

Capital Planning Working Committee
Minutes of Meeting
March 2, 2021

Members Present:	Michele McAuley, Chair	DRAFT FOR APPROVAL
	John Halbreich	
	Steve Klein	
	Richard Long	
	Beth Reynolds	
	Mark Warner	
	Nat Yohalem	
Others Present:	Tara White	

With all members present the meeting was called to order by Michele at 6:07 p.m. John Volunteered to take the minutes.

The minutes of the previous meeting were reviewed. Steve approved and Beth seconded. Roll call was unanimous.

Michele opened the meeting by announcing that the Board of Selectman meeting might be delayed due to the pandemic while the Town election cannot be moved, as it's in our by-laws. This could impact our timetable; it was said that Chuck Loring was concerned that such delay could impact forthcoming DPW projects. Richard added that the meeting might be deferred until May, and that we needed to make sure there was timely bidding of road projects.

Steve updated the committee on recent attendance at the Highway planning committee, which discussed their work identifying and prioritizing road projects for the current and out years.

Steve reported that Chuck's estimates are \$900,000 annually for the next three years. Of that \$300,000 would be funded from Chapter 90 funds annually and the balance of \$600,000 would be funded by the town; he posed the question: In year four and out what would be the status of the roads and what capital funds would be needed? Would we have completed the backlog of repairing the deferred roads after spending this amount of money? Steve answered that Chuck said that if we spend this amount of money that post these three-year funding levels would be less for the future years. A question was asked if the towns software was used to generate our road needs and or was the projected dollar need generated by Chuck's experience? Steve said to add the \$600,000 annually into our requests.

Nat brought up that in the Five Village News, Chuck had said he would like to convert one unpaved road to a paved road per year to eliminate all dirt roads. Nat asked if the \$900,000 requests are inclusive of paving? Steve would follow-up on answering the question.

Michele asked why were the projects for three years rather than further out? Steve thought that the three years assimilates Chuck's three plan to fix the deteriorated roads. The Highway planning committee is reviewing same.

Richard suggested that given the size of the "bill" Chuck is suggesting that we hire an independent group to study our highway plan and give recommendations on same. Richard thought that the team who reviewed the highways might be best to hire.

Steven summarized the current capital needs without townhall, and transfer station requests are \$3.2million over the next three years. Townhall might require \$2.1m with a possible grant program that might infuse \$6/800,000 to decrease the \$2.1million capital outlay.

Michele then led the conversation towards the capital needs of the Transfer station. She recommended that a study, that might cost between \$50/90,000 would be helpful given the magnitude of its needs and conditions. Michele thought that there might be state funding in the future to help New Marlborough financially to resolve the issues associate with the Transfer station.

Nat added that the Board of Selectman have posted on the New Marlborough website a call for volunteers with backgrounds in engineering and other fields to join a committee to review the needs of the transfer station. Richard added no one has currently has volunteered.

Steve will send all the committee members a summary spreadsheet with all the capital requests. Nat asked when we have to submit our recommendations, and Steve said we count back 45 days before town meeting. However, we do not know when Town Meeting will be scheduled. The committee agreed to try and complete our recommendations for submission by end of March.

Michele discussed funding levels. We area assuming that the is approximately \$400,000 free cash, and \$900,000 in the stabilization fund of approximately \$1,300,000. Steven said that we, the town, would never spend down the reserve to \$0.

Beth asked Tara if we had to put anything in plan for Cemetery such as purchasing land. The answer was no.

Michele again directed the committee to thinking about the strategy and funding sources that are available to us.

Steve had a question for Mark regarding the Tree Warden and his status quo request. Steve said that he was concerned about the evasive species that has evolved and become so prevalent and that we need to do something about halting its march.

Michele: what are our funding sources and what do we know about the funding sources? What portion of the budget historically is spent on capital vs operating?

Michele identified the following funding sources:

Stabilization fund: Mass workers sometimes referred to as the towns saving account. Approximate balance \$932,000.

Free Cash: raised and appropriated or additional revenue unspent and certified by the state. Approximate balance is \$400,000.

Debt: we can raise and appropriate if we want for the whole or part.

Enterprise Funds: which are used specifically for the rescue/ambulance squad. Their fees go into the fund. What is available and disposable for capital requests? Approximate balance is in excess of \$200,000.

Tara said it is in a special revenue fund called fund 19 which is separate from general fund. Questions about the spending from this Fund asked who manages the funds, what role does Chuck, Maureen and Joe have in the allocation of the funds? Steve: why does the department have the unilateral decision making? We could direct some of the money for the ambulance.

Richard suggested that for the future fees and billing were set at a rate that it would cover replacement costs for such capital expenses as an ambulance. Richard suggested more transparency in managing the fund.

Grants: Massachusetts works grants which are about \$500,000 every three years. Are those funds being considered to fund requests. Richard said due to the size of our town we can now apply annually.

State Funding: Steve suggested that Chapter 90 funds being considered for highway proposal. \$600,000 is net of the Chapter 90 allocation.

Stabilization Fund: What is the balance in the fund? Steve will provide history of past several years stabilization funding for capital projects. Nat said that the state suggests we maintain to 3% to 5% of budget be tagged for stabilization fund. Richard suggested that we try to look at history of balances and how we have been appropriating for at least the last seven years. Richard confirmed we try to maintain at least 5%.

Beth asked if we could track total capital expenses and how we funded projects historically?

Michele asked what do we vote on to spend in capital over the years and to look at debt service associated with same? Michele further suggested that we look at the needs and history over at least 7 years or as far back as Mari can get. What did we purchase, and what is raised and then appropriated for capital purposes? What do we anticipate going out? Also take a look at historical debt service.

Nat made a suggestion that the committee look at all the capital requests and make recommendations to the finance committee.

Michele verbalized that she is not sure that we the committee are charged to make the recommendation to the selectman. Michele asked us to look at everything in a tactical and strategic way. Both Richard and Nat agreed as did the other members to look at what is the appropriate amount for our town to spend. Look at the recommendations after we accumulated enough historic data.

The committee began to discuss our role of making recommendations.

Steve: added to look at another metric: what is healthy municipal finance? What is the right amount of debt service that other towns similar in fiscal size to New Marlborough take on?

Beth: look at single A rated towns and their debt metrics and we should agree what our town should exist at. Both Steve and Beth will work together to look at the metrics of similar size towns.

Nat told us that the town had a resource that he called our "Banker" and Steve identified him as Mark our financial banker at Unibank and that they will contact him.

Michele: we need to look at our historical debt service and is there room to assume more debt? Michele shared a spread sheet of the towns historic level of debt service which is declining. School is not included in this discussion. In 2020 our debt service reflects less than half from previous years. Michele sees that there is a decrease in debt and accrued balances.

Richard as a footnote told the committee that he was aware that schools may ask for \$1.6 million capital expenditure to replace an aging HVAC system. Not sure of how it impacts us and what needs to be added to our spreadsheet that summarizes the requests.

Michele posed the following to the committee: capital should be proportionally managed in the town budget. What is the appropriate capital amount for our budget? Michele will research and gather additional data to bring back to the committee.

Next meeting of the Capital planning committee will be 3.09.2021 at 6:00 PM

Michele moved to adjourn, and she was seconded by Richard and it was unanimous.

The meeting ended at 7:30pm.

Submitted by: John Halbreich