



Wayland Finance Committee

Long Range Planning: A Town-wide Financial Framework

December 14, 2009



Agenda

- Background and Results to Date
- Fiscal Challenges
- Peer Town Comparison
- Financial Framework Going Forward



Background

- FinCom's last multi-year financial stability plan (FY08-10) was rolled out in February 2006 following two years of overrides.
- FinCom developed 8 financial goals to avoid annual overrides:
 1. Modify healthcare programs
 2. Adopt Medicare coverage for retirees
 3. Control salary increases of new labor contracts
 4. Re-think school structure relative to declining enrollment
 5. Expand our commercial base
 6. Look for efficiencies in town operations
 7. Investigate zoning changes that encourage new growth in the tax base
 8. Influence state aid



How Have We Done?

1. Modify our healthcare programs

- ✓ Introduced the Rate Saver Plan
- ✓ All new employees go to the Rate Saver Plans
- ✓ Lowered the town's HMO contribution rates
- ✓ Implemented Health Insurance Waiver program

Total savings since 2006: \$1,561,000



How Have We Done?

2. Adopt Medicare (Sect. 18) coverage for retirees

- ✓ Passed at town meeting April 2007

Total savings since passage: \$463,000

3. Control salary increases of new labor contracts (FY08-FY10)

- ✓ All settlements met FinCom guidelines.



How Have We Done?

4. Re-think school structure relative to declining enrollment
 - ✓ School consolidation
 - ✓ Classroom sections eliminated as possible
 - ✓ Middle School houses restructured

Total savings to date: \$950,100



How Have We Done?

5. Expand our commercial base

- X Town center still pending after 3+ years
- X Other commercial properties dormant
- X No change in commercially-zoned land
- X FinCom proposed split tax rate; not implemented



How Have We Done?

6. Look for efficiencies in town operations and combine certain functions

- ✓ DPW implemented July 2009
Projected first year (FY10) savings: \$128,000
- ✓ Recreation shared services July 2009
Savings to date: \$34,000
- X No other areas combined



How Have We Done?

7. Investigate zoning changes that encourage new growth in the tax base.

X No changes implemented

8. Influence state to increase aid and provide more flexibility on health care and pension.

- ✓ ATM article to switch pension management to state
- ✓ Advocated for healthcare plan design change
- ✓ Participated in MMA initiative for increased state aid
- ✓ Participated in Suburban Coalition and MASC efforts



Fiscal Challenges: Operating Budget

- Recognize:
 - Prop 2 ½ does not meet growth of budget elements
 - State aid levels are unreliable
 - Cost structure is unsustainable with the current revenue base; therefore, budget cuts are required every year to meet Prop 2 ½ without an operating override
 - Service efficiencies, cost reductions, promote new growth, cash, and overrides are the tools available to balance the budget



Fiscal Challenges: Operating Budget

- Change budget structure to minimize overrides going forward
 - Manage the cost structure consistent with the revenue base
 - including alternative ways of providing services and enhancing value while reducing expenses
 - Maximize revenue opportunities



Fiscal Challenges: Control Expenses

- Controlling costs and implementing efficiencies are needed to balance future budgets:
 - We are a service industry; budget is over 70% personnel related
 - Healthcare costs continue to escalate
 - Pension costs will remain high in the short term to make up for market performance in late 2008/early 2009
 - OPEB funding is a mandated new accrual expense



Fiscal Challenges: Boost Revenues

- Additional revenues are needed to balance future budgets:
 - Anticipated revenues from Town Center, Wayland Commons not yet realized
 - Some commercial properties remain vacant
 - Local revenues and new growth are negatively impacted by the economic downturn
 - Past delays in capturing new growth adversely impact taxes
 - Meals tax passed at STM November 2009



How Do We Compare Now?

Peer Town Analysis

- FinCom updated our 10 peer towns in May 2009.
- Peer towns were selected for population density, proximity to Boston, per capita income, % school age children, and commercial tax base.
- Further information on FinCom website.



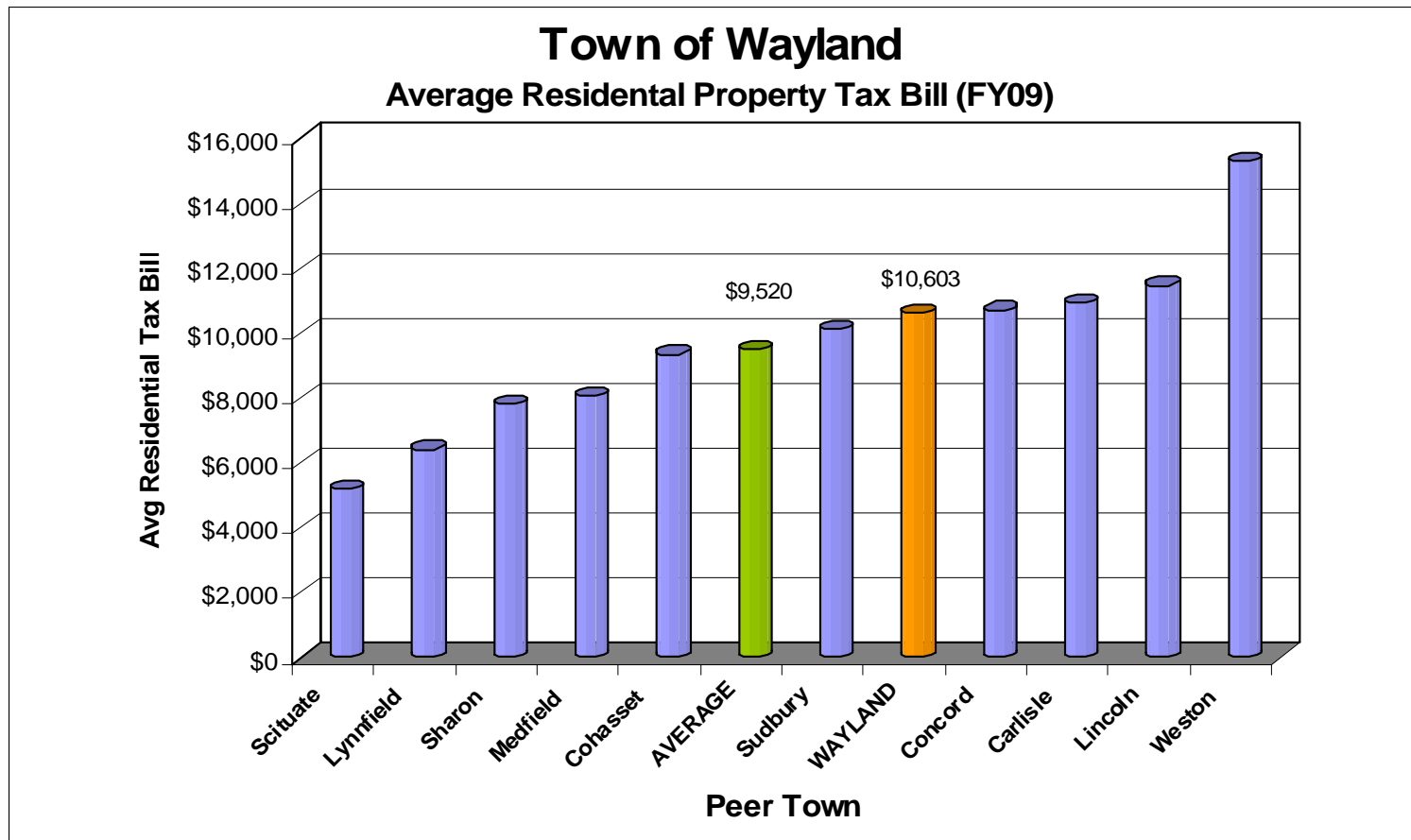
Peer Town Analysis

Updated Peer Town List

▪ Carlisle	▪ Cohasset
▪ Concord	▪ Lynnfield
▪ Lincoln	▪ Medfield
▪ Sudbury	▪ Scituate
▪ Weston	▪ Sharon



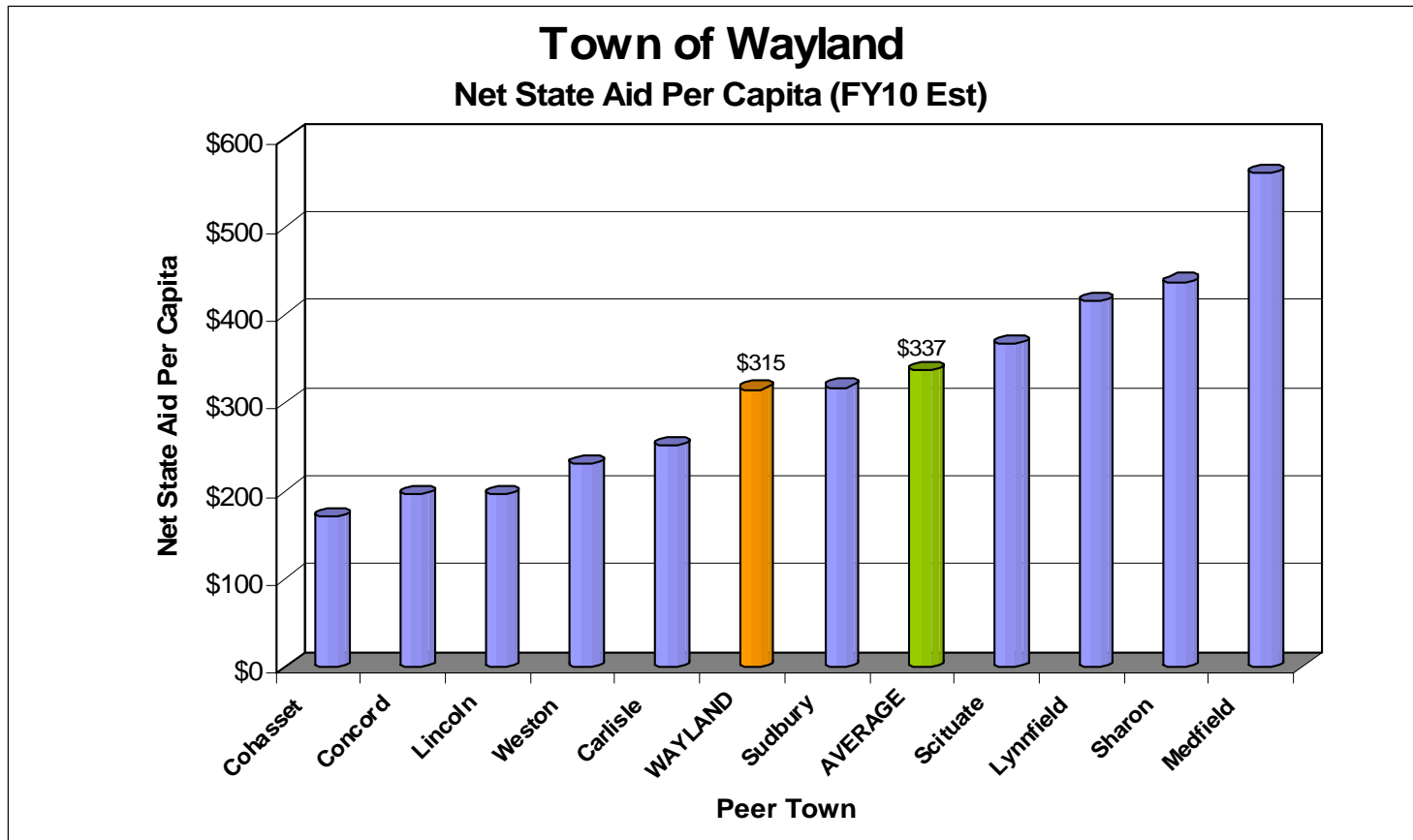
Peer Town Analysis Average Property Tax Bill



Data Source: MA DOR DLS Website



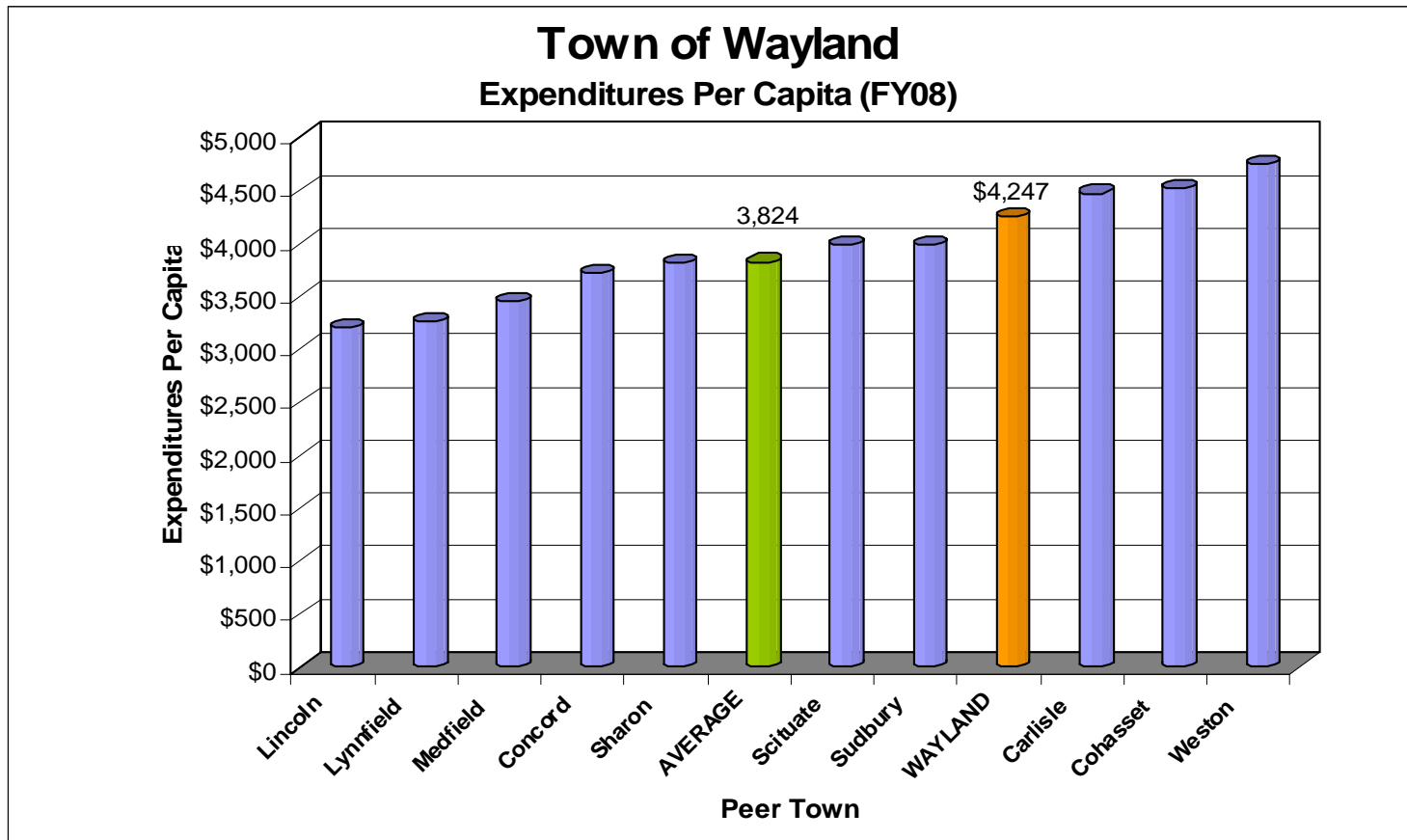
Peer Town Analysis: Net State Aid



Data Source: MA DOR DLS Website



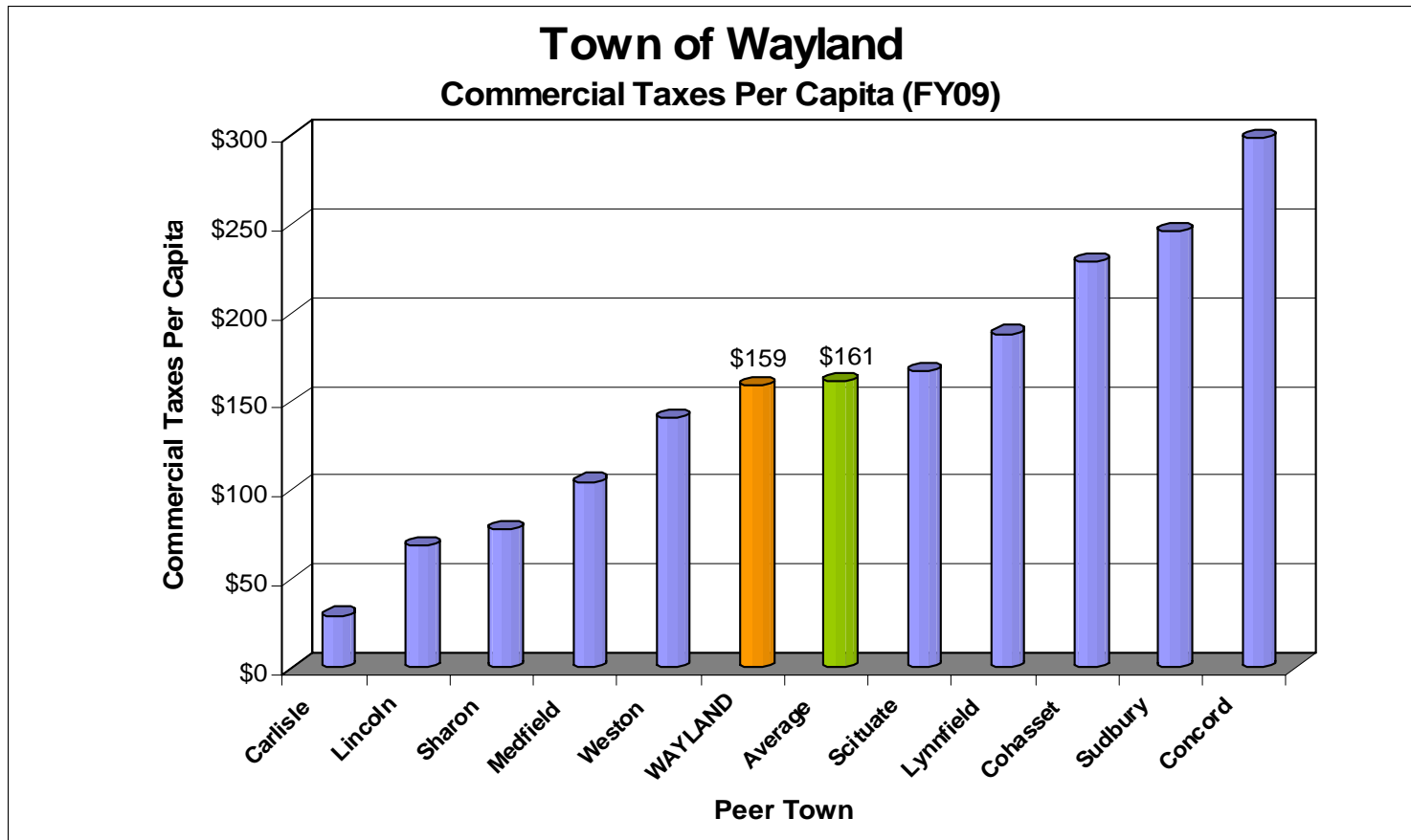
Peer Town Analysis: Expenditures Per Capita



Data Source: MA DOR DLS Website



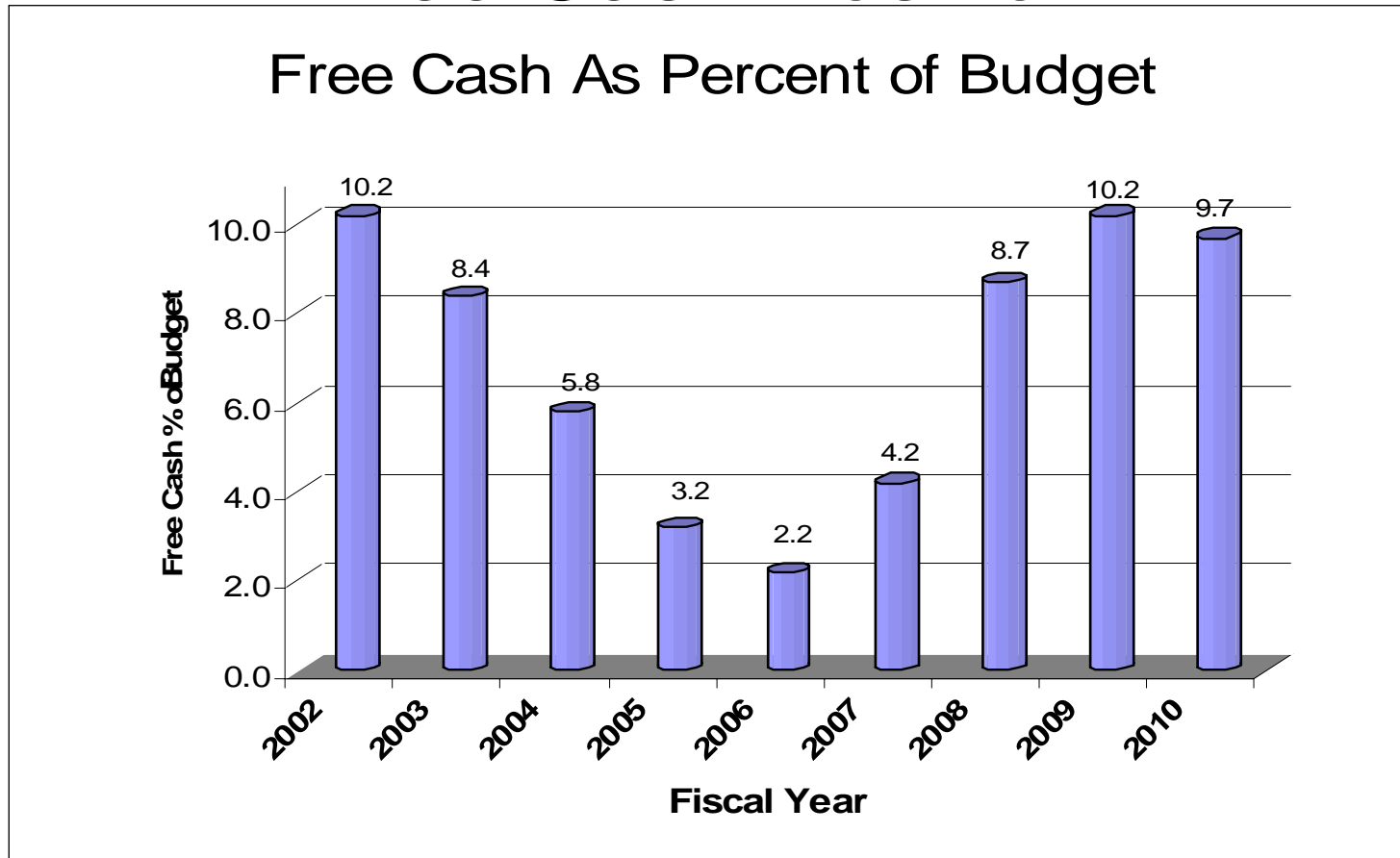
Peer Town Analysis: Commercial Tax Revenue



Data Source: MA DOR DLS Website



Town of Wayland Free Cash Position



Data Source: Wayland Town Reports



Financial Framework

Specific Objectives -- FY11 to FY15

- Increase Real Estate Revenues
- Control Growth of Employee Costs
- Change How We Do Business
 - Regionalization/Collaboration
 - Reorganization
- Manage Capital Spending
- Impact Changes at State Level
- Maintain Financial Health



Financial Objectives

- Increase Real Estate Revenues
 - Maximize commercial revenue in commercial zones
 - BoS appoint an Economic Development Committee
 - Review zoning regulations to better balance protecting the Town's interests with reasonable review of applications
 - Encourage Planning Board to explore zoning modifications to support controlled residential growth
 - Review Conservation by-law
 - Consider expanding properties zoned to allow commercial development by right



Financial Objectives, continued

- Increase Real Estate Revenues, continued
 - Reconsider a split tax rate between residential and commercial
 - Require accurate assessments
 - Timely capture of all new growth
 - Reduce number of abatements therefore reducing overlay account
 - Continue reworking of Assessor's office to improve timeliness of capturing new growth to assure fairness in tax burden



Financial Objectives, continued

- Control Growth of Employee Benefit and Salary Costs
 - Effectively manage healthcare expenses through further changes to plan
 - Continue to analyze moving to GIC (state healthcare)
 - Continue to monitor pension costs and lobby for extension of funding timeframe
 - Control % growth of salary and benefit increases in budget



Financial Objectives, continued

- Change How We Do Business:
Regionalization/Collaboration
 - Study and implement where appropriate to target change in structure, maintain service and reduce costs, for example:
 - Public Safety
 - Library
 - Transfer Station
 - DPW functions
 - School functions
 - Assessors
 - Public Health
 - Youth Services
 - Other town functions

Savings to be implemented starting in FY2012.



Financial Objectives, continued

- Change How We Do Business:
Reorganization
 - Study and implement where appropriate to target change in structure, maintain service and reduce costs, for example
 - Consolidations within town services
 - Combine like functions between Town and Schools
 - Coordinate all land use functions
 - Improve cost structure through use of technology
 - Identify other reorganization opportunities

Savings to be implemented starting in FY2012.



Financial Objectives, continued

- Manage Capital Spending
 - Consider sale of town land to reduce capital impact
 - Finance all capital expenditures through sale of bonds
 - Stage impact of major building projects
 - Leverage other sources of funds
 - Identify allowable CPA projects
 - Public/private partnerships
 - Grants
 - Maintain strong controls over capital expenditures
 - CIP program
 - Debt Management Policy



Financial Objectives, continued

- Impact Changes at State Level
 - Work closely with legislative representatives on local and regional levels to impact positive changes:
 - Pension (funding timeframe, defined benefit)
 - Healthcare reform
 - SPED
 - Support reform of state mandates (Municipal Partnership Act)
 - CPA recreation amendment
 - State Aid



Financial Objectives, continued

- Maintain Financial Health
 - Maintain free cash position of between 5-10% of total budget
 - Retain AAA bond rating
 - Use free cash judiciously to balance budget over next 5 years
 - Follow Debt Management Policy



How Is This Possible?

- Town-wide collective effort required
 - Buy in from all municipal and school departments/boards, employees, volunteers
 - Collaboration across departments is necessary
- Every board/dept. needs to think about the financial impact of their actions
- Financial Objectives provide guidance for all decisions
 - providing services
 - capital investment
 - staffing
 - board review and approvals



Questions