



Capital Planning Committee

Capital Plan for FY2022 (July 1, 2021 – June 30, 2022)
5-Year Plan for FY2022 – FY2026

Date: Thursday, January 7, 2021
Time: 5:00pm-7:00pm
Location: Zoom Meeting

Minutes

Attendance: Joseph Barr,
Ida Cody,
Kate Leary,
Kate Loosian,
Phyllis Marshall,
Michael Mason,
Chris Moore,
Angela Olszewski,
Sandy Pooler,
Jon Wallach,
Julie Wayman, Management Analyst,
Timur Kaya Yontar.

Not in attendance: None.

Meeting Opened: Mr. Yontar called the meeting to order at 5:02pm. The minutes of the meeting of December 17, 2020 were reviewed and unanimously approved (moved by Mr. Moore, seconded by Ms. Marshall).

Review of Upcoming Meetings: Mr. Yontar briefly reviewed the upcoming schedule of meetings:

- The January 21 meeting will focus on preparing to present the plan to the Finance Committee (FinComm) and assigning responsibilities for updating/preparing slides.
- The February 4 meeting will focus on reviewing the draft presentation to FinComm.

Mr. Yontar reminded the Committee that the final plan numbers are somewhat in flux due to the upcoming bond sale and not knowing the exact interest rate. Ms. Marshall noted that

the bond sale is scheduled for February 18 and the closing will occur in the first ten days of March. She is working on figuring out the details of the bond issuance and will know the final interest rate at some point between the date of sale and the closing (most likely closer to the date of the sale).

Mr. Yontar indicated that the date of meeting with FinComm is still to be determined but will likely be in early March. They are still working on figuring out how we will deal with updates to the plan based on the final interest rate being set and what that means for the debt service and the ability to add back any capital items that have been removed/deferred at this point. The Committee may need to have another meeting in the interim to approve an updated plan.

Software Subcommittee: Mr. Moore provided an update and indicated that he is close to figuring out a path forward that will improve the Committee's software systems. The goal is to eliminate the calculations that take place in Access and just turn it into a data storage tool (which could be replaced with a different tool), with all calculations taking place in Excel. The front end (intake) process still needs to get worked out, but it will be easier if the data storage tool doesn't have to do any calculations. For the intake tool, he is looking at both custom-built and off-the-shelf options; it's not clear if PeopleForms can continue to be used effectively for project intake since it does not appear to be able to perform the queries that are needed to move the data into Excel.

Best Practices Subcommittee: Mr. Yontar summarized the recommendations that the Subcommittee has developed for debt guidelines:

- Do not bond for less than \$100,000 or for a period of less than five years.
- Work to bond for as short a period as possible and do not exceed borrowing of more than 20 years, other than for buildings.
- In the future, develop guidelines for a) the target number of years to pay off half the debt in the plan and b) the maximum percentage of the capital budget that is being used for debt service. The plan is to monitor both numbers going forward before we decide if/how we want to establish a guideline.

Mr. Moore asked whether we need these additional guidelines given that our credit rating is already very good. Mr. Yontar responded that while we don't want to create guidelines/policies and then not follow them, if there are certain procedures we know we want to follow then it is helpful to have them formally recorded. Ms. Marshall added that although policies can be challenging to follow, they do help achieve/maintain a bond rating; she noted that the 5% rule we've used to date has definitely helped us with our current bond rating. Mr. Barr suggested looking backward as well as forward in determining the appropriate targets for the third set of guidelines, which Mr. Yontar agreed makes sense. Mr. Barr also asked whether we could use a term longer than 20 years for water/sewer infrastructure that tends to have a fairly long life; Mr. Marshall indicated that she would need to check on what is allowed under statute.

Review of Capital Budget: Mr. Yontar went over the summary sheet that he sent out and provided an update on the status of the plan. The \$5M gap was closed through significant

cuts to the plan, which included many difficult conversations between the Town Manager, Deputy Town Manager, and various departments heads. Mr. Yontar went through the progression of how projects were cut/adjusted to get to a balanced plan, all of which is documented in the information that was sent to the Committee.

The Committee discussed how expensive some of these projects have become and the fact that there is just not enough money to pay for everything that the Town wants to do. We need to figure out a mechanism for pushing back on some of these costs, and start messaging to both department heads and to the community that there are major constraints on the available funding. Mr. Pooler noted that to some extent this is really just the basic task of municipal budgeting; people will notice when they start to see projects delayed or cut and realize that the budget constraints are real.

The Committee discussed the following specific issues:

- Ms. Cody asked why the Fox Library rebuild was moved in front of the Robbins Library Renovation/Expansion. Mr. Pooler responded that this is based on discussions with Library Director and the fact that the Fox building is in worse shape, and also that if the Fox project is completed first, that provides some capacity while the Robbins project occurs. He also said that this ordering may change in the future based on further discussion.
- The Community Preservation Act Committee (CPAC) will fund the Hurd Field project, but since the budget for that project has increased, CPAC is uncertain it will also be able to pay for the Spy Pond Park renovation project. The Recreation Department rescinded its request to replace the Robbins Farm Park slides.
- For school infrastructure (HVAC) upgrades, we will defer now and do a study instead to better define scope and costs. Some of these projects will come back later once the study is done, but for now they are out of the plan. In terms of funding these projects once they are better defined, Mr. Yontar mentioned that there is a Massachusetts School Building Authority (MSBA) program for funding repairs to schools not just for school rebuilds, while Mr. Pooler said that there may be a need to go back to voters for a debt exclusion to pay for major systems repairs. Ms. Leary asked whether we can have more than one MSBA project at the same time. Mr. Pooler replied that they are thinking about sitting down with MSBA to discuss how to access the renovation grants; he also reminded the Committee that we need to be thinking about when the Ottoson Middle School rebuild project will need move forward.
- In addition to these school projects, the Committee discussed the potential future need for a debt exclusion to pay for the cost of some of these major projects, such as the library improvements.

Mr. Yontar asked the Committee for thoughts on where we would like projects restored to the plan, if the actual interest rate for the upcoming borrowing is lower than estimated and additional capacity is available in the plan. The following items were mentioned by Committee members:

- Suggestion to increase funding for roadway repair, given that this has been cut in the past to make the plan balance.

- Suggestion to provide more funding for Town buildings, particularly since the Department of Public Works is already getting a lot of money for their facility, so spending more on their infrastructure may not be appropriate.
- Suggestion to reserve funding for some of the systems projects for the schools since we know that more money will be needed once the study is done. Ms. Leary asked when these studies will be completed and Mr. Pooler indicated that they will take a couple of years, so these projects will likely not be coming back into the plan until FY24.
- Suggestion to focus on maintenance projects, since they wind up costing more when you come back to do them later.
- The strongest support amongst the Committee members appeared to be to add back funding for facility/building projects, particularly for school buildings.

Mr. Yontar concluded the discussion by mentioning that he is continuing to look for ways to make the process more transparent and is looking for suggestions on further ways to improve this aspect of the Committee's work.

New Business: There were no new business items.

Meeting Adjournment: The meeting adjourned unanimously at 6:45pm (moved by Mr. Moore, seconded by Mr. Wallach).