

CIP Committee  
Presentation  
Tuesday., August 27, 2013  
7:00 pm

Meeting commenced at 7:05 pm in the Ashland Elementary School Cafeteria

Present: Steve Felton, Susan MacLeod, Mark Scarano, Jeanette Stewart

Also Present: Normand Dewolfe and Phil Preston, Selectmen; Paul Branscombe Town Administrator; Alan Cilley and John Hughes, W&S Commissioners; Christine Cilley, Ingrid Heidenreich, Fran Newton, David Toth, Budget Committee; Mardean Badger, Renee Liebert and Trish Temperino, School Board; Steve Heath, Fire Chief; Tony Randall, Police Chief; Jim Gleich, Park and Recreation Director; Patsy Tucker, Town Office; Eli Badger and Jane Felton

There were handouts for attendees that explained the purpose of the Capital Improvements Program and the RSA that defines it, the current draft of the 10-year spreadsheet, and an extract of the spreadsheet with sidebar explanatory notes. It is a long-term financial planning tool that takes all expenditures into account, and spreads the reserve amounts over a timeline to be available when needed, while keeping the tax rate as level as possible. All the capital needs information from all the departments is aggregated for a comprehensive overview of total expenditures needed to maintain the Town. The use of project worksheets helped department heads consider the long-term budget needs. With a ten-year financial plan in place, the ability to obtain grants is improved, especially when saving for matching funds is a consideration. This spreadsheet is not complete, there are still amounts to be submitted, but it is close to completion. The inclusion of the long-term debts with interest payments starts to reveal the overall picture of expenditures. The next step for the CIP committee is to look at the operating budget by first doing a history of the past ten years, and then projecting the next ten years, with capital reserves and debts added for an anticipated total expenditure amount. Looking at the amounts in the spreadsheet, the total given for a project was entered, without grants or other funding included (as not guaranteed). A timeline for saving the amounts in increments needed was calculated to keep the tax rate level. The police and fire departments vehicle replacements were used as an example. If grants are obtained to defray these costs, the reserves can be adjusted or redistributed. Obviously the costs in 10 years cannot be accurately predicted, but the spreadsheet is adjustable at any time, and it is still better to have 80% of amount needed than nothing. The total estimated needs for the Town and school in the next ten years came to \$5,800,000.

Another figure not yet submitted is for road works. \$125,000 was put in as the base number (as voted in last year). When the road plan is finalized and costs calculated, the updated amounts will be incorporated.

Lease/purchase versus outright purchase was touched on. It should be considered on a case by case cost benefit analysis to determine which makes the most sense. Some reserves are still needed for down payments.

Looking at long-term debts, some have been refinanced, and with others it should be pursued. Last payment on ladder truck is in 2014. W&S bonds still are substantial.

The school has done well in planning reserves within the budget for maintenance and repair. One project that had been submitted is currently underway using grant money and end-of-year reserve.

Water and Sewer spreadsheet shows 2 major potential expenses: the receiving station and the lagoon clean out (\$800,000-1,000,000). The receiving station would bring accurate metering for septage disposal, with revenue that can potentially increase 10-20% with this in

place. The water department estimate for the next ten years is \$3,100,000 (hydrant replacement @\$800,000). The amounts required raises concern of need for general obligation bonds based on current trends in revenue and expense and capital project needs.

Next steps for CIP are to complete the spreadsheet and submit to the Budget Committee; create a worksheet with history of expenses to then project the next ten years; and create revenue projections.

In reviewing all the submitted projects, it became clear that combining some would make sense, i.e. the Fire Department, Parks & Recreation, and the school all needed paving done. Combining into one project with one bid may well be less expensive than three separate bids. It was reiterated that there is a real need for cooperation and communication amongst all the town departments.

All this information will be posted on the CIP page on the town website and sent electronically to all departments.

7:59 pm adjournment

Notes by Susan MacLeod