



Town of Wayland Massachusetts

Finance Committee

David Watkins (Chair)

Nancy Funkhouser

Jen Gorke

Carol Martin

Klaus Shigley

George Uveges

Finance Committee

Minutes

June 20, 2017

Attendance: D. Watkins, N. Funkhouser, C. Martin, K. Shigley, George Uveges, and Finance Director Brian Keveny.

Call To Order:

The meeting was called to order by D. Watkins in the School Committee Meeting Room at the Town Building at 7:00pm. The Town Administrator, Nan Balmer, also sat in on the meeting. Mr. Watkins announced the meeting was being taped by WayCam. He then reviewed the agenda for the meeting.

Public Comment: N/A

Report from the Finance Director:

Mr. Keveny requested a vote to approve a transfer from the Reserve Fund to the Medicare Tax Appropriation account in the amount of \$48,000. Mr. Keveny indicated that he would try to avoid the need for such a transfer in the future by anticipating the rising payroll from one year to the next. Ms. Martin made a motion to approve the transfer. Mr. Uveges seconded. Vote was 5-0-0 in favor.

Mr. Keveny then requested a vote to approve a transfer from the Reserve Fund to the Health Department Substitute Nursing line in the amount of \$2,500. Ms. Martin motioned to approve, Mr. Uveges seconded. Vote was 5-0-0 in favor.

Ms. Funkhouser suggested that in the future the Reserve Fund Transfer Form be enhanced to include the following information:

- Current balance in the account
- Amount yet to be spent
- The anticipated shortfall (X) in the account
- Amount requested.

All members agreed that this would add some helpful perspective.

Mr. Keveny reported that he has obtained the services of Katelyn O'Brien to write the minutes for the FinCom in the future. She would watch the meetings on WayCam. The rate is \$30 per hour. The expected total time will be 4 hrs. per meeting for an expected total of 30 meetings. Mr. Keveny's budget will cover the cost from expected savings in the audit expense. A discussion on process ensued. It was agreed that the Ms. O'Brien would send the minutes to the Co-chair. The Co-chair would make the obvious necessary changes and send the revised minutes to Mr. Keveny who would distribute them to the entire Committee prior to the next FinCom meeting and further changes would be deliberated at the ensuing meeting. Executive session minutes will need a different process, because they're not televised.

The review of the Reserve Fund Policy was pended to the next meeting.

Mr. Keveny discussed Clark Rowell's (Unibank) Sept. 15, 2016 memo on the Town's bond Redemption Provisions. The memo responded to an action list item requesting a schedule of potential savings from future bond refinancings. The memo listed the bonds and the dates for potential future bond refinancings, but does not provide estimates, or a range of estimates, of the potential savings in financing costs.

The Committee asked Mr. Shigley to ask the Treasurer for this information.

Mr. Keveny suggested we ask Mr. Rowell to attend a future FinCom meeting where he advises on his recommended financing mechanisms for the CIP proposals due in the fall. The potential benefits from bond refinancings over the next five years could also be discussed at this meeting. Ms. Balmer suggested that the agenda for this meeting and the potential report prepared for this meeting be shared and coordinated with the BoS. It was agreed that Mr. Shigley would contact Selectman Anderson and make her aware of this potential meeting with Mr. Rowell.

Mr. Keveny announced that \$508,000 of Overlay Reserve was released and will go into free cash. The DOR will certify free cash in Sept '17. It will be available to be spent after that.

Mr. Watkins indicated that he was in discussion with the assessors regarding their methodology for the releasing the overlay reserve. Currently the overlay reserve is maintained for each year separately. It might make more sense to calculate a reserve level for all years combined, as newly permitted under recently enacted municipal modernization act.

Ms. Martin asked Mr. Keveny if we could receive a report with the respective balances in each year's overlay reserve.

Budgeting Guideline discussion:

Mr. Watkins summarized his discussion with the Town Administrator on the proposed budget process for this year.

Last year the timing of CIP process was accelerated in hopes efficiency would improve. That didn't happen. The proposal this year will be to combine the CIP and the Operating budget for completion over the same timeframe. Due dates in December.

- FinCom will deliver a bottoms up forecast model. (To be reviewed at the next meeting).
- A draft is expected to be ready by the first week of August and will be shared with Dept. heads, including schools. The model is expected to present a realistic user friendly picture of the financial status for the entire Town and is designed to get everyone focused on recognizing the financial condition/constraints of the Town as a whole and, hopefully, it will inform the budget development for their specific Departments.
- Meetings will then be held with Departments in the August time frame. The FinCom will be made aware of local considerations.

- The end result is a budget guideline memo to be delivered in the late August or Labor Day time frame.
- Departments would then prepare CIP's and budget recommendations subsequent to the receipt of the budget guideline memo.

The FinCom then evaluates the resulting budget against the guidelines in the Jan to Mar time frame and proceeds to make recommendations for the Warrant.

Mr. Shigley opined that he preferred the issuance of budget guidelines after first developing a realistic budget model rather than merely issuing guidelines not informed by such projections. He voiced a concern that this bottom up approach would result in a budget increase number greater than 2.5% and the ensuing budget guideline will need to recognize that reality. Mr. Watkins then addressed the options available to the FinCom to produce an acceptable budget. Balancing needs vs. affordability. Mr. Uveges expressed a concern that the bottom's up approach will be a starting point for further asks. He suggested making a distinction between contracted costs and negotiable costs.

Ms. Martin made the point that combining CIP with Operating budget will help assist in making appropriate tradeoffs in order to arrive at an acceptable tax rate.

Ms. Balmer asked to see a copy of the assumptions going into the model.

Goals and Objectives:

Votes on goals and objectives, mission, responsibilities and strategy have already been taken.

Votes on debt policy, liaison assignments and guidelines were deferred until new members come on board.

Mr. Watkins asked the members to send suggested revisions, if any, on the debt policy.

Ms. Balmer left the meeting at 8:15 PM.

Special Recognition:

The Chair voiced his appreciation to Ms. Funkhouser for her services on the Committee. This is her last meeting as her term expires. Ms. Martin also delivered a thank you with a specific list of her past accomplishments- her service as Chair, editing skills, and sense of humor.

Review of Candidate Projects:

- Ms. Martin distributed the revised list of projects. Projects are sorted into A, B and C priorities.
- Ms. Martin requested that the members review the list to ensure they agreed with the prioritization.
- Several projects were combined and subsumed under the 5-year forecasting budget model project already under way. Mr. Shigley and Mr. Uveges were assigned to work with Mr. Keveny.
- It was decided to focus on just the A projects for the time being.
- "Outstanding Capital Projects" were discussed. In the ensuing discussion it was agreed that we should get a periodic report on these outstanding projects. The scope of the report would include: outstanding debt and debt not issued; what projects are open and which are closed. The preparation of the report was assigned to Mr. Keveny. The report should become part of the CIP process.
- Town Leadership/communication assigned to Mr. Watkins.
- The "New member packet" was pended until the new committee membership is determined.

- Mr. Watkins is hoping the “Budget Analyst” will be available to research peer towns. He is specifically interested in comparing their debt schedules. The School Committee and the FinCom have a different list of peer towns. Mr. Keveny will look for the availability of the analyst. Mr. Uveges suggested we ask Mr. Rowell for the types of information we should compare. Mr. Shigley suggested we ask Mr. Rowell if he can provide us with the in depth Moody’s Review of our peer towns.
- “Analytics sub-committee” project has been crossed off for the time being.

Review of the Annual Report:

Ms. Martin discussed revisions and edits to the previous drafts of the Annual Report. Mr. Watkins moves to accept the Annual Report as amended. Ms. Martin seconded. Vote 4-0-1. Mr. Uveges abstained.

Review Schedule & Issues and Actions list:

Discussion of the summer schedule ensued. Decision was made to stay with the current schedule. The risk is there won’t be a quorum. Next meeting is scheduled for the 12th of July. The goal for July is to nail down the forecast model.

Ms. Funkhouser excused herself from the meeting at 8:52.

Mr. Shigley handed out a memorandum in which he recommending the adoption of a Cap-X stabilization fund, as recommended earlier by Mr. Rowell. Mr. Shigley offered to research the deliverables necessary to implement such a recommendation. He intends to start with discussions with Mr. Keveny, the Town Administrator and the Chair of the BoS.

Mr. Shigley also recommended we discuss and revisit some of the numbers in our debt policy.

Update on Bo PW Meeting:

Mr. Uveges and Ms. Martin attended a meeting of the Bo PW. Ms. Martin reviewed the presentation at that meeting where setting of water rates was discussed.

Topics Not Reasonably Anticipated: N/A

Meeting Minutes:

Ms. Martin moved to approve the minutes of June 5, 2017 as amended. Mr. Shigley seconded. Vote was 4-0-0 to approve.

Mr. Shigley made the observation that minutes of the FinCom meetings have not been posted to the Town’s web site since March of 2017. The Committee resolved to follow up and then get them posted as soon as practical.

Motion to adjourn:

Mr. Uveges moved to adjourn, Mr. Shigley seconded. Vote 4-0-0 to approve.

Respectfully submitted,

Klaus Shigley

Attachments:

Agenda

Reserve Fund Transfer Recommendation

FinCom Project List

Clark Rowell's Sept 16, 2017 Bond Redemption Memo

Overlay Reserve Released

Shigley Cap-X Stabilization Reserve recommendation

FinCom Project List