



Town of Wayland Massachusetts

Finance Committee

Nancy E. Funkhouser (Chair)

Thomas Abdella

Gordon Cliff

Carol Martin

Bill Steinberg

David Watkins

Gil Wolin

Finance Committee

Minutes

February 1, 2016

Attendance: N. Funkhouser, B. Steinberg, D. Watkins, G. Cliff, C. Martin and B. Keveny (Finance Director). T. Abdella & G. Wolin were not in attendance.

Call to Order: The meeting was called to order by Chair Funkhouser in the Senior Center at the Town Building at 7:00pm when a quorum was present. Ms. Funkhouser indicated the meeting was being recorded by WayCam and may be recorded by others.

Mr. Watkins left to attend the Special Town Meeting Warrant Hearing.

Public Comment: With no one from the public in attendance, Chair Funkhouser deferred public comment to discuss the DPW Engineering FTE request.

DPW Engineer FTE Request Discussion: Mike Lowry, Board of Public Works member and DPW Director Steven Kadlik distributed a handout detailing the engineering staff/staffing positions at a number of FinCom peer towns. The handout stated that based on FY15 DPW and Water Capital projects, approximately \$115K would have been saved by using an in-house engineer. Several discussions ensued concerning capacity to engage this person year round, potential FY17 capital projects savings and the possibility to allot the salary to the DPW, Water and Transfer Station.

Both Mr. Kadlik and Mr. Lowry indicated that approximately 10-15% savings on road and water main projects would be realized once the position was filled. For proposed FY17 projects, they felt a 5-8% reduction in the capital requests would be appropriate.

Public Comment: Ms. Funkhouser read a copy of an email from Betty Salzberg of Grove Street. Ms.

Salzberg indicated that through the efforts of Library Building Committee she had learned the State does not allow municipalities to build on non-owned town land. She cautioned the FinCom to be aware of this fact as it considers an COA /Community Center design request at the Town Center.

Anette Lewis, of Claypit Road advised the Committee she had sent the proformas regarding benefit costs to Chair Funkhouser. She asked that information be distributed to the Committee. She stated that although benefits may differ by collective bargaining unit, on average the Town's benefit cost per FTE is 40% of their salary. Ms. Lewis urged the committee to be mindful of benefit costs when considering additional FTE's.

Ms. Lewis also discussed the recent Moody's bond offering report which stated it was uncomfortable with the town's recent trend to use substantial free cash to support the operating budget. Ms. Lewis suggested less free cash would be available if turnbacks, especially from Unclassified were more closely monitored.

Committee Response to Public Comment: Ms. Funkhouse indicated she would forward Ms. Lewis' email concerning benefit costs to the Committee.

Mr. Watkins returned to the meeting

Current and Projected Free Cash Review and Discussion: Finance Director Brian Keveny distributed a 5-year Free Cash analysis along with three scenarios involving the use of \$1.5M, \$2.0M and \$2.5M against the FY17 Operating budget, noting his recommendation is \$1.5M. The analysis shows that using \$1.5M of Free Cash projects a year-end Free Cash balance of \$5.1M or 6.75% based on a \$75M budget.

A discussion ensued about where the Committee felt the Free Cash should be at year end, noting it's policy is 5-10% yet for the past few years the goal has been more in the 5-7.5% range. The Committee inquired about the progress of the cash reconciliation and the status of the cash flow analysis which would indicate the Town's cash needs. It was noted without that information, it is difficult for the FinCom to accurately state what level/% of Free Cash is appropriate for Wayland. Mr. Keveny pointed out that Moody's in its latest bond offering report expressed concern that the Town has been using large amounts of Free Cash to support the Operating Budget. Mr. Cliff moved and Ms. Funkhouser seconded support the use of \$1.5M Free Cash in the FY17 Operating Budget. Vote 4-0-1.

FY2017 Operating Budget Discussion and Vote: Mr. Keveny distributed a Draft Recap of FY17 Budget, stating it includes a projected increase to the IT budget. He added he will update the borrowing figures as soon as those numbers are available and as the collective bargaining units are being settled, he is making those salary adjustments to the operating budget.

The Committee returned to its discussion concerning the Engineer request from DPW. It was noted that although the position will be funded via the Operating Budget, the savings would come from capital projects and would be reflected in the debt service. That being the case, it was determined a potential first year savings would be approx \$15-\$20K with those savings continuing for the duration of the bond. Savings are expected to increase each year. The Committee was in agreement the position has the

potential to save the Town on contracted Engineering expenses. Some members felt with several large budget drivers in place for FY17, this position could perhaps be delayed a year. Mr. Steinberg moved the Engineering position be included in the FY17 budget. Ms. Funkhouser seconded. Vote: 3-2.

Mr. Keveny pointed out the Town has to pay Sudbury \$60K. Those funds will come from the Septage funds which is expected to deplete that fund and that adding the Engineering position to the budget increases the year-over budget increase from 2.79% to 3.1% with the additional IT costs yet to be added. The Committee discussed the Operating Budget. Mr. Cliff moved an Operating Budget for FY17 as follows: \$75,193,466 General Fund, \$4,486,931 Enterprise Funds for a total FY17 budget of \$79,680,397. Mr. Steinberg seconded. Vote 5-0.

CIP Write-ups for Warrant/Progress/Questions: Mr. Watkins stated things were shaping up nicely.

Budget Presentation Discussion and Preparation: Ms. Funkhouser solicited comments on the FY16 Budget Presentation. The Committee discussed and edited the 37 slides used for the FY16 Budget Presentation. Suggestions were made to add, eliminate and replace various slides including a slide that would highlight the FY17 Budget Drivers. Mr. Cliff distributed revisions to several of the FY16 slides for Committee consideration. An updated presentation will be presented to the Committee at its February 4th meeting.

Liaison & Members' Reports, Concerns and Topics: Ms. Martin suggested "Finance Director's report" be included as an on-going agenda item. Mr. Cliff noted the projected increase in the IT budget to be discussed at the next meeting has the potential to increase the budget by \$300-400K which could increase the 3.1% to 3.5 or 3.6%.

Ms. Martin stated she had reviewed the most recent Mainstone financial models and noted the projected borrowing rate is 4.50%. Given the fact that the Town just completed its latest round of borrowing at 2.13%, she asked if it would be more appropriate to use a borrowing rate of 2.75 or 3.0%, the effect of which would be a greater borrowing capacity. Mr. Keveny indicated some discussion was taking place concerning the borrowing rate and that question in particular. Mr. Martin also inquired as to the current balances within the CPC fund. Mr. Watkins announced that information had just become available and he would forward to Committee members.

Chair's Update/Minutes/Future Meeting Schedule: Ms. Funkhouser noted there were no minutes to approve, but added the minutes from 1/4/16 although approved hadn't been posted to the web site. She asked those minutes be resent.

Adjourn: Ms. Martin moved for adjournment. Mr. Cliff seconded. Motion passed 5-0. Meeting adjourned at 10:27.

Respectfully Submitted,

Carol Martin

Documents:

B. Salzberg: 1/29/16 Email entitled Funding Article O (COA/CC)

DPW: List of FinCom peer towns and current Engineering staffing

G. Cliff: Suggested revisions for tables 1-7 for FinCom Budget Presentation

Distributed by B. Keveny

Draft- Recap of Fy17 Budget Requests - dated 2/1/16

Fiscal 2017 Budget - Draft - dated 2/1/16

Draft - Tax Rate /FY17 Year-Over Budget Increase

Free Cash Analysis - Using \$1.5M

Free Cash Analysis - Using \$2.0M

Free Cash Analysis - Using \$2.5M