

Capital Planning working Committee
Minutes of Meeting
March 31,2021

Members Present: Michele McAuley, Chairwomen
John Halbreich
Steve Klein
Richard Long
Beth Reynolds
Mark Walker

Others Present: Tara White
Mari Enoch

With the above members present Michele called the meeting to order at 6:00pm.

The minutes of the previous meeting were reviewed. Corrections were made to the minutes. Mark approved Steve Seconded. Nat was not present this meeting. Roll call was taken and the minutes were approved as corrected.

Steve and Mark: We cannot fund all the requests, as we do not have the funds to cover it all.

Steve: The Finance Committee and Select Board need to hear from us on what we think works and how to pay for it and let these two committees decide if they support recommendations or what they say they can fund or not.

Mark: we have equipment in the town that has gone past there it's useful life and now we need to catch up which leaves us in a bind.
Should we show what the amount is that needs to be funded now as it compares to years past.

Beth: We fund \$3MM from free cash and other funding sources and \$1MM in debt so the bottom line is we can fund \$4MM of requests. We are \$4MM short.

Richard: The Select Board wanted more direction from the Capital Planning Committee on what can be funded. The capital planning committee will be a standing committee so it will continue to work on the capital needs of New Marlborough.

Steve: we cannot fund all that needs to be done, we have enough to fund only a certain amount over the five-year period, we sell debt in X amount and we use free cash in the following way. Using other funding sources chapter 90, Enterprise fund and get some direction from the Board and Finance Committee.

Michele: We want to go forward with all that we can do. I think we need more time to address some of the issues that we have not been able to address fire company building, town hall, and highways.

Steve: Using the proposal submitted of \$5.5 MM of the total is being funded while the Town Hall renovations request is deferred to FY27. Road's request is \$4.6MM and we deferred \$1.5 MM or about 1/3rd. Town consumes more capital than it currently can afford.

Total debt goes up to \$3.5 MM which is above the average for towns similar in size to New Marlborough. The debt service as a percent if the budget goes above the average for towns our size.

We will be appropriating \$5.5MM of capital when the 5-year history shows we have appropriated \$1.962 MM and raised \$1.1MM outside of Free Cash.

Stabilization fund needs to be funded, and there is a proposal level of \$200,000 annually.

Michele: Free cash is again a variable. We really do not know the level until we have it! Historically from FY17 to FY21 we have funded \$1.6MM out of Free Cash.

We increased free cash to \$100,000 annually in the budget from \$50,000. This can be a contingency and pull back from other years.

Steve: Can the town approve and then exclude multiyear approval for Debt? Do we need to go back every year to the Town for approval?

Richard: the rescue funds expenses are depleting the funds balance. If depleted the town will have to make up the shortfall.

Beth: If we had \$1MM of new debt we would be above average as the Town is currently carrying \$500,00. Currently we are paying Town debt annually \$110,00 for the fire truck and the grader.

Steve: \$2.5MM of debt would bring town debt to \$200,000 annually. We have a huge backlog of capital needs which means we might end up on the heavier debt side. We have taken the reduction in debt service to fund capital expenses.

Michele: Perhaps the jump of \$3.5MM in capex might be too large for the Town. Is \$5.5MM is it a reasonable level and ask if our debt level realistic? Forces town to be cognizant where town is spending money.

Mark: We have not taken into account what happens in the 6th year to our needs and debt in FY27 is \$3.5MM. Our ability to fund anything else at this time would be restrained. What is the guidance from the select board?

Michele: For next meeting let's look at what is reasonable total debt level, debt service and 5-year appropriations?

Michele and Mark: While providing a plan and schedule we also need to look at a per capita basis so the Town knows what the increase will be per family.

Steve, Mark, Michele: If there is \$2.5MM of new debt for 15 years at 2% (\$200,000 debt service) and the assessed value is \$200,000 what is the impact?

Michele refined it to be an increase for each homeowner, the average bill, of \$158.31 per average residence for \$200,000 of new debt service.

Steve: We would meet 4.06, would the joint presentation to follow?

Next meeting Tuesday April 6 at 6:00PM

Meeting was adjourned at 7:40PM.