



# Town of Wayland Massachusetts

## **Finance Committee**

David Watkins (Chair)

Gordon Cliff

Nancy Funkhouser

Jen Gorke

Carol Martin

Klaus Shigley

George Uveges

## **Finance Committee Minutes**

**December 12, 2016**

Attendance: D. Watkins, G. Cliff, G. Uveges, C. Martin, K. Shigley and B. Keveny (Finance Director). J. Gorke (7:05pm), N. Funkhouser (7:07pm).

**Call to Order:** The meeting was called to order by Chair David Watkins in the Second Floor small Conference Room at the Town Building at 7:02pm when a quorum was present. Mr. Watkins reviewed the agenda items to be discussed and indicated the meeting was being recorded by WayCam.

**Public Comment:** None

**Committee's Response to Public Comment:** N/A

**Report from Finance Director:** Finance Director Brian Keveny distributed the Crystal Reports for use in preparation of the FY18 budget. The report details four years of actual expenses, the FY17 budget, % expended through the first six months of FY17 and the FY18 budget request. The Committee thanked him for the reports.

Mr. Keveny stated a 2.5% budget increase is approximately \$1.8M with committed expenses including payroll, retirement, health insurance, minuteman, etc. projected to increase by \$1.4M. Mr. Keveny reported that based on initial FY18 budget submissions, the general fund budget would increase by 3.75%. He added that if the Fincom adds \$225K of capital projects to the general fund, the year-over budget increase would be 4.05%. Mr. Keveny further noted these projected increases include a year-over reduction of free cash applied to the operating budget from \$1.5M to \$400K. He suggested the Town should consider no new hires.

Mr. Keveny indicated the Board of Selectmen have requested his presence at their meeting to attend the outside auditor's presentation and to review the FY18 budgets that are under their jurisdiction and he left the meeting at 7:14pm.

**School Budget Review:** At 7:15pm, Chair Watkins stated the FinCom would recess from its open session to attend the School Committee meeting in progress in the School Committee Conference Room on the

2nd floor of the Town Building. He added the Committee would return to open session at the conclusion of that meeting which he anticipated would be in approximately 45 minutes.

Upon reconvening, a brief discussion ensued regarding the Superintendent's Recommended Budget presentation. The Committee expressed concern that the budget proposes 15 new hires and 7 additional benefit packages and will seek additional information from the School Committee.

**Draft Operating Budget Review and Strategy:** Chair Watkins suggested the Committee discuss the strategy it wanted to employ in regards to the Operating Budget. Options discussed included speaking to every department as has been done the past, looking at only the larger departments/budgets and reviewing the major cost drivers. In all cases, the Committee felt every budget should be measured against the FY18 budget guideline of a maximum 2.5% townwide increase. Mr. Watkins noted the impact of the FY18 budgets as submitted would use \$2-3M of the Town's excess levy capacity which prompted a discussion of no new Town hires for FY18, reviewing open but not filled positions and following up on outstanding capital projects.

**Discussion Regarding CIP Prioritization and Vote to Close Capital Budget and 5-Year Capital**

**Improvement Program:** The Committee reviewed a draft FY18 capital budget. Ms. Martin pointed out that since the last meeting, three capital requests: the Town Building windows, the Motor Pool and the Data Center Upgrade had been pulled and/or moved to FY19. Mr. Cliff stated that the BoPW had advised him the water analysis study is not a priority for this year. Based on that information, the Committee agree to defer that request as well. When Mr. Cliff asked to revisit the Dudley Woods request, the Committee advised that the Dudley Woods request was being submitted to CPC and if approved would automatically come back before the FinCom for review as a CPC article.

The Committee spent some time reviewing the funding sources for the proposed capital budget, noting that between the \$225K of capital projects being moved to the FY18 operating budget and the proposed cash capital CIP expenditures of \$792K, the FY18 draft capital budget is built on \$1M of cash capital. In FY17, cash capital was \$305K. The Committee discussed the positive impact of approximately additional \$500K in capital closeouts would have and hope more projects would be closed out.

Ms. Martin moved the Committee approve the Draft FY18 Capital Budget and associated funding sources. Ms. Funkhouser seconded. A discussion ensued during which the Committee indicated it would revisit the draft capital budget and proposed funding sources once it completes it's review of the operating budget. The motion passed: 6-1-0 with Mr. Cliff voting in opposition.

Looking at the financial impact of the 5-year Capital Plan,, Mr. Uveges distributed a draft Capital Projects 5-Year Summary for FY18-22. He explained that essentially, the chart is an effort to demonstrate the financial impact of implementing all proposed major projects currently in the 5-year capital plan.

Mr. Uveges stated for years FY19-FY22 his assumptions were the Town's debt service policy would not be greater than 10% of the operating budget and used borrowing schedules of 20 years for building projects such as the CoA building and Library versus a straight 10-year borrowing generally used for routine borrowing.

A discussion ensued regarding impact and process. The Committee noted if the town approves all

currently known large capital projects, the town would run the risk of losing its triple A rating from Moody's and annual tax increases will be steeper. Regarding process, the Committee thanked Mr. Uveges for his work and asked him to refine a number of variables to see what impact, if any, that would make.

**Review Issues & Actions List, Schedule and Milestones:** In reviewing the Action Item list, it was noted that items #13, reviewing the draft strategy and #16- draft capital budgets have been completed. It was suggested that an action be added for capital projects follow-up. There was no discussion regarding schedule and milestones.

**Chair's & Vice Chair's Update:** None.

**Topics Not reasonably anticipated by the Chair 48 hours in advance of meeting:** None

**Members' reports, concerns and topics for future meetings:** Ms. Martin asked if the Committee could review FY18 items to see what could be posted on the web site. Mr. Watkins replied he is currently working on updating that information.

**Meeting Minutes:** The Committee reviewed the Minutes of September 26th. After a brief discussion, Ms. Martin moved that the September 26th Minutes be approved as amended. Mr. Cliff seconded. Motion passed: 7-0.

The Committee reviewed the Minutes of November 5th. After a brief discussion, Ms. Martin moved the November 5th Minutes be approved as amended. Mr. Cliff seconded. Motion passed: 7-0.

**Adjourn:** Mr. Uveges moved to adjourn. Mr. Cliff seconded. Motion passed: 6-0. Meeting adjourned at 10:25pm.

Respectfully Submitted,

Carol Martin

Documents:

Source D. Watkins:

Action List: dated 12/4/16

Source: B. Keveny:

Crystal Report: FY18 Schedule of Appropriation

Source: G. Uveges

Financial Impact /5-Year Capital Summary, dated 12/11/16