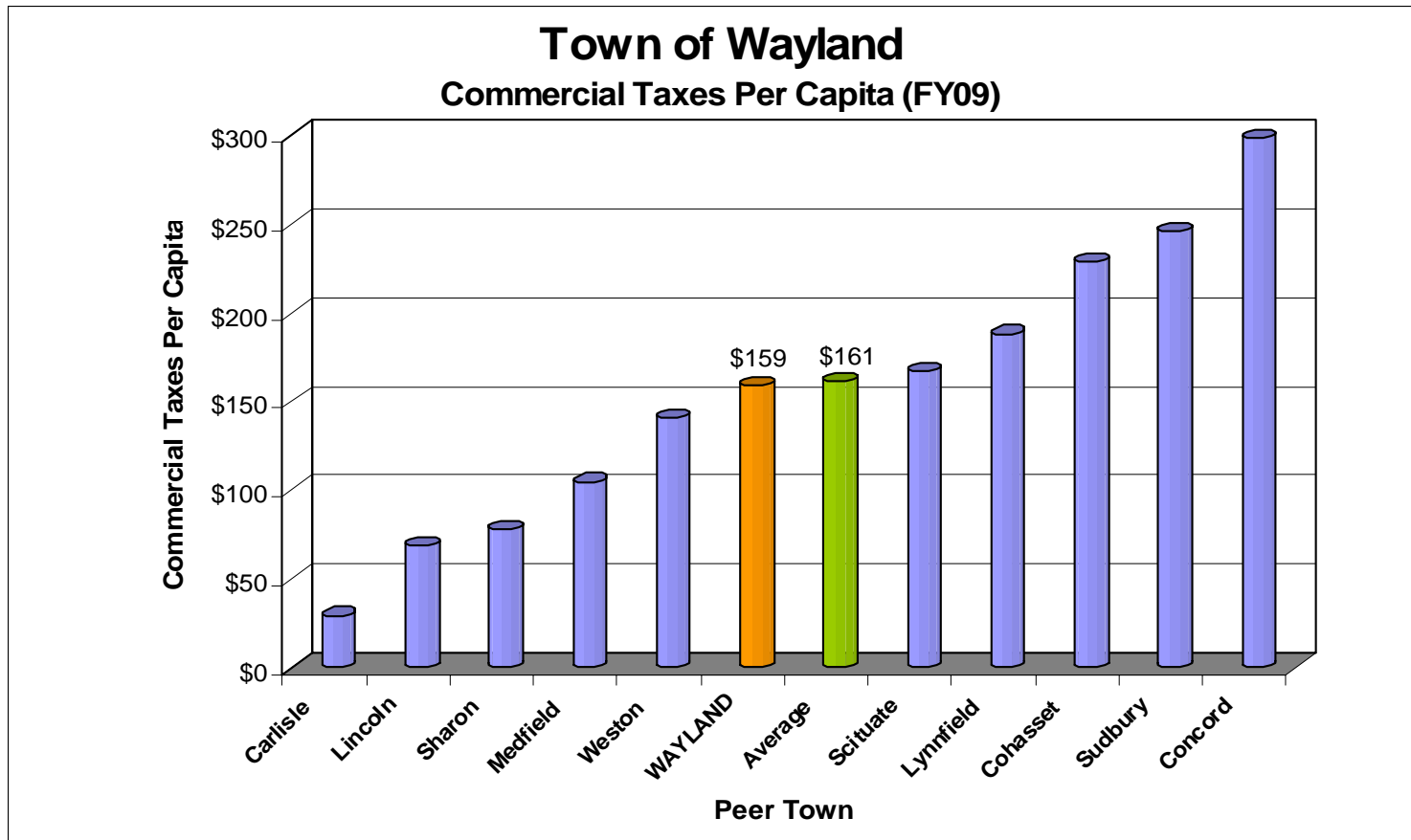
# Peer Town Analysis: Expenditures Per Capita



Data Source: MA DOR DLS Website



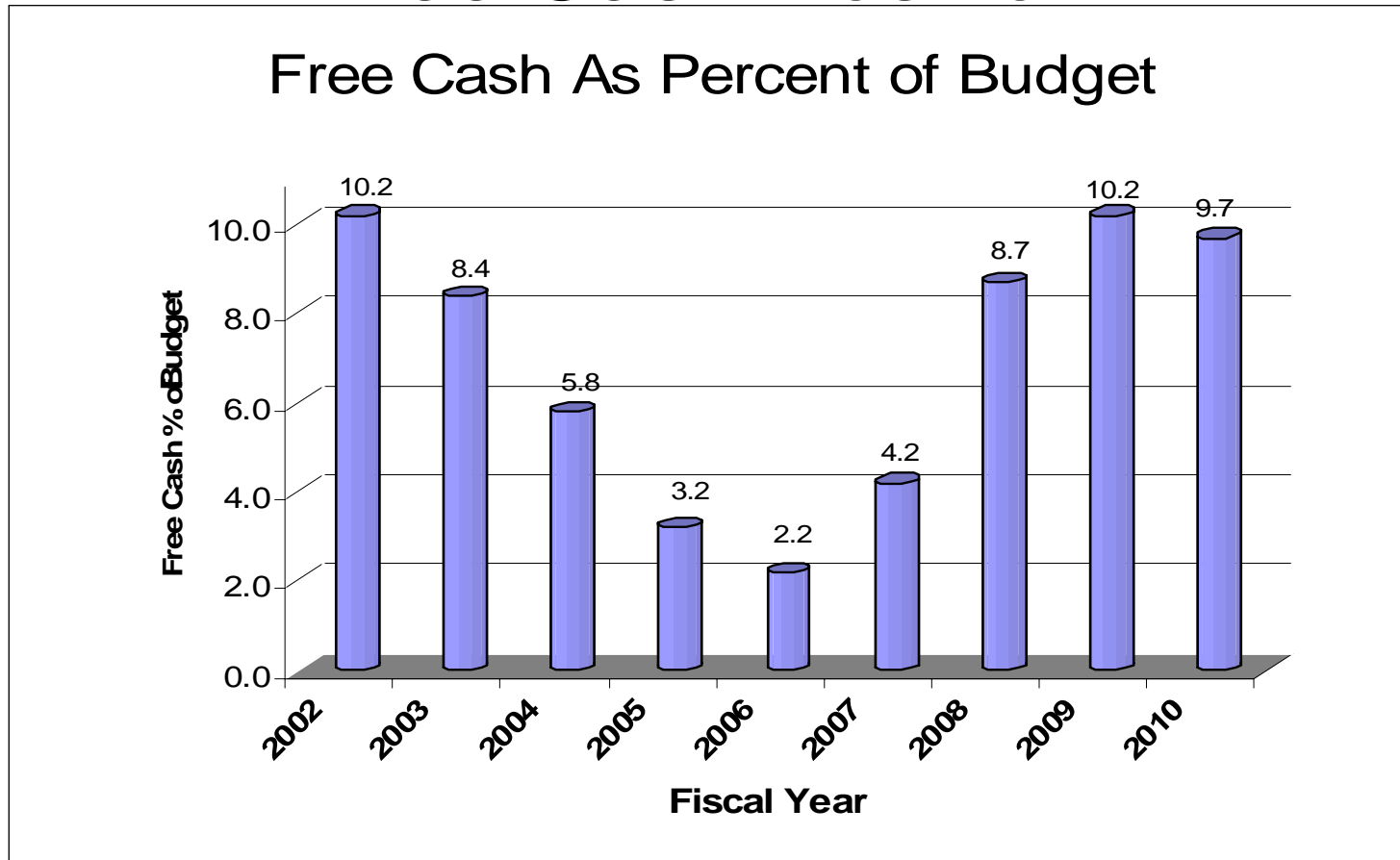
# Peer Town Analysis: Commercial Tax Revenue



Data Source: MA DOR DLS Website



# Town of Wayland Free Cash Position



Data Source: Wayland Town Reports



# Financial Framework

## Specific Objectives -- FY11 to FY15

- Increase Real Estate Revenues
- Control Growth of Employee Costs
- Change How We Do Business
  - Regionalization/Collaboration
  - Reorganization
- Manage Capital Spending
- Impact Changes at State Level
- Maintain Financial Health



# Financial Objectives

- Increase Real Estate Revenues
  - Maximize commercial revenue in commercial zones
  - BoS appoint an Economic Development Committee
  - Review zoning regulations to better balance protecting the Town's interests with reasonable review of applications
    - Encourage Planning Board to explore zoning modifications to support controlled residential growth
    - Review Conservation by-law
    - Consider expanding properties zoned to allow commercial development by right





# Financial Objectives, continued

- Increase Real Estate Revenues, continued
  - Reconsider a split tax rate between residential and commercial
  - Require accurate assessments
    - Timely capture of all new growth
    - Reduce number of abatements therefore reducing overlay account
    - Continue reworking of Assessor's office to improve timeliness of capturing new growth to assure fairness in tax burden



# Financial Objectives, continued

- Control Growth of Employee Benefit and Salary Costs
  - Effectively manage healthcare expenses through further changes to plan
  - Continue to analyze moving to GIC (state healthcare)
  - Continue to monitor pension costs and lobby for extension of funding timeframe
  - Control % growth of salary and benefit increases in budget



# Financial Objectives, continued

- Change How We Do Business:  
Regionalization/Collaboration
  - Study and implement where appropriate to target change in structure, maintain service and reduce costs, for example:
    - Public Safety
    - Library
    - Transfer Station
    - DPW functions
    - School functions
    - Assessors
    - Public Health
    - Youth Services
    - Other town functions

Savings to be implemented starting in FY2012.



# Financial Objectives, continued

- Change How We Do Business:  
Reorganization
  - Study and implement where appropriate to target change in structure, maintain service and reduce costs, for example
    - Consolidations within town services
    - Combine like functions between Town and Schools
    - Coordinate all land use functions
    - Improve cost structure through use of technology
    - Identify other reorganization opportunities

**Savings to be implemented starting in FY2012.**



# Financial Objectives, continued

- Manage Capital Spending
  - Consider sale of town land to reduce capital impact
  - Finance all capital expenditures through sale of bonds
  - Stage impact of major building projects
  - Leverage other sources of funds
    - Identify allowable CPA projects
    - Public/private partnerships
    - Grants
  - Maintain strong controls over capital expenditures
    - CIP program
    - Debt Management Policy



# Financial Objectives, continued

- Impact Changes at State Level
  - Work closely with legislative representatives on local and regional levels to impact positive changes:
    - Pension (funding timeframe, defined benefit)
    - Healthcare reform
    - SPED
    - Support reform of state mandates (Municipal Partnership Act)
    - CPA recreation amendment
    - State Aid



# Financial Objectives, continued

- Maintain Financial Health
  - Maintain free cash position of between 5-10% of total budget
  - Retain AAA bond rating
  - Use free cash judiciously to balance budget over next 5 years
  - Follow Debt Management Policy



# How Is This Possible?

- Town-wide collective effort required
  - Buy in from all municipal and school departments/boards, employees, volunteers
  - Collaboration across departments is necessary
- Every board/dept. needs to think about the financial impact of their actions
- Financial Objectives provide guidance for all decisions
  - providing services
  - capital investment
  - staffing
  - board review and approvals





# Questions



# Town of Wayland Massachusetts

## MEMORANDUM

**To:** All Town Departments, Boards & Commissions

**From:** Finance Committee

**Date:** May 30, 2014

**Re: FY2016-FY2020 Capital Improvement Program**

The purpose of this memorandum is to alert Town departments, boards, and committees to a timing change in the capital planning process for the upcoming fiscal year.

Capital planning is an important part of the work of Annual Town Meeting each year. In 2008, the Town formalized the capital planning process by implementing a rolling five-year Capital Improvement Program or "CIP." The Finance Committee will follow the CIP again this upcoming fiscal year. As a reminder, the capital budget includes all requested items with a cost of \$25,000 or greater and a useful life of 5 or more years.

For the FY16 budget cycle, the Finance Committee plan to consider and vote the CIP earlier in the budget cycle than in prior years, to allow more time for stakeholders to consider capital proposals before 2015 Annual Town Meeting, and to better balance the workload on departments, boards, and committees throughout the annual budget cycle.

**For the upcoming year, we ask all boards, commissions, and departments to prepare and submit updated CIPs no later than September 15, 2014. The Finance Committee plans to consider the CIP in September and October and vote a draft capital budget before the end of December 2014.**

We have not established a total amount available for the FY16 capital budget. We note, however, that the town's current debt service expense is above our policy range. We view our current debt service load as a temporary situation, and we plan to be disciplined in our review of capital requests in order to guide debt service back down to within our policy range over time.

The Finance Committee plans, once again, to ask departments to explain the status of previously approved capital projects, their estimated completion date, and their estimated cost to completion. Boards, departments and committees should be prepared to address open capital projects when they meet with their Finance Committee liaisons and the Finance Committee in the fall of 2014. The Finance Committee is actively working with the Finance Director to close out old projects in order to return excess or stale appropriations to the General Fund.

The draft CIP summary is attached to this memorandum. Here are some tips for completing the CIP forms.

- Complete a separate CIP Request Form for each capital request as well as the summary Excel file outlining your projects over the next 5 years. Attached is a copy of the CIP Request Form and 5 YEAR CAPITAL PLAN template. Note: the evaluation criteria should be completed for FY2016 requests only.
- Make sure you fully complete the CIP Request Form. The forms will be reviewed by the Finance Director and by the liaisons from the Finance Committee and the Board of Selectmen (lists attached). Forms that have not been fully completed will be returned. If a CIP Request Form is returned incomplete again, it may not be considered by the Finance Committee.
- All building-related requests (general maintenance, major repairs, new buildings) should flow through the Facilities Department. The Public Buildings Director will submit the final CIP forms for those requests.
- Amounts requested for FY2016 should be supported by well-documented cost estimates. Out-year requests should reflect your best estimate of future costs.
- Requests that are to be funded with CPA funds, such as new fields or historic preservation, should also be included in the CIP.
- Oversight boards should vote in support of all capital requests before they are submitted to the Finance Director. The date of the favorable vote should be noted on the CIP Request Form.

Again, the deadline for submitting capital requests is **Monday, September 15, 2014** at noon to Brian Keveny, Finance Director, by e-mail.

To summarize:

1. Meeting: Department Head meeting with the Finance Director, July 2 at 9:15 AM.
2. The CIP request forms, 5-year summary excel file and any additional attachments need to be submitted electronically by e-mail to Brian Keveny at [bkeveny@wayland.ma.us](mailto:bkeveny@wayland.ma.us) by Monday, September 15, 2014 at noon. Name each CIP file starting with your department name, fiscal year and then the capital item, example “Fire CIP Request FY16 – Ambulance”, etc.