

West Newbury Capital Improvements Committee Meeting Minutes

Meeting date & place: 7:30 PM, December 8, 2022, 1st Floor Hearing Room 1910 Building

Members Present: Rick Parker, Elisa Grammer, Julia Boria, Walt Burmeister, and Chair Judy Mizner. Department of Public Works (DPW) Director Wayne Amaral, Select Board member Wendy Reed, and Town Manager Angus Jennings were also present.

Call to order

7:30 PM

Approval of Minutes From 11/10/2022

By a unanimous vote the Committee approved the minutes of November 10, 2022 as amended.

Discussion of working draft Capital Improvements Program as presented at CIC meeting Updates

Mr. Jennings said that the Capital Improvements spreadsheet is largely unchanged from the version he circulated shortly before the November meeting. Mr. Amaral said that he had certain updates regarding Page School and that the portions regarding Page School had been circulated to Pentucket Regional School District officials to ensure that our projections line up with theirs.

Mr. Amaral said that the Page floors are better than expected and costs of repairing them can be deferred beyond FY24 and he believes, having consulted with the fire/police chief, that the standard for E911 communication may be met. He is getting quotes on the Public Address security system and working on obtaining cameras so that the staff inside can monitor activity outside of the building—the \$30K for that is just a guess and they will need to consult with contractors. He said that the proposed new clock system was a wish list item that has been removed.

Mr. Amaral added that the new fire forestry truck was initially estimated at \$75K because the estimate did not include aftermarket items such as the pump that needs to go on the back. The estimate now is \$115K for a F350 vehicle with the whole package—all of which would be under a single warranty. Mr. Amaral noted that other numbers may change over time. For instance, with the experience of the Page School playground, he now believes that Action Cove playground replacement could cost around \$600K.

Spreadsheet data contents

Mr. Jennings explained that the data showing past capital improvements on this spreadsheet reflect only what the Town had voted to appropriate—and did not attempt to trace the funds through to expenditures. He noted that once a project has been completed, monies left over would revert to the Stabilization Fund balance and that balance will be updated.

Ms. Grammer agreed with the approach of showing only amounts authorized at Town Meeting, because of issues with the complicated nature of accounting for expenditures at different stages over time and the difficulty of designing a spreadsheet to capture this. She said that she had attempted to go back in time to look at capital appropriations in past years and, due to factors like turnover in the finance department, had found publicly available records lacking and confusing. Mr. Jennings said that someone who wanted to see the accounting history of a project could obtain a report from the Finance Department. He noted that now the data at the back of the Finance Committee booklet is

accurate and consistent in presenting Town Meeting capital appropriations but that had not been the case in the past.

It was agreed that to give a complete picture of future capital improvements, the Capital Improvement Plan should list all anticipated projects—including those that may be funded in a manner exempt from the Capital Improvements Committee process (e.g., Community Preservation [CPA] funding) and other items not included in Town funds (e.g., Water Enterprise items). Mr. Jennings noted that Parks & Recreation has a number of wish list items but has not developed project sheets. Also, Ms. Reed pointed out that the library is not accounted for.

Explanatory statement to accompany Capital Improvements Plan

The Committee discussed the explanatory statement that would be included with the Capital Improvements Plan when it is posted on the website. After discussion, *it was agreed that the statement would include the following elements:*

- *Near-term estimates and projections are far more accurate*
- *Estimates are obtained from department heads or committees, based on experience and where possible quotes*
- *This is a living document and is continually updated, but will be posted twice per year, in spring and fall*
- *Values used for past FYs are amounts appropriated at Town Meeting—and this point will also be a footnote on the spreadsheet proper*
- *Values are not adjusted for inflation*

Ms. Mizner will draft an explanatory preface and will share it with the Committee for resolution at the next meeting, so that the Capital Improvements Plan can be posted on the webpage

FY24 \$180K for sidewalk snowplow

Mr. Burmeister questioned the plan to acquire a \$180K snowplow to clear sidewalks, noting that sidewalks in his neighborhood used by children to get to school are not plowed, and the understanding is that property owners should shovel sidewalks. Mr. Amaral said that this is a specialty piece of equipment (which includes both plow and snowblower) that is outrageously expensive. This replaces one just like it and the DPW knows how to fix it.

Mr. Amaral explained that on Main Street, the state plows tight to the sidewalk and creates very large piles of hardpacked snow that homeowners cannot reasonably shovel themselves. He said that whether the Town needs to clear the sidewalks is ultimately a policy question.

In response to Mr. Parker, Mr. Amaral said that a multiuse machine would not be viable for various reasons, including the fact that the space to be cleared is narrow and the machine needs to go around telephone poles and mailboxes.

Discussion of Capital finance spreadsheet, and method of projecting/forecasting future capital expenses and funding sources (cont'd from Nov. 10th)

Mr. Jennings addressed the question whether \$500K is the right amount to invest yearly in the Stabilization Fund. We should have a figure that is based on reasonable expected capital costs and

on the various sources that can be used for funding (e.g., grants, CPA funds, Free Cash, borrowing, etc).

Ms. Grammer said that she attempted to develop proxy values that might be applied to roughly estimate future proportions of funding sources by going back several years to see what funding sources had been used for capital improvements. This, she said, was impossible because past data was not comprehensible. Generally, she said, very large expenditures tended to be funded with borrowing and most of the time Free Cash was used, particularly in the period when the capital improvements process had been suspended. Selection of funding sources seemed, however, highly random with no clear standards applied.

Mr. Jennings said that it did make sense to put money into the Stabilization Fund and then take it out again instead of just using Free Cash, which is generated annually in substantial amounts due to financially prudent underestimation of revenues and conservative spending by departments. The auditors want to see funds in and out of the Stabilization Fund, this improves accounting and financial management, and a 2/3 vote is required to take money out of the Stabilization Fund, meaning that greater consideration and more important capital improvements are made. Ms. Grammer noted that there's a danger in relying only on Free Cash: circumstances may reduce Free Cash in a given year, and in some years, an emergency occurred so that the Town needed to hold a Special Town Meeting to come up with funds for a capital item.

Mr. Jennings said that each project sheet could be reviewed to determine likely funding sources. Ms. Grammer noted that this would be highly labor intensive for an exercise involving so many unknowns. *Mr. Jennings will develop approximations based on best knowledge available.*

Impacts of large future Water Enterprise capital expenditures

Mr. Burmeister observed that the Town funds are in good shape, but Water Enterprise capital improvements (largely involving replacement of mains installed in 1936) are a very large looming problem that should be considered in Stabilization Fund yearly contributions. He said if the water projects were included (and a change may occur so that water items could be funded with Town monies), the Town would need to invest \$1.5M, three times the \$500K.

The Committee discussed the need for regionalization of small water systems such as West Newbury's.

Review schedule for upcoming Capital Improvement Committee meeting(s)

Mr. Jennings said that the Town Meeting warrant will close around end of January 30, so departments and committees will need to get placeholder articles in soon.

The Committee decided to meet next on January 12 and February 9, 2023.

Annual Committee Report & report in FinCom Booklet

Ms. Grammer noted the usefulness of having a good public record of capital expenditures, and said that she hoped the Committee would contribute an Annual Report this year to be included in the Annual Town Report.

Mr. Jennings added that the Committee now contributes to the Finance Committee booklet for Spring Town Meeting, as it did in 2021:

*Town of West Newbury
Commonwealth of Massachusetts*

*Warrant – Annual & Special Town Meeting
Saturday, May 22, 2021*

**APPENDIX B – 2021 Annual Town Meeting
Capital Improvements Committee
CIC FY21 CAPITAL PROJECT RANKINGS**

The Town Bylaws prescribe that no Town Meeting vote for capital improvements take place unless considered in the annual report of the Capital Improvements Committee (CIC).

In accordance with its charge, the CIC provided its report and recommendations to the Board of Selectmen by memorandum dated March 29, 2021. The CIC was presented with six proposed capital expenditures during the FY22 budget cycle. The CIC recommendations on each proposal are summarized as follows:

Summary of CIC Recommendations on Warrant Articles

<u>Article #</u>	<u>Description</u>	<u>Ranking</u>	<u>Proposed Authorization</u>
STM #16	Middle Street Bridge	1	600,000
ATM #2	Page School fire alarm system	2	33,000
STM #17	Re-coating building roofs	3	95,000
ATM #7	Pipestave Water Tank Repairs	4	270,000
N/A (Withdrawn)	Fire Dept tanker truck	5	N/A
STM #18	Jaws of Life	6	35,000
Sub-total:			<u>1,033,000</u>

(Net out Pipestave Water Tank - funding source
Water Free Cash, not Stabilization): (270,000)

Adjusted sub-total (proposed authorizations from Capital Stabilization): 763,000

Proposed Omnibus Budget Contribution to Capital Stabilization: 500,000
ATM #15 Proposed Contribution to Capital Stabilization: 700,000

Estimated Net FY22 Capital Stabilization Increase/(Decrease) 437,000

In addition to the articles outlined above, the Board of Water Commissioners is also proposing a transfer of \$500,000 from Water Free Cash into Water Stabilization in order to support future Water capital needs.

View complete CIC report at <https://www.wnewbury.org/capital-improvements-committee>

Adjournment

9:47 pm

Meeting Documents

Capital improvements spreadsheets

Respectfully submitted

Elisa Grammer