

**Capital Planning Committee
Remote Meeting #1
January, 11 2023**

Members present: Roger McPeek (Chair), Jim Johnson, Helen Philliou, Chris Nixon, Diab Jerius, Hafiz Adamjee, Stefan Carp, John Fallon (Select Board), Mike Wise (DPW), Peter Lawson (DPW), Mr. Mucci (Select Board), Richard Rohan (Public), Mark Twogood (Staff), Meg White (Staff), Kolby Stiles (Recording Secretary).

Remote meeting due to COVID-19 Pandemic The meeting was called to order at 7:00 pm

Public Comments

No public comments

Review/Approval of Minutes from October 19, 2022

Motion: That the Committee accept the 10/19 meeting minutes as amended. Made and seconded.

McPeek – Yes
Philliou - Yes
Nixon - Abstained
Adamjee – Yes
Jerius– Yes
Johnson - Yes

DPW Introduction

Mr. Twogood introduced Mr. Wise as the new acting DPW Manager to the committee.

DPW Costs

A memo was distributed in December from DPW about equipment costs increasing significantly from the time of request of funds for them. Mr. Wise will be returning to request the funds from the CPC in 6-8 weeks. The Vactor truck has been ordered and it will arrive in 15 months. Borrowing authorization for this. Brought to the Select board due to only being able to amortize for 5 years. Payments will come out of the Water and Sewer Enterprise Account.

Building Request

Mr. Lawson provided CPC a memo before the meeting. DPW is requesting \$17,000 for boiler room repair at McCall School. Parts are estimated at \$7,000-\$8,000 and the rest of the funds would go towards labor. He presented this request to the CPC for consideration.

Mr. McPeek asked if the building cannot be fully heated now due to this. Mr. Lawson said there were cold spots in the building and there is no back up boiler for the entire plant. Not risking full freeze up, but cold spots. Ms. Philleau asked what made the decision about repair vs replacement? Boilers are in good shape and would extend the life of the equipment.

There is a balance of \$157,000 remaining in the Capital Maintenance Fund before the removal of funds.

Motion: That the Committee approve the Capital Maintenance Fund in the amount of \$17,000 for HVAC work at McCall School.

Carp – Abstained

Philliou - Yes

Johnson – Yes

Nixon - Yes

Adamjee– No

Diab - Yes

McPeek - Yes

Question 2 Passed

\$400,000 more in Capitalization fund due to Question 2 passing. There will be a presentation on the traffic improvement planning (engineering work). CPC needs to be onboard with this and needs to review. Discussion on this matter will take place at a later date to be determined.

Town-Wide Traffic Study Update

The Selectboard will review the study before CPC. A schedule was worked out by Town Staff and the Select Board will review first followed by other committees.

FinCom Presentation on Addressing Long Term Capital Needs

Mr. Adamjee and Mr. Carp provided the CPC with a memo prior to the meeting regarding addressing the long term Capital needs. They also shared the memo in the meeting and stated that this has only been seen by select members in FinCom and is intended to be a draft.

Report on town assets condition (status and condition) released every few years, including where to likely invest in. Next step would be to determine how much funding and when to close the gap. Would need to determine what investment to bring to standard. Third step would be identifying what funding is required in the Stabilization Funds to bring up to standard. The fourth step would be developing financial scenarios to showcase the _____. Last step would be to generate an open discussion led by the Select Board. What funding, timeframe, etc would be discussed. This should be sponsored by the Select Board to support the single source of truth.

Co-led by CPC and FinCom, but better led by Town Engineer with participation and support from various town departments. It is expected that plenty of data exists, but a consultant might be needed for asset management. Time perspective, fall town meeting this year to present if resources are available. Could inform future budget cycles. It is important to implement a formal asset management system. The intent is to create a soft landing so that there are no harsh actions on things that require quick attention. Mr. Carp added that everyone should be aware of the backlog of requests and needs, but there needs to be a more accurate estimate and maintained record. Mr. Adamjee added that it will be good to anticipate the demands to prepare for overrides, etc. There are risks to having something so broad, but it is important to provide. This presentation would then be proposed to FinCom and then the Select Board.

Mr. McPeek opened the floor for discussion to CPC members.

Mr. Nixon thanked Mr. Carp and Mr. Adamjee for putting together the presentation. He added that there are shared frustrations in the reason behind the presentation. There may be a disconnect in knowing what tools are already utilized and how they are leveraged. AAA bond rating is preferable over AA prime. Much of the presentation was predicated on the AAA bond rating, one would need to actually understand the value and impact and understand the impact of the downgrade/consequences. With the reference to a 20-30 year outlook, maybe meeting in the middle for a range. He thinks that there is value and potential in going as far as ten years, like what is done with the School Committee's ten year facilities master plans, which have been helpful.

Mr. Adamjee stated that he thinks that Mr. Nixon is correct in regard to the key trends that affect the assets in town such as the school. There are also assets that will not be going away, such as the Town Hall, library, DPW, etc, which have predictable lifespans of 30+ years. At a minimum, it should not be ignored that the commitments are going to happen and maybe there will be variability around those. Mr. Nixon stated that the VFA building facilities database was updated about 5 years ago. This is a great tool because it makes suggestions of orders of priority and breaks them out in a ledger. Mr. Nixon and Mr. Lawson evaluated the items and ranked what was urgent vs critical. with that information, they put together a five year capital need. Mr. Adamjee agreed with Mr. Nixon on this and is aware of the database.

Mr. Nixon stated that where he had some difficulty with the memo from Mr. Adamjee and Mr. Carp was the aspect of assigning a letter grade to these. Tools like the VFA database do this and that the override website is still up. All of this work was done to inform about the override and included \$2,000,000 for Capital. This amount would not completely cover the gap. The night that the Select Board voted for the override, there was a \$2,000,000 reduction in the operating piece. When this change was made, it was made clear that if it is cut by \$2,000,000, It is not a five year plan anymore. It is now a two to three year plan and the reason it has been stretched out longer is due to COVID and funding from ARPA and ESSER/one time funding sources. Another override should be discussed because all of the funding wasn't received that was needed. Mr. Adamjee stated that he hopes that this could help to create discussion around better monetizing the town's assets and things such as the CPA could be added to this. Mr. McPeek added that monetizing assets is not a function of Capital Planning. Mr. Adamjee clarified that he hopes that this would drive the conversation rather than monetizing the assets via CPC.

Mr Johnson stated that he thinks that this is a much bigger and broader discussion that centers around Capital. It is financial management and everything else falls into line. Mr. Johnson shared an experience about a large school project being out of the scope of CPC and the process that it took to come to the conclusion that it would not work. He added that the most important thing that CPC can do is to look at the financial requirements of the town. X amount of money is given and it is stated that there are no funds to do any projects over \$1,000,000. CPC has had to be very creative in regard to funds (creation/maintenance). CPC is only charged with one aspect of the financial plan, which is trying to manage the Capital funds within the budget. Mr. Jerius added that he is looking at this as a useful effort for getting information that is needed to make plans. Having an up-to-date database of assets and Capital needs is important in order to do the

planning. He is uncomfortable with the section about policy, as this is a Select Board function, but agrees with the overall desire to get better and continuously up-to-date information. He also agrees that ten years out is most realistic.

Mr. McPeck stated that the VFA data is at least five years old. Mr. Lawson confirmed that this is correct and that it might even be closer to seven years when the evaluation was done/re-done. Mr. Lawson added that he is currently in the process of renewing the subscription to it and he has questions about how the estimates are being gauged, especially with inflation in mind. It is important to note that the data should be reviewed by someone who understands the buildings and the numbers/finances of those buildings/assets. Mr. McPeck is wondering why CPC cannot get more high quality information by bringing back in the people that helped seven years ago, and look at the information to do analysis for an outlook of 5-10 years. Mr. Lawson agreed with this and added that the data would still need to be picked at and chosen for what was needed to do. Mr. Carp asked if the data analysis could happen on a somewhat regular schedule so that there is an updated system. He asked if the CPC could advocate having enough funds to do what is needed. Mr. Johnson stated that this is unfortunately impossible and explained why based on a past experience that he had.

Mr. Adamjee stated that he believes that it is important to continue to go to the Select Board to request the funds for CPC that are needed rather than assuming that the constraint is there and trying to live within the funds. Mr. Mucci added that the Select Board is at step one of evaluating a Capital plan in the FY24 budget. One of the things that were hit on in a meeting of town staff/Select Board were themes that were being raised tonight. The Select Board understands that CPC needs more money and one of the things that was brought up in the meeting was that it is understood about the systems in place, but only as good as the input into systems. It might be time for a dedicated position to enter the data, analyze the data, and work with the stakeholders to understand if these are the real numbers or if things can be cut out. This is an ongoing discussion among the Select Board. It is recognized that it is time to be addressed. If it were up to Mr. Mucci, the plan would be to develop a three year financial plan that includes a robust Capital plan and it is time for an override to get some real dollars. What the numbers are, is undecided. The target date for this plan would be next fall or early January for the override. The same process that was used previously would most likely be used again and would include a working group to put the numbers to paper and figure out what the needs are/what the town can afford. CPC would be involved in the process to some extent. Mr. Nixon added that it is important to have adequate time for this process, as it has taken months to do in the past and fall will be here sooner than later. Mr. Twogood added that the problem with pushing this to the spring would be Town Manager's budgets are due February 15th and this causes town staff to have to produce two budgets. Mr. Nixon shared with the committee the website for Decision 01890. It was spelled out to the community and explained the yes vs no and led to good results. Mr. Mucci added that this could be used for the framework to be done again so as not to recreate the process over again.

Mr. Adamjee stated that he appreciated the Select Board's planning, but feels as though CPC is still missing out by not taking on the 10-15 year horizon. Mr. Jerius added that he was one of the people involved (Chair of Planning Board) and from his perspective, the group of stakeholders put in a lot of effort and made it to the Select Board and then a lot of the planning was gone due

to the change in the focus of the Select Board. What he asks is that as the Select Board moves forward, there be much better communication so that there isn't the disappointment. Mr. Nixon added that the consequence of putting together an austerity budget when talking publicly about layoffs can cause a lot of anxiety. Ms. Philliou added that it seems like the reason the discussion is going forward is because of the potential loss of the AAA bond rating. People should understand that it is not the way it was managed, but a change in the process. Mr. Adamjee added that this would imply that another agency would provide AAA because they use a different approach. Mr. Twogood stated that he believes this is true. Would switch from Moody's Standard Cores. Town Staff will be learning on Thursday exactly where they stand on Moody's rating. Mr. Mucci added that he thinks this is the right thing to do and there are several factors leading to doing this at this time. Mr. Adamjee stated that the focus of the memo he shared to the CPC was to clearly enable Select Board rather than dictate to Select Board. Mr. Adamjee thanked everyone for their feedback.

Other Business

Mr. Twogood stated that the next thing will be prepping for the Spring Town meeting and he would also like to get DPW back into CPC as well as he is concerned about the estimates for the equipment costs due to the increases. Mr. McPeck added that CPC has the funds to support the equipment available. Mr. Nixon added that the EFPBC voted to award the modular contract for the Lynch project and it came in under budget. On December 21st, the MSBA agreed to raise the cap on reimbursement on a square footage basis. The grant has now grown by over two million dollars.

Next Meeting

The date of the next meeting of the Capital Planning Committee is undecided at this time, but will be at 7pm on a later determined date. It was motioned by Mr. Nixon for the meeting to be adjourned, seconded by Ms. Philliou with a roll call vote of unanimous to end the meeting at 8:28pm.

Submitted by Kolby Stiles, Recording Secretary

Documents

Doc 1 - CPC Agenda 1/11/23

Doc 2 - 10/19 Minutes

Doc 3 - DPW Memo

Doc 4 - FinCom Memo