

**Capital Improvement Planning Committee
Brookfield Elementary School
January 17, 2013**

Members Present: Kermit Eaton, Jerry Johnson, Sheila Frangiamore, Mary Lou Knight, Don Taft, and Peter O'Connell

Members Absent: Heather Lemieux, Barbara Wilson, Nick Thomo

The meeting was called to order at 7:04 PM.

1. **Minutes:** Sheila Frangiamore moved and Mary Lou Knight seconded the motion to approve the minutes of December 18, 2012; so voted.
2. **Inventory of Assets:** Heather Lemieux forwarded the updated version of the Inventory of Assets to all members immediately after the last meeting. Don Taft reported that Peter Masuzzo of the Cemetery Commissioners said that the 2007 John Deere tractor should be listed as in "excellent condition" that receives light use and would not need to be replaced. We are still looking for final information about the computer inventory (Nick Thomo/Donna Neylon) and Town Owned properties. Although there are still some outstanding pieces of information, the Committee agreed to use the most recent version in the Capital Planning Report due on Feb. 1 and to make changes later if further information is received.
3. **Board of Health (BOH) Capital Requests:** Chairman of the Board of Health Dan Leahy has not communicated with the Committee and was not present. The Committee agreed to use lower the FY14 request to \$16,000 because of the report that a Lakeside Campground structure could be used at the Transfer Station instead of constructing a new one. Requests for future years were included in the preliminary capital plan report. Kermit Eaton will follow up with Dan Leahy.
4. **Meeting with Clark Rowell, financial planner:** Kermit Eaton and Sheila Frangiamore summarized the CIPC meeting with Clark Rowell to discuss recommendations on financial and capital planning policies and procedures. They reported that Mr. Rowell praised the committee for its work and noted that Brookfield was ahead of many other communities in developing a capital plan and in considering comprehensive policies. However, he suggested that the Treasurer, with advice from him, should take the lead in proposing overall financial policies to the Board of Selectmen and that the Capital Planning Committee should propose policies related only to capital planning. Such a division would avoid confusion about roles. Sheila and Clark Rowell are on the Selectmen's agenda for February 5th to discuss Clark Rowell's recommendations for the policies and procedures that need to be developed and will be proposed after consultation with the financial team, Advisory Committee, and Capital Improvement Planning Committee.

Kermit Eaton noted that the CIPC could not do its job to make recommendations on a Capital Plan without having five year projections of income and expenses, which Clark Rowell has suggested is the role of the Selectmen to develop or to direct others to develop. He noted further that the CIPC has representatives from the Advisory Committee, Municipal Planning Committee and financial team, so it could provide additional service to Sheila and or the Selectmen in the development of five year projections of expenses and income and financial policies, should she request it and the Board of Selectmen agree. Sheila welcomed the help and will schedule a meeting with Clark Rowell, Kermit, Jerry, Peter, and Mary Lou to review draft policies and to assign roles for development. It was agreed that there was some urgency to the development of policies and procedures that will be needed for the FY14 budget and capital plan review.

Preliminary Capital Plan:

Water Department: Peter O'Connell reported on the Water Department's Capital Accounts and Capital Plans. With Town Meeting approval, the Water Department transfers money from the Water Surplus Account (generated by a surplus of revenue over operating expenses) into three funds (1) **Pump Station Capital Improvement Fund:** Current Balance is \$32,430; (2) **Standpipe Account:** Used for an inspection of the standpipe every three years (last inspection done in 2012): Current Balance is \$2,588, and (3) **Water Main System Improvement Account:** Current balance is \$75,436.19 but approximately \$43,000 is budgeted in FY13 and FY14 to purchase new water meters, which will drop this total to about \$30,436.

Bruce Clark feels that the three capital accounts should not fall below a total of about \$40,000, which provides him with an adequate reserve in the event of a water emergency. Because Water Department user fees fall short of covering the Water Department operating budget but \$20,000 per year in bulk swimming pool water sales have balanced the budget with an annual surplus of about \$8,000 per year. The Water Commissioners are considering a rate increase to become effective for FY14. The recommended rate increase would generate approximately \$20,000 annually of additional income, which would allow bulk water sales to become a restricted source of revenue to pay for capital expenses. The following are the planned capital expenses, which will be paid out of the Water Department capital accounts above:

FY13: \$16,000 for Well 046; \$15,000 for water meter replacement
FY14: \$15,000 to complete water meter replacement project
FY15: \$16,000 for Well 056 improvements
FY17: \$40,000 to replace the Water Department Truck

Grant funds are sought to pay for Mill Street water infrastructure replacement

Peter O'Connell moved and Sheila Frangiamore seconded a motion to add these requests to the Capital Plan with the proviso that the capital expenditures would be paid from Water Department capital accounts. So voted. It was further agreed to support the Commissioners' plan to increase fees effective FY14.

EMS Ambulance Reserve Fund: The Committee reviewed the EMS ambulance reserve fund projections. In earlier versions of the Capital Plan, the Committee had not included capital requests for equipment, since those purchases would be paid from the ambulance reserve account. To be consistent, however, the Committee felt it should obtain capital requests from EMS Chief Donna LaFleur and include them in the Capital Plan as it is doing with other special purpose funds so it can recommend target amounts for the reserves that will enable the new ambulance to be purchased when the time comes. Peter O'Connell will contact Donna and Peter Martell to obtain capital requests. For now, the Committee agreed to include about \$40,000 for capital purchases in the plan.

The Ambulance Reserve Fund had a healthy balance of about \$440,000 as of the end of FY12. Based on the past five years of expenses and revenues, adjusted for inflation, if we assume (1) that the annual surplus decreases to an average of \$10,000 per year because of increased operating costs and/or declining revenues from increased area competition, (2) that \$40,000 will be spent on smaller capital equipment between FY14-FY17, and (3) that annual donations remain at the five year average of \$2,300, the ambulance fund will total about \$462,000 at the end of FY18. The needed balance in FY18 to replace the ambulance (\$300,000) and one year of operating expenses (\$164,000 with 2.5% annual inflation) is \$464,000 so the ambulance can be replaced in FY19 and the operating cost of the department covered for another year. However, the reserve fund will be almost entirely spent by the end of FY19, leaving no emergency reserve. Therefore, the CIPC should call to the attention of the Board of Selectmen and the EMS staff the need to set annual targets for revenues and to consider measures that increase annual surpluses.

Transfer Station Capital Funding: The Committee reviewed data on Transfer Station income and expenses over the past several years to explore whether the Transfer Station revenue would be sufficient to cover proposed capital expenses, the policy recommended by Town Financial Advisor Clark Rowell. Although the BOH has succeeded in the last three years in balancing its budget after several years of deficits, it lacks any capital reserves and does not yet generate an annual surplus to build capital reserves. Therefore, the CIPC should call to the attention of the Board of Selectmen and the BOH to set annual targets for revenues, to consider measures that increase annual surpluses and to decide whether to recommend that a portion of solar farm revenues might be dedicated to improvements at the Transfer Station for a limited number of years. Don Taft will investigate whether the requirement to do well tests has elapsed, which would save the BOH about \$12,500 per year, which could then be used to pay for capital projects.

Brookfield Elementary School Choice Reserve Fund: The Brookfield Elementary School has used school choice monies to build up a School Choice Reserve Fund that provides a cushion in the event that large unbudgeted expenses arise during the year - expensive outplacement of a student with special needs, storm damage, matching funds for a grant application, etc. - which assures that the Elementary School Committee does not have to come to the Town at a Special Town Meeting to request emergency funds. It also pays for all capital costs for the Elementary School and has been used to reduce the assessment to the Town by about \$100,000 per year (or sometimes more). At the end of FY12, the School Choice Reserve Fund totaled \$541,454. Chairman of the School Committee Donald Faugno projects that incoming school choice revenue has peaked at \$319,000 in FY12 and will trend downward as area schools do a better job of retaining their students and/or as Brookfield's resident enrollment increases. The School Committee expects to pay for all Elementary School Capital expenses assuming school choice funds continue at projected levels or would use grant funds to do so. Mr. Faugno believes that the School Choice Reserve Fund should not fall below about \$500,000 (the sum of the expected level of school choice income for the year plus the projected budget for capital expenses in that year plus the \$100,000 or whatever sum is estimated to reduce the Elementary School budget assessment to the Town in the following year. Projected revenues and capital expenses for FY13-FY17 suggest that the School Choice Reserve Fund will meet or exceed those goals.

Mill Pond Dam Reconstruction: Don Taft noted that the Board of Selectmen has discussed downward revisions in the budget for this project with the Highway Department and the consulting engineers if the Highway Department can do some of the work. The CIPC decided to leave the estimate at the original \$320,000 (adjusted for inflation), but to ask CIPC liaison Nick Thomo to inform the Committee about any revised figures. The Committee will recommend that the project be financed through borrowing over a four year period, with debt service to begin in FY15.

Other: Kermit Eaton volunteered to contact the new leadership of the Bannister Common and Mall Committee to obtain their current capital requests and plans for seeking grant funding. Don Taft reported on capital requests from the Cemetery Commissioners, which generally conformed to the figures in the preliminary plan. Jerry Johnson confirmed figures from the Library Commissioners, but noted recent concerns that the access ramp may be sinking. Jerry also noted that a new copier is needed in the Town Hall, but was uncertain whether it will be funded.

On a motion by Don Taft, seconded by Jerry Johnson, the Committee voted to approve the Capital Plan as amended with the understanding that a final vote will be taken at its January 29th meeting to allow additional data to be included. The Committee agreed on the following contents for the Capital Plan:

- Cover memo
- Capital Planning Policies, Timeline and Committee membership with expiring terms
- Five Year Capital Plan with analyses of Special Revenue Funds
- Executive Summary of the Capital Plan with recommendations on policies and procedures
- Inventory of Capital Assets
- Appendixes (Capital Expense Request Forms and Capital Proposal Rating Criteria)

5. **Meeting dates:** The next meeting of the CIPC is Tuesday January 29. Peter will reserve space and get the meeting posted.

Agenda for the January 29 meeting:

- Additions to the Inventory of Assets – Heather Lemieux
- Report of meeting with Financial Advisor Clark Rowell related to Overall Financial and Capital Planning Policies and Procedures, Projections of Revenue and Expenditures, and the financing of proposed Police Department building – Kermit Eaton and Sheila Frangiamore
- Review of Board of Health capital requests – Dan Leahy and Kermit Eaton
- Final Approval of the FY13-FY17 Capital Plan
- Initial Review of FY14 Capital Requests and the process of rating them in priority
- Setting future meetings and tasks

Tasks to accomplish prior to the January 29 meeting:

- Data for Inventory – Nick Thomo/Rudy/Donna Neylon to provide data on computers and town-owned properties
- Scheduling a meeting with Clark Rowell and Developing Financial and Capital Plan Policies and Expense and Revenue projections proposal – Sheila Frangiamore and Clark Rowell
- Board of Health capital requests – Dan Leahy and Kermit Eaton
- Common Committee Capital Requests: Kermit Eaton
- EMS capital requests –Peter O’Connell
- Well Test Requirement at Transfer Station – Don Taft
- Town Hall Copier capital request – Jerry Johnson
- Town Hall and Police Station financing options – Sheila Frangiamore and Clark Rowell
- Final Draft of the Capital Plan – Peter O’Connell

6. **Adjournment:** Mary Lou Knight moved and Sheila Frangiamore seconded the motion to adjourn the meeting. So voted at 9:15 PM.

Respectfully submitted,

Peter S. O’Connell, Clerk