

To be attached to WRAP minutes of 3/22/17

**From:** Balmer, Nan [mailto:nbalmer@wayland.ma.us]

**Sent:** Monday, March 20, 2017 2:36 PM

**To:** Anette Lewis <aslewis33@verizon.net> (aslewis33@verizon.net)

**Cc:** Tom Abdella; Nicole W. Riley; Gretchen Schuler; Senchyshyn, John; Sarkisian, Sarkis; Keefe, Ben; Keveny, Brian

**Subject:** FW: Capital Planning

Anette

Brian, John, Ben and I met to review the capital planning committee draft materials from WRAP. The bullet points below represent the staff's preliminary comments. Below that are more detailed suggestions. Please let us know how we can help. If planned carefully, a capital planning committee could make for a more effective capital decision – making. There was agreement that we should begin a capital planning process this year.

- The staff agrees that the Finance Committee is not structured to have the capacity or time to run an objective and effective capital planning process.
  - There will be confusion if a new limited capital planning process were over-laid on the current capital planning process.
  - Any new capital planning committee must have clearly written authority to produce a capital plan and should work through one point of staff contact, who has clear managerial authority for capital planning.
1. The capital planning process should be comprehensive and address all capital requests (CIP's) in one, five and ten year time frames and not be limited to "facilities" only or requests of \$500,000+. (See Lexington model)
    - a. Projects / New needs that come up during year – for example – school bus parking should be referred to capital planning committee as part of its responsibility
  2. The capital planning committee must be supported with a strong staff role. Volunteer members should interact with only one point of contact. Staffing could be part of Finance Director, Town Administrator or Town Planner's office responsibility. The responsibility of key staff should be defined. For example (only), the Facilities Director is responsible for surveys of building conditions / needs. The Finance Director provides the plan for funding of capital within free cash and all recurring funds. The Treasurer and Financial Advisor are responsible for providing a plan for debt. What role should the Town Administrator play?
  3. Maintenance and improvement plans for existing physical assets as well as new physical assets should be an explicit part of capital planning. If a new physical asset requires a maintenance plan or additional staff to manage the new asset, then those costs should be identified in the planning process, even if those maintenance or staff costs relate to future operating budgets.

4. The capital plans must be based in a complete financial plan recommended by Finance Director, Treasurer and Financial Advisor, and address use / timing of use of debt, free cash, cash capital CPA, revolving funds, and enterprise funds.
5. The relationships between the capital committee and key staff, and with the Finance Committee, Board of Selectmen, PMBC, and boards not under the Selectmen should be clear
6. The relationship with the Finance Committee should be especially clear on authority – Should the Committee present a report after a process and then the FC votes to accept or reject the report? What can be written into the capital committee’s charge to limit the ability of the FC to re-do capital planning or hear appeals and make changes on a political basis? Can it be a requirement that no project goes to TM unless the capital planning committee approves it?
7. Capital planning should be a yearlong process.
8. Should the capital committee be started for FY 19 without a by-law change and consider by-law change for 2020? (Noting that FC has responsibility for capital planning under the bylaw with the TA responsibility for recommendations on a capital plan)
  - a. April: Present fully developed concept to BOS and FC
  - b. May: Adopt committee charge for approval by BOS and FC
  - c. June / July: Appoint and meet -- Review current 5 year plan – Meet with Finance Director and Treasurer / Financial Advisor on financial planning. Meet with key department heads on needs. (DPW, Facilities)
  - d. July: Provide “capital memo” / Request CIP’s
  - e. August / September: Receive CIP’s– Staff work to compile and create one year and five plan, including funding plan
  - f. October / November: Committee work and final report to FC by end of November
  - g. December: Finance Committee refers back questions to capital Planning Committee which reviews and responds with updated recommendations or information
  - h. December –Committee recommends to Selectmen and Finance Committee what if any by-law change should be submitted for 2018 ATM
  - i. Year – round: Continue capital planning process

Thanks for asking for staff input.

Nan