

TOWN OF WELLESLEY



MASSACHUSETTS

BOARD OF SELECTMEN

TOWN HALL • 525 WASHINGTON STREET • WELLESLEY, MA 02482-5992

JACK MORGAN, CHAIR
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BLYTHE C. ROBINSON
EXECUTIVE DIRECTOR OF GENERAL GOVERNMENT

SELECTMEN'S MEETING

TENTATIVE AGENDA

Wellesley Town Hall – Great Hall

4:00 P.M. Wednesday, October 10, 2018

- 4:00 Call BOS meeting to order and Welcome – Jack Morgan
- 4:02 Introduction - Blythe Robinson
 - Rather than proceeding with the draft Capital Policy for this budget cycle we will focus on evolving and improving the Town's traditional capital planning process
 - Integration with departments multi-year work plans
 - Give increased attention to FY21 to FY24 while maintaining focus on FY20
 - No Committee
 - Selectmen's cash capital / inside the levy debt policy – range but eventually a specific target for FY20
 - Discussion among Schools and Town Hall staff, AC, SC, and BOS about major project timing requiring debt exclusion timing
- 4:10 Facilitated discussion on what people think has worked well in the process and areas for improvements – Meghan Jop
- 4:40 Facilitated discussion on how work plans could be helpfully shared and discussed across boards and departments – Meghan Jop
- 5:10 General comments by participants on capital planning
- 5:40 Citizen speak
- 5:45 Wrap up from the BOS – Jack Morgan

Next Meeting Dates: Tuesday, October 16, 2018 4:00 pm – Town Hall
Monday, October 22, 2018 7:00 pm – Town Hall

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MEMORANDUM

DATE: October 3, 2018
TO: Board of Selectmen
FROM: Blythe C. Robinson, Executive Director
SUBJECT: Capital Planning – Next Steps

Since the Board began discussion on a capital policy in mid-July, there have been a number of meetings and thoughtful input on what strategy and model would work best for the Town. In preparation for a meeting on Wednesday, October 10th with board chairs, department heads and Advisory Committee members, below is a bulleted list of discussion points that have been central to the discussion over the past few meetings.

Those points include:

- ❖ The focus for the upcoming budget process should be all five years of the FY 20-24 capital cycle and making minor changes to the process itself. Input, discussion and refinement of the elements of a plan over the ensuing months will yield a greater outcome than trying to rush a new methodology. This is an evolutionary process to bring clarity to what will eventually become a part of the budget manual.
- ❖ The general feedback has been that a “Capital Committee” is not the best model for Wellesley. Rather, adjustments and clarification of the process that has been used over the years is a better approach.
- ❖ Work plans – each board holds an annual retreat and in doing so develops a work plan for the year. Submission or sharing of each plan with capital budget requests will be requested to assist in the evaluation of upcoming priorities and needs across the organization.

- ❖ Comparing work plans adopted by boards will lead to a conversation at the department head level of how the priorities of the work plans can be coordinated. For example, we understand that the DPW plans to request funds for Walnut Street as its next major project, and that the Planning Board is also considering a study of the area. Coordination and timing of these two requests so that Town funds are expended in a logical sequence makes sense.
- ❖ Working with all departments and boards, the capital planning process moving forward will continue identifying capital projects and needs as far in advance as is practicable. No major project should be proposed for the early years of the town's capital plan other than unfunded mandates, emergencies, and other unforeseen circumstances. By identifying and coordinating in advance, we increase the likelihood that all projects are financed in the timeframe they are needed or desired. Submitting projects without such process will have unintended impact on other projects on the horizon.
- ❖ Articulation of criteria – the list of 7 criteria in the current draft of the policy¹ was written in broad terms so that Boards would utilize them to substantiate why they had proposed a project in a particular timeframe. The boards can best provide the detail and context as to why they have made such a request. The criteria help to establish common language for evaluating the merits of a particular project. It would be helpful at the meeting on October 10th to review these with the boards. One of the important criteria is how planned projects tie back to and advance the goals of the Unified Plan.
- ❖ Making a transition from lower cost items that have found their way into the capital budgets back into operating budgets. A budget adjustment above guideline this year

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1. ¹ **Law/Mandate:** Project which meets a requirement of State or Federal Law/Regulation: capital item replacement date has been mandated, or a law/regulation has been newly implemented which affects the asset.
 2. **Systematic Replacement:** Systematic replacement or upgrading of capital assets such as a facility or piece of equipment that improves services to the community or operations of a department.
 3. **Operating efficiency:** Project that substantially and significantly improves the operating efficiency or effectiveness of a department, or a learning or work environment.
 4. **Deteriorated Facility:** Project which addresses a deteriorated facility through reconstruction or rehabilitation to avoid or postpone replacing it with a new, costlier facility.
 5. **Project Coordination:** Project coordination required as part of another Capital Improvement Project (CIP) or which may be necessary to comply with requirements imposed by others.
 6. **Department Strategic Plan and/or Unified Plan Objective(s):** Project which contributes to achieving the values outlined in the Unified Plan: enables a department to implement its internal strategic plan or contributes to the vision and values contained in the Unified Plan.
 7. **Sustainability:** A sustainability project which protects and/or improves Town resources – natural or infrastructure. Makes progress towards the requirements of the Green Community Program and/or a specific standard of sustainability such as LEED.

might be a good opportunity to ensure that there is sufficient funding in a department or board's budget for the annual costs of carrying out their mission.

The Board will also need to consider the overall first year FY20 budget parameters and how to approach the amount allocated for capital (cash and debt-funded). I would suggest that the Board utilize the debt policy range set last winter to achieve this. The primary reason for this recommendation, is that it sets an overall amount, and gives the most flexibility across the organization to react to the needs of all boards and departments. An alternative would be to simply to set a percentage guideline for cash capital. However, doing so would not take into account the needs that were deferred in FY19 that are still present, any new priorities identified, or things already scheduled for the upcoming year. Furthermore, any new board/department request would not necessarily have a place in the budget. Because debt-funded projects have a one-year lag between approval and due date of first year principal/interest payments, we can be somewhat assured that the approximately \$4 million already planned will be largely the same. Sheryl and I can model various scenarios of the 6.2% - 6.8% range to give you a better understanding of what the expenditures would look like. This might be very helpful to the boards as they consider what they deferred from last year and what they anticipate forthcoming.

We look forward to discussing this with the Selectmen, Board Chairs and Department Heads on October 10th in the Great Hall beginning at 4:00 PM.

