

MINUTES
CAPITAL OUTLAY COMMITTEE
October 20, 2016

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:	William A. Heitin, John J. McGrath, Walter B. Roach, Jr.
Finance Committee:	Gordon Gladstone, Alexander Korin
School Committee:	Katie Currul-Dykeman, Emily Smith-Lee
Planning Board:	Robert Maidman, Louis Modestino, Jr.*
Town Administrator:	Frederic E. Turkington, Jr.

Others Present:

Recreation Director:	Linda Berger
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Administrative Items

Chair Paul Linehan asked the Capital Outlay Committee members to introduce themselves.

MOTION: (Heitin-McGrath) To approve the Regular Session Minutes of March 14, 2016

VOTED: (6-1-0) PASSES (Korin abstaining)

*Louis Modestino, Jr. arrived after the vote

Recreation Department Requests

FY'18 Requests	- Ames Street Basketball Court repairs/resurfacing	\$46,795
	- Recreation Greenspace	\$39,030

Recreation Director Linda Berger was present to review the fiscal year 2018 requests.

Ames Street Basketball Court Repairs/Resurfacing - \$46,795

Ms. Berger explained that the Ames Street basketball courts are in terrible condition with many cracks and grass growing through court. The request will resurface the courts and install new hoops, poles and rims to bring new life and use to the complex.

The quote includes:

- Resurfacing, grading and painting lines
- True bounce basketball system
- Demolition and installation
- 10% Contingency

Chairman Linehan asked Ms. Berger to explain the "True Bounce System." She explained that it is a really sturdy polycarbonate system.

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Selectman McGrath asked if the courts are needed. Ms. Berger believes so and explained that there is an active group that uses the Deborah Sampson courts and school property. She noted that games on this court would not be scheduled and pick-up only. Selectman Roach believes there is a demand and noted that on weekends the court is packed with people waiting to use the courts. Recreation Advisory Chairman Gary Bluestein explained that they are in the process of re-doing the Ames Street Park and the court rehab will be the finishing touch. He further noted that the courts have a hoop system that is obsolete and difficult to find replacement parts for.

Recreation Greenspace - \$39,030

Ms. Berger noted that this project will be a joint Council on Aging and Recreation request. The project will increase outdoor recreational opportunities to seniors and the community at large.

Ms. Berger noted that there is a demand for more outdoor recreation opportunities. This space will allow for passive and active recreational activities for growing senior population. These activities include pickleball, shuffleball, ping pong and horse shoes. The town has a large population that use the ping pong tables and pickleball is gaining popularity. She explained that there is only one bocce court and many are standing around waiting to play. An additional outdoor bocce court will help meet program demands.

Placement of the recreation greenspace activities was discussed by the Committee including concerns about proper spacing between the various activities. Ms. Berger explained that they plan to increase the area to allow for adequate spacing.

The quote includes:

- Resurfacing, grading and painting lines
- Shuffleboard lining
- Outdoor concrete ping pong tables
- Bocce court
- Horse Shoe Pit
- Concrete footing
- Game supplies
- Picnic tables for seating
- 10% contingency

Mr. Maidman asked if the added recreation areas can be used by the summer camp believing this space offers a unique opportunity for multi-generational use. Ms. Berger believes so and agreed with Mr. Maidman.

Mr. Gladstone asked if this project has been considered for Community Preservation Funds. Mr. Turkington will verify its eligibility.

Chairman Linehan asked for a brief explanation of future requests. Ms. Berger noted that one project would be to install safety netting at the Ames Street Playground when the project is finished in the spring. She asked about the possibility of making this project an FY18 request rather than waiting until FY19. Chairman Linehan explained that the project would have to meet minimum criteria for bonding. Mr. Turkington said it could possibly qualify for 5 year borrowing or be considered as a cash item.

Chairman Linehan asked for a status update of prior projects. Ms. Berger noted that she will provide a breakdown of outstanding projects to the committee soon. Mr. Turkington anticipates we will have updates from all departments by January.

Chairman Linehan thanked Ms. Berger for her time.

Review of Mission Statement, Borrowing Criteria & 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% of “net” operating budget is the benchmark for the yearly Capital budget less overrides and water appropriations
 - Paul Linehan indicated that last year the committee reduced the threshold from 6.5% to 6% explaining that it is a gauge as an upper limit for spending and that last year’s actual percentage of the budget was 4.8%.
 - Chairman Linehan believes they have done a good job of being proactive with capital assets
- 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 normal borrowing, 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; Mr. Turkington & Mrs. Doherty have a list of statutory limits; 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.

Topics Not Reasonably Anticipated Forty-Eight Hours in Advance of the Meeting

There was a discussion by committee members of ways to enhance the capital budgeting process.

Mr. Korin believes the committee should consider a different model of looking at assets for each department as a percentage of real market value of assets.

Mr. Modestino explained that during seminar he attended he found that others towns provided a booklet containing details about each project with a photo and amount of request. He thinks this format could

be useful at Annual Town Meeting. Mr. Gladstone believes that the Finance Committee essentially provides those details in the Town Warrant.

Mr. Maidman believes that each department should consider alternate funding when possible, such as Community Preservation funds or grants. He noted that Fire and Police do an excellent job of this already, but wondered if other departments could be instructed to do so. Mr. Turkington said projects are directed to CPC when appropriate, but have them presented to COC as a backup.

Selectman Heitin spoke to the COC's recent approach of adding cash purchases and reduced borrowing terms to the capital plan. He explained that we have saved millions since implementing the change which has contributed to the Town's bond rating upgrade. He believes this approach will help the Town reach AAA bond rating. Mr. Turkington noted that last years the borrowing rates were less than 1.5%.

Adournment

VOTED: Heitin-McGrath (8-0-0) To adjourn the meeting at 8:13pm - unanimous