

Town Of Longmeadow, MA
Capital Planning Committee
Meeting Minutes
January 19-24, 2006

The capital planning committee met on January 19, 2006 for its seventh meeting of the Fiscal Year 2007 planning cycle. Due to the length of the meeting, the meeting was continued to, and concluded on January 24th. In attendance at both sessions were members:

Mr. Steven Gelling
Mr. Roger Wojcik

Mr. Mark Gold
Mr. Nicholas Katsoulis

Mr. Roger Cloutman

Also attending: Mr. Suresh Samant – Finance Committee Liaison

Mr. Gold brought the meeting to order. Mr. Gold summarized discussions he has had with Town Manager Crosby in the time since the last meeting. These discussions were the result of Ms. Crosby's review of our committee meeting with DPW Supervisor Wrabel. Ms. Crosbie also reinforced her opinion of the critical nature of the DPW's submitted capital equipment needs.

Mr. Gold also reviewed with the committee the results of his presentation at the January 3, 2006 Selectboard meeting. At that meeting Mr. Gold clarified this committee's requests as expressed in two letters to the Selectboard. These requests were: 1) that we be supported in our recommendation that we review and prioritize ALL capital requests, even those that may be funded from sources other than the Capital Stabilization Fund; and 2) that the Selectboard set a target minimum for the Water and Sewer retained earnings funds. Determination of the water and sewer retained earnings funds minimum balance will assist the Selectboard in potentially appropriating monies from these funds for capital requests. The Selectboard endorsed our committee's proposal to prioritize all requests and took the issue of water and sewer retained earnings minimum balances under advisement.

Mr. Gold also reported that at that same January 3, 2006 Selectboard meeting, the Selectboard Chair, Dr. Papale, asked that our committee consider taking on the additional role of Building Committee. Such a committee would be responsible for establishing the long range capital needs for maintaining all town buildings as well as recommending funding and implementation plans. Mr. Gold agreed to take this request back to the Capital Planning committee. The Capital Planning Committee has deferred action on this request until after the current capital evaluation process is complete.

Mr. Wojcik reported on the Massachusetts School Building Authority (MSBA) and the changes to the way in which the Commonwealth evaluates school building projects. Based on this new school reimbursement policy, the MSBA has put a moratorium on payments until 2008, all new projects must be approved in advance, and project cost over-runs become the responsibility of the community. The impact on our committee is that we should consider all high school capital needs as having a life of at least eight years.

The committee then began the evaluation of the 52 capital requests that have been submitted this year. This total consists of 6 from the Fire / Public Safety department, 10 from the Park and Recreation department, one from buildings (library), 18 from the DPW, and 17 from the School department. The total amount of money requested is \$3,165,937, consisting of \$2,728,807 for town-wide needs and \$437,130 for the school department requests. The committee has \$511,000 available to the Capital Stabilization fund to meet these needs. Additional funds MAY be available from the following sources to meet these requests:

Water Retained Earnings Fund

Sewer Retained Earnings Fund

Ambulance Fund

Previously approved but not yet expended Capital funds

Earnings and / or savings from accelerated state payment (MSBA) to

Blueberry Hill / Wolf Swamp School bond funds.

The 52 capital requests were each evaluated using three criteria: Serious, urgency, and growth. These criteria are defined as:

Seriousness: What is the impact of the funded item on the department's ability to carry out its core mission? Have alternatives been considered and eliminated?

Urgency: How soon must this need be met? Are there adverse or potentially serious consequences of delay?

Growth: Will the monetary need grow at a rate greater than inflation if the purchase is not made this planning cycle? Put another way, does spending a dollar now prevent the spending of far more than that next year?

The evaluation process was conducted for the town department requests at the January 19th session. Several consensus opinions were reached on the requested items:

The Capital planning committee is committed to continuing the appropriation of money for a fire truck "fund" as we have done over the past four years. This funding level will continue at the \$35,000 per year level previously established and will be taken "off the top" of the available funds. Town Accountant Pasterczyk indicated that the truck purchased in 2004 has now been fully paid by additional funds from free cash, and the FY06 (May 2005) appropriation of \$35,000 is now in a reserved account for the next fire truck purchase. Chief Madison has identified that as his next apparatus he would like more utilitarian truck. This non-traditional truck costs about \$75,000 less than a traditional pumper truck. This lower cost may allow us to purchase this next truck on an accelerated timetable relative to the one per seven years that was originally established by this committee. However, the committee will attempt to separate the annual funding from the apparatus acquisition decision, and therefore the current request for capital for the purchase of a \$145,000 fire truck has been separated into two requests, one for \$35,000 for the ongoing funding of fire apparatus, and a second for \$75,000 to appropriate what would be the balance to purchase the requested item.

The Park and Recreation department included four items (totaling \$358,683) that had to do with repairs to, or replacements for, the two outdoor town pools. None of these items were on the Town Manager's priority list. The Capital Planning committee noted that one item (Reynold's pool pump replacement for \$6875) fell below the \$10,000 capital threshold. The other items were not evaluated by the committee because it was felt that the Park department had not completed the development of its pool "strategy" and that it would therefore be presumptuous of our committee to prioritize funding of pool repairs vs. replacements (with a splash pad). These four items were therefore not evaluated.

The request for painting the Library was categorized as high in urgency and growth. However, the insufficient information available to the committee, along with the facts that we have asked Mr. Carignan to review this project over the next three months and this was not prioritized by the Town Manager, has led us to decline to rank this project in our final analysis.

The committee noted the serious shortcomings of the DPW's facilities and equipment. The need for the purchase of new DPW equipment is supported, but the committee also strongly believes that the most fiscally responsible program is to begin the sequential replacement of DPW equipment. Although replacing all the equipment this year would benefit the DPW in the short-term, such an action would be counter to the town's best interests of scheduling equipment replacements. For example, purchasing \$850,000 worth of equipment over one or two years (four plows, a street sweeper, and a sewer cleaner) creates a similar capital "crunch" situation in 8-12 years when all the equipment again needs replacing. Also, the current 40% reduction in available capital funds (due to the final two payments for the public safety complex) results in such "big ticket" purchases severely reducing the number of alternative capital items that can be funded. For the cost of one sewer cleaner (\$250,000) one can replace the carpet in most of a middle school.

Due to the late hour at which this was completed, the meeting was suspended until the next scheduled meeting date of January 24, 2006. On January 24th the meeting continued

Mr. Gold noted to the committee that one member of the Audit Committee indicated that additional funds may be available for school capital improvements. The Town Auditing committee has identified that just over \$200,000 of expected costs will not be spent in the financing of the two elementary school expansions as the result of the change in state funding reimbursement. Rather than paying back the town over the life of the bonds, the Commonwealth has given the town a lump sum payment for the reimbursable portion of the cost of these projects. This lump sum payment has allowed the town to pay off some of the bonds early, and has resulted in a temporary cash fund for a portion of those bonds that cannot be redeemed early. Both the reduction in bond interest payments and the added interest from the cash fund contribute to this \$200,000 reduction.

On this second evening of this process, the ratings were completed for the school department items. Eliminated from consideration were those items funded by the October, 2005 fall town meeting. The following consensus opinions were agreed:

The need for the 10 year exterior renovation to Center School does not need to be studied. Although a "project bid" document may need to be generated, the work cannot wait another year before it gets underway. Therefore, the committee modified the request from \$12,000 to fund a scope report to \$60,000 to fund the first phase of this project. The committee recognizes that the total cost of this exterior renovation is likely to be \$150,000 (+/- 20%) but that the work needs to begin.

The committee agreed to act on requests for high school capital improvements without consideration of the school repair / replacement decision. Even if the school committee supports the replacement of the high school, the timing would still require that all currently proposed capital items be completed.

The rating of the school related capital items was completed, and these ratings were merged and prioritized with those of the town wide project needs at the prior session. The overall ratings divided the list into priority groupings that were then given a "common sense" test by the committee members. With few exceptions, the initial scoring and priority of the 52 project evaluations was unchanged. The committee then evaluated each item for the potential for funding from a source other than the Capital Stabilization Fund. Such alternate funding will be recommended to the Selectboard for those projects where such an alternative funding source is either natural (e.g. the ambulance fund to purchase the ambulance) or attractive to allow for additional funding (e.g. using previously appropriated, but not expended capital) to extend the number of projects that can be funded.

At the conclusion of the meeting, the committee unanimously approved a motion that directed the chairman to write up the summary of the discussions (over this two-day meeting) and to meet one additional time. The final meeting, scheduled for February 9, 2006 will be to review that summary and to finalize the Capital appropriation recommendations that will be made to the Selectboard.

The next meeting of the Capital Planning Committee is scheduled for 7:00 PM on February 9, 2006 in the Police Department community room.

Submitted,

Mark Gold
Chairman,
Capital Planning Committee