



Town of Wayland Massachusetts

Finance Committee

Paul Grasso
Thomas Greenaway
David J. Gutschenritter
Cherry C. Karlson (Chair)
Sam H. Peper
Richard M. Stack
Bill Steinberg

Finance Committee Meeting Minutes December 6, 2010

The meeting was called to order at 7:08PM in the Public Hearing Room at the Wayland town building.

Attendance: B. Steinberg, S. Peper, C. Karlson, T. Greenaway, M. DiPietro, D. Gutschenritter (7:28PM), R. Stack. Also attending: Mike DiPietro, Finance Director.

Finance Committee Debt and Capital Forum presentation to the Town, December 6, 2010

The Finance Committee Chair, Cherry Karlson presented the Debt and Capital strategy at the December Finance Committee Forum. She outlined how debt is categorized and funded. She also discussed definitions and background information on Wayland and peer communities, past and current practices, and future considerations.

Ms. Karlson highlighted salient statistics including current total debt of \$78M which is 55% from the new high school, 17% from exempt capital, 8% from non-exempt capital and 20% from fees/enterprise funding.

She also noted that Wayland is authorized to borrow per state law up to 5% of equalized market value, or current debt capacity of \$174M.

Ms. Karlson noted capital guidelines were issued in October for fiscal year 2012. All capital must follow CIP guidelines and must not be submitted as warrant articles so that debt service for 2012 would at most be tax neutral.

Future major capital projects include public safety building repairs, a proposed DPW facility, a building at the Town Center municipal pad, recreation fields and a senior center. All must be vetted through the CIP process, the annual budget process and Town Meeting before proceeding.

Ms. Karlson also modeled the impact to debt and debt service if an \$18M building were added in 2014 and another \$18M building were added to debt in 2016. Total town debt levels in 2014 and 2016 would be similar to current total debt levels from the new High School in 2012. Next steps are to analyze operating cost budget impacts for 2016 and beyond.

The presentation closed with a timeline for January with a draft operating and capital budget to be completed by February 7. *The presentation is available online.*

Public comment:

Susan Wagner, 201 Oxbow Road, asked what is meant by tax neutral or tax debt coming off the books. The Finance Committee Chair explained that as debt matures, a certain amount of debt service is reduced and the debt obligation “comes off the books”, which can make room for new debt without making a change to our residents tax rates. i.e. New debt is matched by old debt coming off the books.

Linda Segel, Aqueduct Road, asked whether debt that rolls off and is replaced by new debt is still voted and approved at town meeting. The Finance Committee chair replied yes.

Kent George 15 Indian Dawn, made a statement that pension and retiree health care benefits have not been accounted for in the capital presentation and in our total debt obligations. There is another \$75 million of debt. The Finance Committee Chair told Mr. George that his statement is not correct.

The Finance Committee Chair explained that pension and retiree health care benefits are not a capital expense, but an operating expense. She also explained that Wayland is on track to pay its mandated pension liabilities by its 2028 obligation date and within prop 2 ½. The Finance Director also noted that an assessment of pension liability is done every two years and we are meeting our payments. The Director also noted that the total liability fluctuates each year after valuation and the payment is adjusted to make sure we meet shortfall.

The Chair also noted that Wayland had an actuarial assessment four years ago and has been meeting its health care obligations for the last three years by paying the required amount out of the operating budget and within prop 2 ½.

It was also noted that there is no additional incurred liability to the town for new employees because they pay into the system at an appropriate rate to self-fund their incremental obligation.

Steve Glovsky, Shaw Drive, questioned why we don't borrow for our pension liability and capitalize it. The Finance Chair noted that other communities such as Wellesley have done this.

Molly Upton, Bayfield Road, asked the Finance Committee to pursue a path of debt service of 7% of budget instead of 10%. The Chair noted that the 10% level results from the new high school and is not a finance target or guideline.

Donna Bouchard, Concord Road, asked about costs to mitigate flood expense. She also questioned if operating budgets will reflect reductions resulting from capital expenditure benefits.

Margo Melnicove, Lakeshore Drive, read a statement endorsing a menu ballot question. She also recommended that the Finance Committee only approve items for public safety and that the Finance Committee deny any school committee technology funding requests. She also said that the operating budget for FY2012 should be frozen and no greater than this year's operating budget.

Anette Lewis, ClayPit Hill Road, requested cost-benefit analysis to explain why a capital is needed and what the operating costs would be.

Linda Segel, Aqueduct Road, asked why draft CIP documents are not posted online. The Chair noted that draft documents are not approved by the Finance Committee and should not be interpreted as approved budget documents.

The Finance Committee closed public comment and continued the meeting in regular session (8:08PM).

Motion: Approved minutes of regular session 11/01/10 as amended. Vote: 5-0-2.

Motion: Approved minutes of executive session 11/01/10. Vote: 5-0-2.

Motion: Approved minutes of regular session 11/29/10 as amended. Vote: 6-0-1.

Motion: Approved minutes of executive session 11/29/10. Vote: 6-0-1.

Public comment:

Entered into public comment, an e-mail from Alice Boelter (as submitted):

From: alice boelter <boelter1@verizon.net>

Date: December 6, 2010 4:54:18 PM EST

To: cckarlson@comcast.net

Subject: Town of Wayland Finance Committee deliberations

Ms. Karlson

I am unable to attend the Finance Committee's meeting this evening because of the class I teach. I hope you will pass along my concern that the Committee simply must consider the economic plight of so many in this country, in the Commonwealth and , yes, even in the Town of Wayland. Many living in the Town are self-employed and/or have lost their jobs. For this reason, every increase in living expenses is difficult to absorb. Perhaps the folks on the Finance Committee have been spared this pain, but they would be well advised to consider their neighbors as they ponder budget requests going forward. We simply must exercise restraint and cut back on expenses. There is nothing wrong with doing that. Allowing salary increases to teachers when other municipalities have the courage to say no is not something of which Wayland officials should be proud. Rather it suggests a state of oblivion and cause for embarrassment. The School Committee must be brought to its senses along with every one else. The Finance Committee must lead the way.

I hope you will share this concern. Thank you for your attention.

Sincerely,

Alice Boelter

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Tom Sciacca, Rolling Lane, discussed housing values and the need for 'penny pinching'. Mr. Sciacca asked the Finance Committee to push the School Department to replace teachers with technology.

Anette Lewis ClayPit Hill Road, asked what is the effective rate of the teacher's contract increase over three years. The Finance Committee Chair replied that for FY2011, the federal gov't paid the increase and this was not built into the base. For FY2012, the COLA was 1% with a 1 ½ % one-time stipend (not built into base). For FY2012, the COLA was 2 ½%. There were also changes to the healthcare plan which met the Finance Committee's guidance that employees move to the rate saver plan.

The Chair explained that the committee had not needed to calculate an implicit rate of the teacher contract increase over three years because the Committee reviewed yearly increase as a separate cost driver.

At 8:25 PM a motion was made and seconded to adjourn the meeting. The motion carried and the meeting was adjourned.

Respectfully submitted,

Richard Stack