

Approved October 20, 2021

**Advisory Committee Meeting
Zoom Video Conference
Wednesday, October 13, 2021, 6:30 p.m.**

Those present from Advisory Committee included Neal Goins, Tom Cunningham, Patti Quigley, Shawn Baker, Jake Erhard, Jennifer Fallon, John Lanza, Corinne Monahan, Jeff Levitan, Doug Smith, Susan Clapham, Al Ferrer, Wendy Paul, Pete Pedersen, Madison Riley.

Neal Goins called the meeting to order at 6:30 pm and introduced members of Advisory in attendance.

Citizen Speak

There was no one present for Citizen Speak.

Financial Update

Tom Ulfelder, Chair, Select Board (SB); Meghan Jop, Executive Director; Sheryl Strother, Finance Director; and Morgan Dwinell, Finance and Budget Analyst were in attendance.

The overview of the inter-Board presentation was reviewed including 2021 operating results and FY23 revenue assumptions. Budget book website location was provided as a resource. Capital prioritization was explained and discussed

Questions/Discussion:

- The Select Board set the budget guidelines at 2.75% for Schools and operating and 6.8% for cash capital. All contracts have been settled except for schools. Traffic and parking and health insurance are being re-negotiated and are still outstanding.
- A question was asked about the concept of a sinking fund to save for projects and to not have to borrow quite as much.
 - Municipal finance does not have sinking fund functionality. This is what the SB is doing in deciding how much free cash to assign to this. Boards don't completely reprioritize their needs. Stabilization funds and Free Cash are like a sinking fund.
- Fees are charged for the use of the playing fields but Morses Pond does not have a component like this so they will have to come in for a capital request.
 - A revolving fund, like for field use, is set up to fund field replacement. There is no similar set up for Morses Pond, therefore there is no revenue source.
- If something is not funded does it get prioritized in the next year?
 - Not necessarily.
- At what point in the interdepartmental discussion are one department's needs prioritized over another?
 - It's a discussion with the department or alternative sources of funds are sought. We are trying to use more grant opportunities over the past couple of years to off-set the tax impact. We are holding funds for emergencies through stabilization funds and the Enterprise funds have reserves. COVID a good example of needing a rainy-day fund but we reduced costs instead.
- How is it handled if a smaller department with a small budget needs to hire a consultant and it puts them over guidelines.
 - We look at it on a case-by-case basis and if it is a TownTown goal.

- At some point in the negotiation with boards over prioritization of capital projects is there a specific conversation with FMD regarding their capacity bandwidth?
 - Yes, Morses Pond is an example of this. Some staffing will be freed up the library completion. We also consider the potential of two large school projects and the Town Hall renovation. We look at major capital projects from FMD perspective and FMD is very scheduled through capital planning. We take a long term look and try to do this on a 5-year basis with departments. Morses Pond project has buildings which would involve FMD.
 - The Finance Director reviews all borrowing projects in relation to when the debt falls off.
- With reserves at 19% is the Town allowed to invest cash?
 - All cash is invested depending on how quickly it is needed. The opportunities to invest are limited by the State.
- Given those constraints, do we have a plan for the \$10 to \$12 million in reserves?
 - The Select Board coming to terms on this and doing this one-time capital. There are items that cash balances could be used for and we might want to use this over time. It is being discussed and formulated at this time.
- What is the distinction between cash capital and one time capital?
 - Debt policy = funding policy .
- What are boards being told regarding this opportunity?
 - Boards are being told to think about needs and whether guidelines can be met or if a case for more can be made. There are a lot of things that can be done. Reserves are an over taxation of residents. We want to spend the reserves down into the reserve policy. This is an opportunity to catch up on cash capital. The goal is to maximize the money we have access to from all available sources to then meet the Town's needs.
- Has there been consideration in investing this free cash into installing PV panels on all Town buildings to reduce operational electric costs and get renewable credits?
 - A working group with MLP is looking at options within Town. The solar policy for Wellesley has not been set yet. An assessment of the capacity of Town buildings to house solar panels was completed and there are only a few eligible buildings. Some of the schools may need new roofs in the out years and we will evaluate then.
- Would solar panel generation be in Town or purchase on the open market?
 - There are multiple factors to the decision about solar panel. The Town must carefully consider how to roll out solar, capacity in grid, and buildings that can handle solar panels. We must balance the need now versus cost in the future and the overall policy.
- Confirmation was requested that we are not using free cash on solar panels.
 - There is not a decision to directly fund solar panels out of free cash.
- How do you think about smaller departments and delayed capital projects?
 - We are sensitive to the smaller departments and delayed capital projects. We are not asking departments not think of new projects but those that are needed. The capital prioritization is on needs not wants.
- What is the view of the reduction of manageable costs and to be more price competitive?
 - Expanded use of IT and digitization are an example of this. Building department and permitting is online which allows for an efficient use of staff. This created tremendous efficiency, accessibility to the public and provides transparency. It frees up staff to digitize documents. We are also looking at efforts that can be regionalized and not localized. Veterans Affairs is an example. There is a steady demand in Wellesley for a level of services. The scope of manageable costs in municipal governance is very different than in the private sector.
- Will there be a fund for the health care settlement that is similar to the fund for settlement of contracts?

- We are currently using a conservative estimate and this will get modified. We may need to fund excess, if projections not conservative enough, through free cash like we are funding Article 5 at STM. We don't have a separate fund.
- It appears the debt service inside the levy debt and cash capital is about 50/50 last few years– is this intended?
 - Cash capital has grown over the years to the point where it worked out that way.
- Are ARPA funds able to be used for capital projects?
 - There are 4 things ARPA funding can be used for, including one time increases in salaries; operational expenses related to COVID. All are one-time expenses and are not on-going operational. Capital projects are somewhat limited. With the funds that comes directly to the Town we are completing the revenue loss calculation to allow the Town to use these funds as revenue replacement. We have demonstrated a revenue loss. This money could be journalized into free cash over one year or a period of time. Rationale would be that we are putting those funds through a regular vetting process through Town Meeting to prioritize across the Town. We are always looking at organization and our values and addressing the values. Looking at putting ARPA into mix. It is more difficult to manage with smaller amounts so the advocacy is not to do the one-time salary things that get to be difficult to manage in terms of fairness. We are trying to advocate for the capital project aspect.
- Are you comfortable with the 2.75% limits on operational expenses and are there any key pinch points across departments in trying to meet those?
 - The library indicated they may like to bring ESL project into the operational budget. This has been privately funded over the past 10 years they may want to bring into their operational budget. Schools will have an increase in transportation costs (e.g., swing space); technology replacements, strategic goals, and contract negotiations. DPW has indicated that trash disposal costs have escalated. There are storm water issues across Town. Digitizing records is also a priority. There are also anticipated costs coming out of the Climate Action Plan.
- With respect to capital prioritization by sticking to the 6.8%, would items go into Warrant for funding as an individual item?
 - Yes – this would be articles brought forward for a free cash appropriation.
- Do you have plans to address the issues identified last year with Planning?
 - We don't know how Planning operates and they are still in transition and haven't been able to operate at a sustained level. It's been challenging because they have been operating with limited staff.

Minutes Approval/Liaison Reports/Administrative Items

Liaison Reports

CAC/Doug Smith – presenting to Advisory Nov. 17; residents received a survey from CAC;

Library/Corinne Monahan – discussion about when Library will present to Advisory.

Schools/Jenn Fallon – School Committee continued the discussion on the three options for swing space and voted unanimously to approve Option A which is a two-year plan to locate Hunnewell students at four schools in Town during construction. The teachers will move not the students. District goals and DEI initiatives for this year were discussed. An FY21 budget wrap up was provided and the schools are turning back \$3.148 million mainly due to COVID impacts. The Special Education circuit breaker was funded at 75%. Schools are now working on their FY23 budget.

- A question was asked as to the reason Option A was selected as it was more expensive than the other options on the table.

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- The factor was the impact to the vulnerable population of Skills students at Upham of moving them earlier than expected. Option C also disrupted the TLC program at Hunnewell.

MLP/Jake Erhard – MLP operates as an Enterprise Fund and makes a payment to the Town. MLP is discussing the best way to accomplish renewable goals. With the approval of the Hunnewell project, MLP is evaluating self-build versus the PPA option. MLP is continuing to assess that market as the construction project moves further along. MLP has not formerly approved Hardy project and there is no reason to think that they won't. A group of individuals may be needed to execute on specific objectives to meet goals in the climate action plan and this will be seen in the budgeting process.

- A question was asked whether MLP looking at lighting, internet connection speed.
 - There continues to be engagement on topics like this but no significant news. It continues to be a source of revenue for MLP to lease out infrastructure to carriers.

Minutes Approval

Madison Riley made and Al Ferrer seconded a motion to approve the October 6, 2021 minutes

Roll Call Vote

Jennifer Fallon – yes
John Lanza – yes
Corinne Monahan - yes
Patti Quigley – yes
Tom Cunningham – yes
Jake Erhard – yes
Jeff Levitan - yes
Doug Smith – yes
Susan Clapham - yes
Al Ferrer - yes
Wendy Paul – yes
Pete Pedersen - yes
Madison Riley – yes
Shawn Baker – yes

October 6, 2021 minutes were approved, 14 to 0

Administrative Items

- Board presentations should be scheduled; liaisons to contact Boards.
- There are about 15 meetings between now and the Public Hearing for ATM.
- Early meeting template is being developed and will be helpful to guide Boards in their presentations of prior year budgets and performance to those budgets.
- Liaisons were asked to remind Boards when presenting to send materials by the close of business on Monday so Advisory can review.

Adjourn

Patti Quigley made and Pete Pedersen seconded a motion to adjourn the meeting .

Roll call vote

Jennifer Fallon – yes
John Lanza – yes
Corinne Monahan - yes
Patti Quigley – yes

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Tom Cunningham – yes
Jake Erhard – yes
Jeff Levitan - yes
Doug Smith – yes
Susan Clapham - absent
Al Ferrer - yes
Wendy Paul - yes
Pete Pedersen - yes
Madison Riley – yes
Shawn Baker – yes

Meeting was adjourned at 8:37 p.m., 13 to 0.

Documents reviewed <https://wellesleyma.gov/DocumentCenter/Index/1316>

- All Board presentation 10/6/21
- Capital Budget Process (Budget Book)