

**MINUTES**  
**Strategic Financial Planning Committee for Capital Funding (SFPC)**  
**Wednesday, January 24, 2018**  
**Silva Room, 278 Old Sudbury Road**

Present:

Patricia Brown and Daniel Carty (BOS, Chair), Susan Berry (FinCom), Mark Howrey and Thomas Travers (CIAC), Kevin Matthews (LS School Committee), Lisa Kouchakdjian and Lucie St. George (SPS School Committee), Dennis Keohane (Finance Director), Melissa Murphy-Rodrigues (Town Manager)

Absent: Craig Gruber (LS School Committee), Joan Carlton (Fin Com)

Also Present: Maryanne Bilodeau (ATM/HR Dir), Len Simon (BOS)

Dan Carty convened the meeting at 8:00 a.m.

**Selection of Clerk to take minutes**

Mark Howrey volunteered to take minutes for this meeting.

**Approval of minutes**

Tom Travers moved and Susan Berry seconded approval of the amended 1/10/2017 meeting minutes. The vote in favor of approval was unanimous.

**Review old business**

There were no questions on old business and no discussions

**Review updated 5 Year Capital Plan if applicable**

Two projects were briefly discussed:

- Sherman's Bridge Road - At some point in the past there was discussion of a deal with other communities. The State was supposed to put in money as well. It is not clear what happened with that plan and it is not on the current FY 19 plan.
- The Cutting field project is to be funded as follows: \$250,000 mitigation funding and \$250,000 from free cash.

**Review Debt and Capital Retirement schedule**

Dennis Keohane reviewed the debt retirement schedule. The takeaway is that there is not millions of dollars rolling off the debt. In 2019 there is a \$2,480 decrease within the levy. In 2022 there is a significant decline in debt outside the levy, but much of that debt is reimbursed by the MSBA. While the gross debt in that year falls by approximately \$2 million, after considering the loss of the MSBA contribution offsetting school construction debt, the net decline for the town is more like \$400,000.

Dennis Keohane also walked through his analysis of debt assuming the projects on the current FY 19 plan are approved. These projects will hit the tax levy in 2020. The tab “Estimated Tax Impact Detail” in his spreadsheet shows when projects would hit the tax levy each year. The “Estimated Tax Impact” summary tab shows average tax effect by year. This analysis does not take into account future projects beyond those in the current FY 19 plan.

### **Discussion of Capital Funding Longer Term Recommendations**

Members brainstormed goals/process of a Long-term Capital plan.

- In order to do responsible planning, we should have an amount that takes into account renewal and replacement of capital assets. Currently, we are going to the polls for smaller projects, such as HVAC units. We should be budgeting for these smaller projects.
- There is a psychological impact when we keep asking people to fund smaller capital projects individually. It was expressed that a revised plan should not include going to the polls many times for smaller projects. It was recognized that the town needs to fund capital projects, but is it necessary to ask the town to vote on smaller projects individually rather than have a plan that covers them?
- A strong constituency is necessary for projects to pass at the polls. Certain projects are very important for the town, such as culverts, but the nature of these projects do not lend themselves to building a strong constituency. Therefore, a plan should consider whether each project should be approved as a separate item.
- A revised capital process should not remove oversight. The goal is not to make all decisions for the tax payers. A plan should have checks and balances.
- A plan should have some type of dollar limit on what should be considered a “capital item.” Currently, many of the projects may be better characterized as “maintenance.” Melissa and Dennis will provide thoughts on this at the next meeting. Categories of projects may include:
  - Regular infrastructure maintenance (e.g. roads and dams)
  - Building infrastructure (e.g. things inside buildings)
  - Building replacement
  - Rolling stock - depreciable equipment outside building that requires regular replacement
  - Parks/Playgrounds/Fields
  - Should open space be considered capital?
  - These projects could be further categorized as maintenance, enhancements, or new projects. For example, buying an additional truck is “new” and could be considered an enhancement to services. However, replacing a truck or fixing a roof could be considered maintenance.
- What should the dollar amount be? Dennis and Melissa were asked to come up some ideas.
- What mechanism should a revised capital plan follow and what are the funding sources?
  - Should projects be moved to town meeting rather than going to the polls for each individual project?
  - If a project goes through town meeting, what votes are necessary? 2/3 majority vote is required at town meeting to allocate money from a stabilization fund. A capital exclusion requires a 2/3 majority at town meeting and majority at polls.

- The revised plan may include policy recommendations and not just by-law changes.
- It is possible to set up stabilization fund for capital? How can we guarantee that money “reserved” for capital items will not be used for operating expenses?
- What is the difference between an override and a stabilization override? Some communities have stabilization overrides each year. Is this a mechanism that could be used? What communities use this? Do you have to go to the polls to get the money out? Do you need a special act?
- If there is a stabilization fund, how would paying for bonded projects work? What are the risks (e.g. project funded through debt, but town does not approve payment of such debt in later years outside the budget used to fund operating costs)?
- Dan Carty will be sending some guidance from State about capital planning, which the committee members will review before the next meeting.

**Schedule upcoming meetings**

- Feb 7, 8 AM
- March 8, 8 AM

**Closed**

Susan Berry made motion to adjourn and Kevin Matthews seconded. The vote in favor was unanimous.