

MINUTES
CAPITAL OUTLAY COMMITTEE
October 30, 2014

APPROVED

The meeting of the Capital Outlay Committee was called to order in the Selectmen's Meeting Room at Sharon Town Hall at 7:05 pm by Chair Paul Linehan.

Members Present:

Chair:	Paul Linehan
Board of Selectmen:	William A. Heitin and Joe Roach
Finance Committee:	Gordon Gladstone* and Alex Korin
School Committee:	Emily Smith-Lee, Marcy Kaplan* & Veronica Wiseman,*Alt
Planning Board:	Robert Maidman and Louis Modestino

Others Present:

Town Administrator:	Frederic E. Turkington, Jr. (Ex-Officio)
Finance Director:	Cynthia Doherty (Ex-Officio)
Collector/Treasurer:	Alicia McOsker
School Superintendent:	Timothy Farmer
DPW Superintendent:	Eric Hooper

Administrative Items

Chair Paul Linehan requested that the Capital Outlay Committee members introduce themselves.

MOTION: (Heitin-Roach) To approve the Regular Session Minutes of January 23, 2014

VOTED: (4-0-1) **PASSES** (with Emily Smith-Lee abstaining)

*Members arrived to the meeting after the vote was taken.

175 Pond Street Update- Bill Heitin

Selectmen Bill Heitin was present to discuss 175 Pond Street. He noted the Board of Selectmen and the School Department have been in negotiations for approximately twelve months to purchase the property which consists of a 3-unit multiple family building directly adjacent to the High School. Mr. Heitin noted the negotiated purchase price is \$317,500. He indicated the price is substantially lower than market value today and is in line with the Assessor's valuation.

As part of the purchase, the Town is asking for demolition money in the amount of \$40,000 from the Capital Outlay budget. Mr. Heitin indicated there are outstanding property taxes owed on the property the Town will forgive at purchase. The owner is going to pay \$10,000 toward taxes owed to bring down the balance reducing the original amount requested of the Finance Committee and School Committee from \$375,000 to approximately \$365,000. Mr. Heitin highlighted the rarity of an occasion for the Town to make such a purchase and the optionality it gives for expansion.

Mr. Heitin noted the Board of Selectmen, School Committee, and Finance Committee are all in favor of the purchase and asked the Capital Outlay Committee for their support. A vote was not taken.

Review of Capital Outlay Committee mission, borrowing criteria and definitions

Paul Linehan discussed the Capital Outlay Committee procedures, guidelines and definitions as described below:

- Capital Outlays- COC Request Minimum Qualifications – \$10,000 value, 5-year lifespan
- Debt Service as a percentage of operating budget – 6.5% of “net” operating budget is the benchmark for the yearly Capital budget
- Inside, non-exempt debt (capital borrowing) – the Town’s regular debt
- Excluded Debt – overrides and water debt
- Terms of Borrowing – Issue bonds with statutory time limits for borrowing of 5, 10 & 20 years; examples: *5 Yr-Vehicles; 10 Yr-Roads; 15 Yr-Pumper; & 20 Yr-Buildings*
- Bond rating – determines credit worthiness; effects cost of borrowing
Town Administrator, Fred Turkington, and Paul Linehan discussed a step down in the Bond Rating. Mr. Turkington stated it is due to a negative outlook resulting from concerns over lack of reserve funds and use of reserve funds to balance the budget. Mr. Turkington is working with the Finance Committee to stabilize funds and apply unexpended appropriations to some of those reserves rather than taxing for them. Paul Linehan noted that the COC did not expend their entire budget last year in an effort to build on reserve funds.
- Bundling – grouping of smaller capital purchases to meet the \$10,000 threshold criteria
- Debt Reduction Plan – Paul Linehan discussed the COC’s decision to shift from a debt model to a direct cash purchase model in an effort to reduce the Town’s indebtedness.

Mr. Turkington introduced the Town’s finance team: Cindy Doherty, Finance Director/Accountant, and Alicia McOsker, newly appointed Treasurer. Mr. Turkington noted that Alicia McOsker brings a great deal experience with investments and borrowing and looks forward to having her on the team.

Paul Linehan gave an overview of the COC’s obligation to thoroughly scrutinize the requests brought before the Committee to determine which projects are fiscally responsible for the Town.

Mr. Turkington offered a brief overview and suggested seeking out funding sources other than cash and borrowing such grants and CPC funding. Mr. Turkington would like the Committee to be sensitive to balancing the 5-year capital plan when determining which requests will be selected. Mr. Turkington provided the Committee with a spreadsheet outlining the next 10-years of debt showing the decline in debt each year.

Future Meeting and Agenda Items

Next meetings will be:

November 6, 2014– Animal Control, Civil Defense, Police and Fire

November 20, 2014– Recreation, Council on Aging and Library

December 4, 2014– Department of Public Works

December 11, 2014– School Department

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

None

Adjournment

VOTED: (8-0-0) To adjourn the meeting at 7:27pm - unanimous