

MINUTES
CAPITAL OUTLAY COMMITTEE
October 22, 2015

APPROVED

The meeting of the Capital Outlay Committee was called to order in the Town Hearing Room at Sharon Community Center at 7:00 pm by Chair Paul Linehan.

Members Present:

Chair:	Paul Linehan
Board of Selectmen:	Walter “Joe” Roach
Finance Committee:	Gordon Gladstone
School Committee:	Katie Currel-Dykeman and Emily Smith-Lee
Planning Board:	Robert Maidman and Louis Modestino

Others Present:

Town Administrator:	Frederic E. Turkington, Jr. (Ex-Officio)
Finance Director:	Cynthia Doherty (Ex-Officio)

Administrative Items

Chair Paul Linehan called the meeting to order and requested the Capital Outlay Committee members introduce themselves.

MOTION: (Roach-Maidman) To approve the Regular Session Minutes of March 30, 2015
VOTED: (6-0-1) **PASSES** (Katie Currel-Dykeman abstaining)

Review of Capital Outlay Committee Mission Statement, Borrowing Criteria and Definitions

Paul Linehan read the Capital Outlay Committee mission statement and discussed the guidelines and definitions.

- Debt Service as a percentage of operating budget – 6.5% of “net” operating budget is the benchmark for the yearly Capital budget less overrides and water appropriations
 - Paul Linehan indicated the town average is about 5% of the operating budget but has been as low as 4% at times.
- Capital Outlays- COC Request Minimum Qualifications – \$10,000 value, 5-year lifespan
 - Requests are specifically for large ticket items of \$10,000 or more with at least a 5-year lifespan. Paul Linehan pointed out that the Committee is striving for shorter borrowing terms, when possible, in an effort to pay down debt quicker.
- Inside, non-exempt debt (capital borrowing) – the Town’s regular debt, what it is included in the normal budget
- Excluded Debt – overrides and water debt, special borrowing outside the COC purview
- Terms of Borrowing – Issue bonds with statutory time limits for borrowing of 5, 10 & 20 years; examples: *5 Yr-Vehicles; 10 Yr-Heavy Equipment; 15 Yr-Pumper; & 20 Yr-Buildings; Roads 10-20yrs*
- Bond rating – determines credit worthiness; effects cost of borrowing
 - Town Administrator Fred Turkington stated the Town’s current bond rating is Aa3 which was lowered from AA due to a lack of reserves. Finance Director Cindy Doherty said she is working to bolster reserves.

- Debt Reduction Plan – plan to reduce reliance on borrowing
 - Paul Linehan discussed the gradual shift to a direct purchase model which in turn saves the town money on borrowing expenses. Pro: a reduction in the town's indebtedness. Con: a disproportionate burden upfront.
- Bundling – grouping of smaller capital purchases to meet the \$10,000 threshold criteria
 - Paul Linehan described an appropriate bundled request as one for technology such as computers or a grouping of like items. He explained unrelated items may not be bundled.

Review of Capital Outlay Committee 5-Year Plan and Discussion

Fred Turkington introduced the 5-year plan and indicated adjustments will be made as we are anticipating submissions from the School and Water Department. Mr. Turkington briefly discussed projects in development which include railroad parking and ADA compliance at Town Hall. Town Engineer Peter O'Cain has prepared a report outlining potential options to address the shortage of commuter parking. Mr. Turkington explained that an ADA and space needs study was performed for the Town Hall and Fire Station building to determine the best use and options for ADA compatibility. He explained that the projects will be reviewed in greater detail by the Committee at a later date.

Robert Maidman mentioned the importance of requestors seeking other sources of funding before bringing a request to the COC, such as CPA/CPC. It was noted that last year the committee was able to redirect a few projects to other sources. Fred Turkington said he has not seen any new CPA/CPC projects but will suggest other means of funding, as appropriate.

Lou Modestino asked if when the interest rates are low it is more favorable to borrow and what the debt service capacity is. Fred Turkington responded yes, and that the capacity is far greater than you would ever want to borrow, which can be as high as approximately 40-50% of the net operating budget.

Fred Turkington noted that the Audit Committee will convene soon. He would like to select a few past projects for them to scrutinize. Mr. Turkington and Paul Linehan discussed staying on top of closed projects with unused balances that should be returned or reallocated.

Future Meeting and Agenda Items

Next meetings will be:

November 5, 2015– Police & Fire
 November 19, 2015– School Department
 December 10, 2015– Department of Public Works
 December 17, 2015– Library, Recreation, Council on Aging & Civil Defense
 January 9, 2016– Facilities Tour (*Saturday morning*)
 January 21, 2016– Decision Meeting
 February 8, 2016– Projected date of Finance Committee review of capital outlay requests

Topics not reasonably anticipated forty-eight hours in advance of the meeting

None

Adjournment

VOTED: (7-0-0) To adjourn the meeting at 7:32pm - unanimous