

**Capital Improvements Committee Meeting Minutes**  
**First Floor Conference Room - Town Hall**  
**One Avenue A, Turners Falls MA 01376**  
**Wednesday, August 16, 2017**

Meeting opened at Town Hall at 3:00 PM. Attendees included Capital Improvement Committee (CIC) members Fred Bowman, Greg Garrison, Bob Obear, and Steven Ellis. Also in attendance was Mike Langknecht representing GMRSD and Joe Markarian of the FRCOG.

**Review and approval of minutes**

- Mr. Garrison moved to approve the minutes of the CIC's July 12, 2017 meeting without revision. Mr. Ellis seconded. Motion passed 3-0.

**Capital Plan Progress and Implications**

- Mr. Markarian reported that he has now spoken with all department heads except Jim Huber, Facilities Manager for GMRSD, so the list of capital projects is very close to complete. He also gave the committee a copy of a completed Municipal Finance Guidelines booklet for our consideration. It is a model he developed for Shutesbury that may offer us some food for thought as we consider future revisions to Montague's policies.
- Mr. Ellis shared that all members received a copy of the new capital planning workbook and reported that Finance Committee members recently received a brief introduction to it as well, though discussion was limited because the board did not have a quorum that evening.
- Mr. Markarian initiated a conversation regarding the role of capital stabilization relative to the general stabilization and our other stabilization accounts. Mr. Garrison observed that we have general stabilization at a desired minimum balance, but it is often used for capital purchases because the capital account is not yet fully funded. We'd like to get to the point where general stabilization functions truly as an emergency reserve, with capital needs of the Town, WPCF, and schools addressed through the dedicated accounts we have established.
- The CIC discussed how to approach calculation of our debt ratio, with the main question being whether excluded debt should be considered in that figure. Mr. Markarian noted that he has no specific preference, but suggested it is a pretty common practice and is something for us to further consider. Debt exclusion and general debt have different obligations and implications that should perhaps be considered as we consider this question further.
- The committee also discussed the Town's practice of using free cash to pay for special article during special town meetings and throughout the year. The question is not one of whether to spend the money, but whether to transfer it first, albeit temporarily, to a stabilization account. This would in a sense be tighter, procedurally, but would also require additional process steps that may not return any particular value to the Town. Mr. Markarian recommends that free cash be moved to stabilization for reasons of perception and clarity.
- This led to some discussion of whether it makes sense to have stated policies relative to how much money is devoted to stabilization funding each year. Mr. Markarian noted that in the wake of Municipal Modernization, Towns have the ability to earmark specific sources—either in whole or in part—for the purpose of funding stabilization. This would keep certain new or temporary funding streams out of the General Fund, providing greater certainty that needed stabilization funds would not otherwise be deployed for general operating expenses. As with all things, this would represent a financial trade-off. Mr. Ellis noted that resources from the Kearsarge Solar

Project might logically be used to create an account to fund the burn dump capping, which is at the center of the site the solar arrays are to be built upon. It was agreed that some of these issues are better viewed as Finance Committee policy questions.

- Conversation shifted to DPW capital requests and the challenge of meeting the equipment needs of that department. Mr. Bowman noted that the Town had in past years made use of Chapter 90 funds to cover some capital expenses. There was also discussion of the possibility of using debt or leases to support some purchases. Members found it useful to see which items might be funded through debt, but asked Mr. Markarian to make sure that such a notation did not remove those items from the capital expense summary formulae.

### **Review of Possible Capital Requests at October Special Town Meeting**

- Mr. Bowman asked whether the Dry Hill Cemetery road access improvements were likely to be on the warrant. They were initially submitted with a request of \$65,000 in FY17, but the quote was not complete or reliable, so we asked the Cemetery Commission to withdraw. Mr. Ellis explained that other options were being considered at the moment, which might allow the Town to use an Eversource access road to get to Dry Hill Cross Road, avoiding substantial expense and possible liability associated with improving and in any way encouraging travel on the stretch of road beginning at East Chestnut Hill's Robert Frost Trailhead. We don't expect an article to appear on the fall Special Town Meeting Warrant.
- The question of whether the Town will need to invest nearly \$650,000 in the removal and replacement of Underground oil Storage Tanks (UST) and Sheffield and Hillcrest was discussed. Mr. Garrison noted that we may do better to wait and convert to natural gas once the moratorium is lifted, as the new above ground storage tanks are a major element of the expense. If we need to petition the state for an extension to allow time for the Berkshire Gas new service moratorium to end then we probably need to do that. CIC would like additional information from the schools or from Mr. Tom Bergeron, DPW Superintendent.

### **Discussion of CIC Role, Process, and Annual Schedule**

- The typical work process of the committee was described and its role is likely to remain the same in the years ahead. Critically review proposed capital articles, but do it with a stronger ability to project and consider future expenses. There may also be an expanded opportunity to consider projects and their relative priority in the context of available funds each year, which the new capital planning workbook will help with.
- With regard to schedule:
  - In July the committee will direct the Town Administrator to meet with department heads to get an update on projected capital projects/needs.
  - In August the TA will submit a revised capital plan, which the CIC will review and endorse before sending it to the Finance Committee for consideration.
  - In late August/early September the CIC will to consider capital projects on the STM warrant
  - In October and November the CIC will hold off site meetings, visiting heads of selected departments to inspect capital assets and review needs for the upcoming budget cycle.
  - In December, the Town Administrator will solicit capital article requests to submitted by December 31.

- In January, the CIC will hold a joint meeting with the Finance Committee to review available resources to support capital projects.
- From January – February, the CIC will review submitted capital articles, bringing department heads in to discuss and justify those requests as needed.
- In March the CIC will submit its report of recommendations to the Finance Committee.
- In Mayy, the CIC will review the past year’s process, consider improvements, and plan for the coming fiscal year.

**Meeting adjournment.**

Meeting adjourned at 4:30pm. Moved by Mr. Garrison and seconded by Mr. Obear. Motion passed 4-0.

**Next meeting date is to be determined.**