

Capital Outlay Committee Meeting

Finance Commission Room

August 29, 2022, 6:30pm

MINUTES OF MEETING - Draft

Members present: Myev Bodenhofer, Clayton Cheever, Kevin Connolly, Vice Chair, Bob Donnelly, Meg LaMay, Tony Mazzucco, Anne Marie Mazzola, Tim McDonough, Tom McQuaid, Chair, Gerry Miller, and Sarah Sullivan.

Members absent: Gerry Miller, Ernie Paciorkowski

Guests present: Cathy Carney, Anne Haley, Norwood Community Media, Superintendent Dave Thomson

Meeting called to order at 6:30 pm by the Chair, Mr. McQuaid.

Mr. Connolly motioned to approve the minutes of the August 15, 2022, meeting as submitted, Ms. Bodenhofer seconded the motion. The Committee approved the minutes for the August 15, 2022, unanimously.

Mr. McQuaid invited Town Manager, Mr. Mazzucco to the floor to speak to the Revised FY23 Capital Projects and the updated 5-Year Plan including, the costs of the proposed capital projects, the proposed funding sources, and its impact on debt service.

There are two ambulances in the capital plan, we have never purchased two ambulances before but given the supply chain issues and increased usage due to hospital closure, it is necessary. The plan is to order two ambulances, one right away and a second in a few months. The proposed funding is to pay for the 5-year ambulance bond out of excess ambulances receipts over budget. Mr. McQuaid asked for clarification on how this process would work and Mr. Mazzucco explained they are working out the details, but it is likely a special purpose stabilization fund would be created for the excess ambulance receipts over budget and the debt service would be paid out of that fund, they are receipts reserved for appropriation. Town Meeting will have to approve the borrowing this is just the mechanism through which the bond will be paid. Mr. Donnelly asked for the process at Town Meeting and Mr. Mazzucco confirmed that there would be an article to establish the stabilization fund.

The projected amount of Free Cash to be used for capital items at the Fall Special Town Meeting is 1,758,000.

Mr. Mazzucco explained the impact on the borrowing for the Capital Plan. The town's financial policy states that no more than 5% of general fund (non-utility) revenues can be borrowed. The addition to the current debt service number is \$415,000. That added to current debt service less the debt service coming off the books results in a debt service of approximately 3.5% of revenues. Ms. Bodenhofer asked if the debt service number included the ambulance. Mr. Mazzucco stated it does not include the ambulance debt service of about \$200,000.

Norwood has significant debt capacity given its financial policy.

Mr. Mazzucco indicated that there are two projects that will likely need additional funding. The façade at the recreation center and the public safety building hvac system. There may be something on the warrant for a small property acquisition, but it will not be a significant acquisition. There is an additional \$1,300,000 that will be reallocated due to the closing out of funding on completed projects. Under Massachusetts law once you borrow money for a project it cannot be closed out to free cash, it needs to be reallocated to other capital projects. This will reduce the amount needed to be borrowed. Ms. Sullivan asked if the façade and hvac projects were included in any of these numbers and

Mr. Mazzucco said no they are not, they will be separate warrant articles at Town Meeting. The costs for these projects have not been finalized yet, but it is additional funding for projects currently underway.

Mr. Mazzucco talked about Water and Sewer Rates. The average rate is between \$70 and \$100 determined by household size. The estimated cost of debt service to water/sewer rates is 1.92%, this is in addition to the charges from MWRA. The share of the MWRA system goes up with increase in usage, so it will depend on the town's usage over the past year.

Mr. Mazzucco addressed committee's concern about future fiscal years next. He reminded committee members that it is important to remember that projects are estimated in time and completion, not as linear as we would like it to be. The second year is large, but policy decisions still need to be made.

Mr. McQuaid had a question on school borrowing. Has there been any consideration to adding an estimated number for school projects for the fall town meeting? At the spring town meeting there was some confusion as to why the schools were asking for capital funds, town meeting members were not aware that the school system projects were not funded at the fall town meeting because of the timing of school purchases.

Ms. Sullivan reiterated her concern about \$30,000,000 projection for year 2 of the plan. It is understandable that plans changed but Mr. Mazzucco acknowledged in the presentation that it is unlikely all those projects will happen. It is unrealistic to think that would happen as the town could not afford to do so and so hard to approve a plan with that number in it. Mr. Mazzucco agreed they could rearrange it if everyone understands things may continue to shift.

Ms. Sullivan also requested that larger projects that are in the future be included in the capital plan. Mr. Mazzucco explained they are included and that if you read the entire plan you will see those. Ms. Sullivan suggested that perhaps larger projects like the Town Hall be put in a place where people who may not read the entire plan see it.

Ms. Bodenhofer asked if the committee had the entire capital plan and Mr. Mazzucco stated that is not usually completed until after the approvals. Ms. Bodenhofer indicated that is part of the disconnect, being asked to approve a long-range capital plan but only have clear detail for the upcoming year. Is our role as a committee to only approve the upcoming year and then the staff works on the rest of the plan? Mr. Mazzucco stated no but it is difficult to add some of the longer range (horizon) projects because where do you decide to cut it off? Mr. Mazzucco agrees that the committee approves a multiyear plan, it is a question of how much should we focus on the out years know that it is going to change versus the year that is right in front of us. Mr. McQuaid suggested that there could be a line at the end of the five-year projection listing possible horizon projects.

Mr. McDonough is glad the plan is refined for this year and feels comfortable recommending this year's proposals. He is not as comfortable with the out years. He suggested providing a synopsis of the past five years, what projects were on the horizon and what changed. Given the timing make that next year's project and move forward with this year's plan.

Mr. McQuaid is not sure how useful such a synopsis would be and quite a bit of staff work.

Ms. Haley suggested we look at Capital plan and see what has been done and what hasn't been done, need to identify what came out of capital projects. Mr. Donnelly reminded everyone that the Committee is looking at is not the complete plan that is submitted to Town Meeting. That plan is thorough and includes a lot of what we are discussing. Ms. Haley then asked isn't that the committee should be looking at? Mr. McQuaid and Mr. Mazzucco discussed timing of when Capital Outlay should meet. Should committee meet more often, make more recommendations on how to fund? Mr.

Connolly spoke to the history of how Capital Outlay has operated. When he was first on the committee it met two times per month but once Town Wide budget subcommittee formed the function changed a bit.

Mr. McDonough made motion to approve the 2023 Capital Outlay Plan, Mr. Connolly seconded the motion.

Ms. Bodenhofer asked if the Hawes playground removed from the 2023 plan since the last meeting? Mr. Mazzucco said yes it was removed. Her second question was on the roads and the water lining. When we first approved plan 3 years ago she was in full support of plan but curious given supply chain issues and inflation is it wise to move forward? Mr. Mazzucco answered that fortunately we have not seen inflation in road work so therefore it makes sense go forward. We can pivot if once we receive bids the prices have increased. Mr. Connolly asked about the police department tasers and if they were included. Mr. Mazzucco confirmed they are included.

Capital plan approved unanimously.

Mr. Donnelly referred to previous year capital plan on website shows that projection for FY 2024 at \$16,000,000 and the current plan in front of committee is \$30,000,000. That does seem to indicate there might be some type of narrative that needs to be included to explain significant shifts.

Mr. Connolly motioned to adjourn the meeting; Mr. McDonough seconded the motion and the committee unanimously approved.

Meeting adjourned at 7:25pm.

Respectfully submitted,

Sarah E. Sullivan

Clerk, Capital Outlay Committee