



# Town of Wayland Massachusetts

## **Finance Committee**

David Watkins (Chair)

Gordon Cliff

Nancy Funkhouser

Jen Gorke

Carol Martin

Klaus Shigley

George Uveges

## **Finance Committee**

### **Minutes**

**November 7, 2016**

Attendance: D. Watkins, K. Shigley, George Uveges, Nancy Funkhouser, C. Martin and Finance Director Brian Keveny. G. Cliff joined the meeting at 7:45 PM, at the conclusion of the Warrant Hearing where he represented the Finance Committee.

### **Call To Order:**

The meeting was called to order by Chair David Watkins in the School Committee Room at the Town Building at 7:00pm. Mr. Watkins announced the meeting was being taped by WayCam. Mr. Watkins then reviewed the agenda for the meeting.

### **Finance Director's Report:**

Brian Keveny, Finance Director, reported that:

- Town had its "free cash" certified at \$4.6 million. He will meet with the BoS for the tax-recap hearing on the 21<sup>st</sup> of November prior to tax bills going out in December.
- CIP spreadsheet has been sent out.
- Fiscal Year '18 budget is in process. Preliminary results point to a 2.71% increase for the "Town and unclassified" portion of the budget. The 2.71% excludes the School budget.
- Preparing a request for a \$20,000 transfer from the reserve fund to cover excess legal fees.
- Is preparing for the ratings call with Moody's scheduled for January. In this connection he referenced an email from Clark Rowell which stated that Moody's biggest concern would be the 5-year downward trend in the Fund balance.
- Discussion on where free cash is expected at the end of FY 17. Ms. Martin inquired as to when the advance, roughly \$500,000, to the recreation fund would be returned to free cash.

## **CIP Discussion:**

Mr. Watkins invited members from the DPW and the Water Department to discuss their CIP proposals. Those attending included: Woody Baston, Board of Public Works, Mike Lindeman, Director -DPW, Dan Millette, Water Superintendent, Dan Cabral- DPW, Joe Doucette, Senior Foreman/Snow Operations.

Mike Lowry, Board member-DPW, joined the meeting at 7:45PM.

Mike Lindeman led the discussion of DPW CIP proposals. A handout listing each project was used to aid the discussion. CIP requests included:

- Purchasing one new truck and replacing 3 old trucks.
- \$70,000 for small equipment replacement,
- \$185,000 for Lakeview Cemetery road repair,
- \$2.2 million for wetland mitigation and lengthening of the transfer station (TS) access road.
- \$100,000 for Pine Brook Rd. culvert repairs.
- \$700,000 for road renovations

Most of the discussion pertained to the wetland mitigation and lengthening of the TS access road. It was agreed that there were too many unknowns surrounding this proposal to make a decision on whether to include this capital request in the FY18 capital budget or whether it should be brought forward as a separate article.

Mr. Lindeman's handed out a pair of maps showing sidewalks and roads the Town has to plow in the winter. These maps were distributed to provide perspective to the Committee re the importance of replacing old and worn out equipment. It takes 6 hours to plow and sand the sidewalks and the streets. If a truck is out of service, it takes longer and can impact safety.

In connection with the \$700,000 request for road renovation, Mr. Lindeman handed out a schedule of planned road repairs, containing a list roads and the timeframe for renovations. Road repair is expected to be slightly more expensive going forward because DPW is losing the conveniently located "lay down area" at the site being proposed for the River's Edge project.

There was discussion on whether to move the \$70,000 request for "small equipment replacement and repair" into the operating budget. No conclusion was reached.

Other points raised during the discussion of these project proposals included:

- The roads in the cemetery are over 40 years old. They're becoming a safety hazard. The repaving work will be sub-contracted. The Finance Committee asked DPW to review its cemetery accounts to see the funds in these accounts could be used to fund some or all of the road repairs.
- Mr. Cliff reviewed the past history of the TS access road proposal.
- The culvert repair project had not previously been included in our list of CIP proposals for this budget cycle. It was added to the CIP proposals just prior to our meeting because final regulatory approvals for this project, which was originally proposed and approved in 2014, had just been secured. The project originally approved in 2014 had stalled due to unanticipated and extensive permitting requirements. The conditions imposed by regulators, including the Army Corps of Engineers, also caused the original cost estimates to rise. The \$100,000 is for additional costs above the previously appropriated amount.

Next, Mr. Lindeman briefly discussed three projects involving repairs/improvements to Recreation Department fields where the DPW is responsible for making the repairs. The discussion centered on how and where to get the funding for these projects, and which department should be making the request.

At 8:10 PM, Mr. Cliff was excused so he could attend the BoS Meeting.

Mr. Millette discussed 5 CIP projects proposed by the Water Division, including:

- \$1,150,000 for water meter replacement. Water meters currently in place give inaccurate readings that understate water usage by as much as 16%, causing lost revenue. It takes up to 6 months to read the meters causing billing delays and lost interest income. Leaks in the system can go undetected for long periods of time, impacting water conservation efforts. DEP is concerned about water conservations and may at some point order us into taking action.  
Due to the history of this project having been previously rejected by TM, the water division was encouraged to prepare a cost benefit analysis and then resubmit the project as a separate Warrant article. Moreover, since \$400,000 had previously been approved to replace water meters, the requested amount should be reduced to reflect that previous appropriation.
- \$110,000 manganese treatment pilot study. This is merely the front end of a bigger potential expense of \$5,000,000 if remediation is required.
- \$50,000 study to determine if a second water tank is required. A recent DEP study concluded that storage capacity is 20% deficient. That's a potential problem in the event of a fire if insufficient water pressure hinders the fire department. Extra storage also potentially reduces the need for water bans.
- \$700,000 water main replacements. This project is annually recurring for roughly equal amounts, and will be coordinated with the road repair schedule. Nancy Funkhouser suggested the Water Department identify specific projects that are expected to be associated with this \$700,000 request.
- \$65,000 for cleaning the well filters. Hasn't been done in 6 years.

Mr. Lowry observed that the Water Department doesn't collect water usage fees from the Town. Best practice requires a transfer payment. The Committee asked the members of the DPW and the Water Department to prioritize their CIP projects, which they agreed to do and then exited the meeting.

Mr. Cliff returned to the meeting at 8:55 PM after attending the BoS's meeting.

The Committee then discussed the need to prioritize all of the CIP requests coming from all the departments. It was agreed that the sum total of CIP requests would exceed the Town's ability to absorb the cost. George Uveges recalled that the Town could only absorb roughly \$5 million of debt per year if it was to stay within its self-imposed 10% debt service capacity.

It was clear that building a library would put us outside this limit. Any large building project would put us over this limit and necessitate a tax increase.

Mr. Watkins suggested that each Committee member submit a report ranking all CIP requests with the aim of whittling the requests down to an affordable amount. Among the criteria suggested for prioritizing projects were safety and regulatory requirements.

The By Laws require the FinCom to submit a 5-year capital plan at the ATM. It was observed that it will be difficult to rate projects proposed for the out years because of a lack of specificity and affordability. The consensus was to complete a spreadsheet containing all the project requests and assign a 1, 2 or 3 rating to each and submit the completed form to Mr. Keveny by Friday the 10<sup>th</sup> of November.

### **Tax Classification discussion -**

Mr. Uveges discussed the annual Tax Classification presentation that the Board of Assessors will make to the Board of Selectmen on November 21, 2016. The issue relates as to whether the Town should have a different real estate tax rate for residential and commercial property (“split rate”). The Finance Committee has historically taken a position on the split rate and has been asked to take a position again this year. Mr. Uveges reviewed that:

- Commercial property represents approximately 5% of the tax basis of the Town.
- If the Town adopted a split rate and increased the commercial rate by 50%, it would only reduce the residential rate by 2.6%.
- An increase in the commercial rate would have a negative impact on commercial property in Wayland and the Town has benefited from meals tax and personal property tax from Town Center.
- The Finance Committee has historically recommended that the Town maintain a single real estate rate.

After discussion, Ms. Funkhouser moved and Mr. Shigley seconded a motion that the finance committee recommend to the Board of Selectmen that they do not adopt a split rate and maintain the single rate for real estate tax. The motion passed 5 -0 - 1.

### **Members’ Reports, Concerns**

Carol Martin reminded the Committee that there are three STM articles submitted on which the Committee had not taken a position and offered the following new information:

- Article 8: Appropriate Funds to Purchase 107 Old Sudbury Road. The Committee took no position because it lacked an appraisal. The appraisal has been completed since then. Ms. Martin moved to reopen the article for a vote. Mr. Cliff seconded. Motion to reopen passed 6-0-0. After a brief discussion the Committee felt we still lacked enough information to make a recommendation and voted to 5-0-1 to defer taking a position, if any, at STM.
- Article 9: Appropriate Funds to Purchase 8 Glezen Lane. The Committee has received updated information about the septic. This septic has not failed as was reported. Updated information is that it was merely probable that it would fail if tested. A new septic has been proposed that would place it outside the Zone 1 area. Since there was still no appraisal, which will come next week, the Committee opted not to reopen this Article for a vote, deferring its recommendation, if any, to STM.
- Article 4: Conservation Cluster. The Committee had not previously taken a position. There was no new information. The FinCom elected to defer its recommendation, if any, to STM.

Mr. Cliff opined that the write-up of Article 6 did not reflect his understanding of what the Committee had agreed to. Mr. Watkins disagreed and said the differing interpretations could be resolved by reading the text either as “directing” or as “permitting” an action. Mr. Gordon suggested that we introduce an opportunity for the FinCom to review what gets printed in the Warrant before it’s printed.

Next, Mr. Cliff summarized the discussion at the BoS meeting that he had attended. Items taken up at that meeting included a review of the Town Warrant, bond premium language, the appraisal for 8 Glezen and an update on the River’s Edge Project.

The following agenda items were deferred to a later meeting due to the lateness of the hour:

5.) Discussion and Possible Vote of Town Financial Strategy; Discussion and Possible Vote of Goals; Discussion and Possible Vote on Debt Policy.

8.) Topics Not Reasonably Anticipated by the Chair 48 Hours in Advance of the Meeting, if any.

9.) Meeting Minutes - Review and vote to approve: 9/17 Martin, 9/24 - Uveges

N. Funkhouser excused herself from the meeting at 10:57 PM.

**Adjourn:** At 11:00 PM Ms. Martin motioned to adjourn, Mr. Uveges seconded. Vote: 5-0 to adjourn.

Respectfully submitted,

Klaus Shigley

**Documents:**

Source: M. Lindeman, DPW

DPW CIP Exhibit

DPW Sanding Routes

DPW Sidewalk Routes

DPW Road Repair Schedule

Source: Brian Keveny

Unibank Email

Capital Projects Workbook

Source: David Watkins

Action Issues List