

West Newbury Capital Improvements Committee Meeting Minutes

Meeting date & place: 7:30 pm, October 29, 2020, Remote Participation via Zoom, Plus In Person at First Floor Conference Room, 381 Main Street, West Newbury.

Members Present: Via remote participation Julie Boria, Rick Parker, Elisa Grammer. Adam Stone, who assisted with technical issues, also participated remotely. Chair Nathan Kelly, Town Manager Angus Jennings, ex officio, present in Town Offices and participating remotely. Also present in Town Offices and participating remotely, DPW Director Wayne Amaral, Fire Chief Michael Dwyer.

At the outset, Chair Kelly read the following statement: “Pursuant to Governor Baker’s March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §18, and the Governor’s March 15, 2020 Order imposing strict limitation on the number of people that may gather in one place, this meeting of the West Newbury Capital Improvements Committee will be conducted via remote participation to the greatest extent possible.”

Call to order

7:45 pm

Approval of Minutes

It was agreed that Ms. Grammer will take Mr. Jennings’ handwritten notes of the Committee’s September 23, 2020 meeting and make them into draft minutes. It was also agreed that Ms. Grammer will resend to Messrs. Kelly and Jennings the emails she exchanged with Mr. Jennings concerning the January 29, 2020 minutes, which require amendment prior to posting on the website.

Public Comment

None

Overview of Capital Improvement Program Funding Sources

Mr. Jennings provided an overview of sources available to fund capital projects.

Stabilization Fund Mr. Jennings stated that the [Stabilization Fund or Account](#), which receives deposits through the capital planning process, is there for capital projects. It requires a 2/3 vote at Town Meeting to expend Stabilization funds. This is useful as a longer term resources and acts as a savings account. In some past years, the Town paid for capital items from Free Cash, but a well-functioning Stabilization Fund has an accounting benefit of correlating a continually updated capital asset inventory with long term capital needs. A strong capital improvements program can also help with the Town’s bond rating, since the “savings account” program can be a rainy day fund to help mitigate risks of costs that arise.

Mr. Jennings added that the Town also has a School Stabilization fund to help fund capital needs of the schools. He said that the state’s Department of Revenue (DOR) recommends use of subsets of stabilization funds.

Free Cash As noted, the Town has often used [Free Cash](#) to fund capital improvements.

Availability of Free Cash varies as revenues and expenses change from year to year, so it cannot be counted on to fund future capital needs.

Operating Budget Mr. Jennings said that use of the [Operating Expenses Budget](#) is a third way to fund capital projects. This has the disadvantage of placing large, variously episodic expenses into operating expenses, contributing to abrupt increases and decreases in an annual budget and thus in year-to-year tax bills. The usual objective is to have more gradual and smooth adjustments to tax rates.

Grants The Town has used grants very effectively. The Fire Department regularly seeks and obtains grants for large cost capital items. As in the case of the Energy Advisory Committee's recent Green Communities grant for HVAC controls for the Town office building, grants can accelerate acquisition of items on the capital improvements schedule.

Ms. Boria asked how the Town goes about searching for and obtaining grants. Mr. Jennings said that this is decentralized. Sometimes department heads do this, sometimes various committees seek and get grants. The Town has no grant administrator and the cost of managing grants involves considerable staff hours. Larger communities do have a grant administrator. Mr. Kelly suggested that a Town grants administrator would probably not only cover the costs of the employee but also bring money into the Town. *The Committee generally agreed that this is an important consideration.*

Community Preservation Act (CPA) Funds Mr. Jennings stated that [CPA funds](#) are not a traditional source of capital funding, and the CPA process is exempted from the capital improvements bylaw. Nonetheless, some capital costs, such as those contributing to preservation of historic buildings like Page School or Old Town Hall, could be funded through the CPA account.

Borrowing The Town may determine to fund large capital projects through a bond issuance that spreads large investment costs over a longer period of time.

In response to Ms. Grammer's question about the benefits or strategic value of one funding source or another, Mr. Jennings had no additional comments other than the need to preserve sufficient Stabilization Fund levels to meet planned capital needs. Mr. Kelly noted that the stabilization program will begin to look at sources of funds for items on the capital improvements schedule.

Review of Capital Improvement Program & Purpose of Stabilization Table

The Committee considered two capital planning documents available on the Committee website:

- 1) the [Capital Improvement Program](#) prepared by Messrs. Amaral and Jennings in a new, more detailed, updated, and substantiated format and
- 2) the [Recommendations for FY21 Capital Stabilization Authorizations](#), whose format is a legacy from prior years.

Mr. Kelly urged—and Committee members agreed—that all should become familiar with these documents.

New Capital Improvement Program document Messrs. Jennings and Amaral pulled up the new Capital Improvement Program document on screen and reviewed the detailed information that has been gathered so far, including a map, photos, detailed descriptions of items, cost estimates, and other data. They stressed that this is not complete and is a living document. They expect that this will become better and better as more budget cycles progress.

More work will be done on the new Capital Improvement Program document. For instance, Mr. Amaral said that Page School needs a large array of capital improvements—and he is still trying to determine all that needs to be done. He will be working with school representatives to try to obtain a more complete picture. Mr. Jennings added that new projects, such as a proposed sidewalk between Chase Street and Page School, need to be incorporated into the document—even if a given item will not be acted upon in the near future.

The purpose of this document is to produce a roadmap of capital needs that is readable and transparent. It should help Town decision makers, departments, and voters. Mr. Jennings said that it would be good for the Capital Improvements Committee review this document and provide a formal vote on an annual or more frequent basis. He recommended that the Committee vote on this document in early in 2021, after Committee members have an opportunity to do a deep review.

Ms. Boria and other Committee members applauded the work of Messrs. Jennings and Amaral in preparing this document. Ms. Grammer noted that according to the DOR's Division of Local Services (DLS), a purpose of the Capital Improvements Committee is to educate townspeople and this document will help significantly with that. People like to vote for fun items, but the Committee's job is to plan for un-fun items like a new septic system—and knowing that we need to invest in such things can help us make sound choices with limited resources.

Merging the Two Documents Mr. Kelly urged that these two documents be merged so that the information is integrated, reducing opportunities for error, and providing greater efficiencies. Mr. Jennings said that he saw value in keeping aspects of the older format, particularly the overview information, which he shared onscreen:

TOTAL ASSET REPLACEMENTS **			873,020	2,355,000	687,000	390,000	515,000	160,000	710,000	935,000	125,000	1,420,000
(Transfer from Free Cash)												
ANNUAL APPROPRIATION	1,543,000		800,000	800,000	700,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
STABILIZATION FUND TOTAL	1,524,520		1,451,500	-103,500	-90,500	119,500	204,500	644,500	534,500	199,500	674,500	-145,500
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030

Ms. Grammer suggested that perhaps this could be accomplished with nested spreadsheets that take the detailed information from the new format to automatically input data for the aspects of the older format that we would want to continue.

By unanimous roll call vote, the Committee agreed to integrate the two documents discussed above into a single document that retains some of the overview information from the legacy format and uses as input the dollar values and the more detailed information in the document more recently developed.

Review of FY22 Stabilization Program and Impact on Future Years

Overview of DPW & Fire Department FY22 Mr. Amaral and Fire Chief Dwyer discussed the FY 22 items for their departments in the [Capital Improvement Program](#). Both explained that the large number of items nominally in FY22 are there to catch up placeholder items that may have slipped away or been repeatedly deferred in the past. The nominal total of \$3.26M in capital improvements is not viewed as a realistic expectation, but priorities will need to be determined.

A number of listed items can be pushed into future years and some, such as painting for Old Town Hall, may be funded with CPC monies. Among the items Chief Dwyer addressed is the communications system atop Pipestave Hill. The old Parks & Recreation building is now used only to house police and fire communications that can be moved to the attic of Page School. The aged communications tower can be removed and the disused building, which is scheduled for demolition in 6 years, might be razed earlier.

Capital Improvements Issue Areas

Page School Mr. Amaral, Mr. Kelly and Committee members discussed the need to develop a means of comprehensively understanding and evaluating the capital costs required for Page School. Currently the picture is incomplete, and Mr. Amaral is working on gathering additional information. A very long list of “small” items can become extremely costly—perhaps more so than building a new school. Also, we need to consider whether as an educational space, Page School is outmoded. *The Commission generally agreed that we need to develop this kind of decision-making (when to repair vs. when to start anew) in the capital improvements process, particularly in the case of Page School and more generally for other items.*

Water Department Mr. Jennings said that another large, looming issue is infrastructure for the Water Department, whose facilities are very old. Rates have gone up significantly thanks to recent capital investments such as the new water tower. This raises fundamental questions whether water ratepayers alone can sustain Water Department capital costs without larger contributions from townspeople in general. Mr. Kelly and Ms. Grammer (who both have their own water wells) said that they support a greater Town contribution. Among other things, their homes are protected by the fire hydrants along the street.

Committee Member Assignments

The Commission agreed to divide up the capital improvements schedule for in-depth review by members of particular subject areas, assigned as follows:

- Nathan Kelly: Page School
- Rick Parker: Department of Public Works
- Elisa Grammer: Water Department
- Julie Boria: Parks & Recreation
- Polly McDowell: Council on Aging

- Patrick McCoy: Fire & Police Departments

Brainstorm of Future Committee Agenda Items

Elisa Grammer said many of the ideas she had were already discussed in this meeting. She added that she would like to see that Committee plan more for future change. In the past, the Committee has essentially looked at what we have now and planned to replace it. That is unlikely to work in the future when we know we need to expect changes associated with climate change, rapid growth of the Town, and perhaps fallout from COVID. We may need to consider shifting from fossil fuel infrastructure, preparing for flooding, and we may need to ask, with growth in the Town, whether existing capacity of a given item is sufficient.

Mr. Parker said that he would like to begin considering such long term items as a municipal campus [microgrid](#), which would provide steady power to the safety complex, Town Offices, and elderly housing, and which could be a revenue source.

Mr. Kelly said that he would be focusing on looking at the Committee's bylaws and charge. *It was agreed that Ms. Grammer should post the [DLS Capital Improvement Planning Guide and Manual on the Committee website](#).*

Adjournment

The meeting adjourned at 9:35 pm

Meeting Documents

[CIC Charge/Bylaw](#)

[Capital Improvement Program](#)

[2020 Report to Selectmen](#)

Respectfully submitted

Elisa Grammer