

Town of Farmington
Capital Improvement Plan Committee Meeting Minutes
Wednesday, October 14, 2020

Committee Members Present:

Paula Proulx, Chairman, Selectmen's Rep.
Tim Brown, School Board Rep.
Arthur Capello, Town Administrator
Rick Pelkey, Planning Board Rep.
Ann Titus
Erica Rogers, Secretary

Committee Members Absent:

Jeremy Squires, Bud Com Rep.
Ruth Ellen Vaughn, SAU Superintendent

1). Call to Order:

Chairman Proulx called the meeting to order at 4 p.m.

2). Pledge of Allegiance:

All present stood for the Pledge of Allegiance.

3). Review of Minutes:

September 30, 2020 – No errors or omissions

Motion: (Titus, second Pelkey) to accept the Wed., Sept. 30, 2020 as written passed 5-0-1
(Brown abstained).

4). Review of CIP:

Fire Dept. -Mr. Capello said the e-mail from Fire Chief James Reinert said that Engine 4 will remain in the plan for a while (est. \$400,000 replacement cost). He said the replacement for Engine 1 is currently being built and the dept. should receive it next year (expected delivery date April 2021).

He said Ambulance 2 (2011 model year) is the older of the Town's 2 ambulances and was a used vehicle when the Town got it and will need to be replaced in 2-3 years.

The Chief also wrote that the SCBA's (**S**elf-**C**ontained **B**reathing **A**pparatus) were replaced last year and have a 15 year shelf life and will need to be replaced in 2034 (approx. \$350,000). Mr. Capello said we don't have a choice on replacing SCBA's as they have an expiration date and he was not going to send a Firefighter into a fire with expired equipment even though it might still work.

DPW – Mrs. Rogers said the Highway Dept. will be sending her a current updated list. She asked if the only things they want in the CIP are the things that need or should be replaced in the next 6 years not an entire equipment list of everything they have.

Mr. Capello said the list should contain the items that need or should be replaced in the next 6 years and cost more than \$10,000 to replace and he would clarify this with the DPW Director.

He said the Town replaced the dump bodies on 2 dump trucks this year and that was over \$10,000 and if we have more dump bodies needing replacement that will save the trucks and will total more than \$10,000 that should be included in the plan.

Mr. Capello said the equipment update list for the Highway Dept. should be minimal as we replaced one of our plow trucks, 2 years ago we replaced a backhoe and we have applied for a clean energy grant to replace the other one.

Bridges - He said the recommendations for the bridges should also be minimal and when they get to the CIP he would give the committee his recommendation for putting money into the CIP and where it should come from.

Rec. Dept. - Mr. Capello said he is not looking to make any changes to the recommendations for the Recreation Dept. because the dept. is closed and they don't know when it will function again with COVID. He said he is not making any changes to the equipment list and is not recommending they add any money to the Rec. Dept. Capital Reserve Fund (CRF) this year.

Mr. Capello said it is going to be an extremely difficult budget year from the Town's perspective and he is not worried about the tax rate they are about to set but he is worried about next December's tax rate because that's when the revenue shortfall from the state will hit if the federal government doesn't do anything. He said he will bring his anticipated revenue loss for next year to the Selectmen which is expected to be about \$500,000 and equals about a \$1 increase to the tax rate. He said he is fairly confident in that number because the number he used of a 40% decrease in state revenues is what most communities are using based on what he has seen on the Town Administrators' website. He said he likes to let the residents know what the worst case scenario could be and if the state gets a stimulus package for the full amount of the revenues they can adjust it when they set the tax rate.

Mr. Brown said there is a long time to that next tax rate session about a year from now.

Mr. Capello said the budget would be approved with the projected revenues long before the state ever does their budget with their projected revenues that doesn't kick in until July. I want to give the taxpayers a worst case number at the March Town Meeting because we won't know by then (the state's projected revenues).

Mr. Pelkey said we'll set the tax rate now and then pick up whatever the difference is come the second bill in December.

Mr. Brown said we may know we have a stimulus coming in and that may offset that \$500,000 shortfall.

Mr. Capello said unless the federal government gets off its butt between now and March, which he doesn't anticipate he has to plan for worst case.

Mr. Brown said he thinks there will be some options for what their projections are going to be and with some of the inner workings they could make the \$500,000 figure less hurtful from the school side but they'll talk about that Monday night (at the Selectmen's meeting).

Mr. Capello said the CIP has not changed and that he hoped all of the grammatical errors have

been corrected over the last 2 years. He said some of the charts in the plan (i. e. Long Term Debt, tax rate) can't be updated until we get into Dec. when they receive the numbers from Finance Administrator Pam Merrill and Town Clerk Becky Dickie.

Mrs. Rogers said Mrs. Merrill has provided some of the long term debts and we will be adding 2 new entries this year for the new fire truck and the new plow truck. She said there is long term debt for the water meter loan but it is paid from the water user fee and not through taxation and asked if the committee wants that included on the list of long term debts.

Mr. Capello said that will be reported in the Annual Town Report and should not be in the CIP because it is not part of it.

Chairman Proulx agreed.

Mr. Brown said we have a temporary bridge and 3 other red flagged bridges that the town has to prepare for and the \$60,000 shown is a small number compared to what the Town normally has in the undesignated fund balance. He asked if the Selectmen have any direction on where they are looking to go with the fund balance.

Mr. Capello said the Selectmen have not discussed that yet as a board. He said he is recommending that the CIP Committee recommend to the Selectmen for everything except the Town reevaluation to be done as a warrant article and to raise and appropriate the funds through taxation and not take it out of the undesignated fund balance this year. He said the fund balance is currently at 8% and he is looking to built it up in case they have to buy down the tax rate next December and not use much out of it except for \$20,000 for the Town reevaluation because we have to do that.

Mrs. Titus asked if he planned to do a separate warrant article for each bridge or one warrant article for all 3 bridges.

Mr. Capello said he is proposing the committee recommend 1 warrant article asking voters to raise and appropriate \$100,000 into the Bridges and Road Design CRF which covers all bridges.

Mrs. Titus said if somebody wants all 3 bridges done the amount in the warrant article could be increased from the floor at Town Meeting and the voters present could vote for that and suggested that he consider which way is the better way to go with this.

Mr. Capello said they don't have a separate CRF for each bridge and the CRF is for all bridges.

Mr. Pelkey said each warrant article will have its cost to the taxpayers.

Mr. Capello said it is up to the voters to decide to approve it or not when they know the facts. We have to have a plan in place in the next 2-3 years to do the Hornetown Road Bridge and move the temporary bridge to our next issue and we have to have the money ready for when they open up the money from the state bridge aid he said.

Mr. Brown said the problem with buying down the tax rate is it artificially deflates it so 12 months later we're dealing with the same increase we have had it not been bought down. He said he was not questioning the Selectmen's authority to do that but he would rather see the fund balance go towards things like the road and bridge fund because it is a one-time expense

and is not playing with how the tax rate goes up and down. He said the school does the same thing and they're looking at how they can get the budget stabilized across the board and it makes it difficult going into a year like next year. He asked if they bought it down last year. Mr. Capello said the Selectmen used \$125,000 to buy down the tax rate last year and put the rest toward the temporary bridge.

Mr. Brown said then automatically this year we're looking at the potential \$500,000 loss of revenue and the \$125,000 artificial deflation on top of that when we're setting the tax rate.

Mr. Capello said that is inaccurate. He said the \$125,000 will affect this year's tax rate but the \$500,000 revenue loss is on next year's tax rate.

Mr. Brown said he was talking about next year because that is where the costs for the CIP are coming out of.

Mr. Capello said the CIP costs come out of this year's budget and the undesignated fund balance is always a year behind.

Mr. Brown asked when Town Meeting is held and when the tax rate is set.

Mr. Capello said Town Meeting is in March and the tax rate is set in December but if you appropriate money from the undesignated fund balance that money came from the 2020 fund balance not the 2021 fund balance.

Mr. Brown said hopefully on Dec. 31 we will have surplus money and that surplus money in December is what gets applied at Town Meeting in March.

Mr. Capello said that money would apply next March because it is always year behind because of the audits so they don't know what the surplus number is until March or April.

Chairman Proulx said it's a matter of prospective and Mr. Capello's prospective is it is not taken out until the next year and in the past the board has said that's where it's coming from because you anticipate it will be there.

Mr. Brown said if they want unaudited numbers withheld from setting the tax rate we can certainly do that but he didn't think he wanted to go there on principle. Our fund balance on the school side is not audited numbers he said.

Mr. Capello said it never is an audited number because it is impossible to get them audited but you can get more accurate numbers than in the past. He said he is recommending to raise and appropriate everything from general taxation and to let the voters decide if they want to fund it with the tax impact stated on the warrant articles and save the undesignated fund balance this year for a potential increase next year. If things change we can come back and say we have surplus in fund balance so let's do \$200,000 for the bridge 1 year from March and we always have that option if we don't use it to buy down the tax rate he said.

Mr. Brown said the other problem with funding it by warrant article is when the taxpayers say no, no means no.

Mr. Capello said that is correct-for this year.

Mrs. Rogers said he said they have to have a plan for the bridges in place within the next year

or two and asked if the voters shoot down that article if that negates the Town's responsibility to do the bridge.

Mr. Capello said if they don't have the money to do it they can't do it and the taxpayers have spoken.

Mrs. Titus said they have to think about fixing these bridges because the school is also involved and what we went through this year was a nightmare for everybody. We need to fix these roads and bridges and we've got to start thinking about what is the best way. If you have people who go in there and say I don't want my taxes raised but we still have to do this you've got to have a plan B she said.

Mr. Capello said the majority of people have spoken and more people need to get out and vote and that's how a democracy works-it's a majority. He said he is thinking about the bridges but he didn't think the Selectmen would want to raise and appropriate \$1.3 million per bridge.

Mrs. Titus said they have been talking about these bridges for 15-20 years and haven't been putting enough money away.

Mr. Capello said over the last 3 years the board has put money away in the bridge CIP fund.

Mrs. Titus said we knew about this issue years ago when they were on the Budget Committee.

Mr. Capello said he can't control what previous boards or Town Administrators did. He said we are in a unique year and his goal is to keep the tax rate reasonable for people so they don't tax people out of this town.

Mrs. Titus said she didn't want to put strain on the taxpayers but it was a lot of stress for people to have to detour around the bridge and we resolved it but let's be proactive.

Mr. Capello said it's the CIP Committee's vote to recommend to the Selectmen and ultimately it's the Selectmen's decision. He said he is looking at it from a 30,000 ft. view of what things could look like next year budget-wise and tax-wise. I'm not saying don't put money in but to let the democratic process work and let the voters decide that show up at the meeting he said.

Mr. Brown said this board could recommend a totally different thing and they could have a CIP Committee recommendation and a Town Administrator's recommendation.

Mr. Capello said he is part of the CIP Committee so whatever this committee recommends is his recommendation going forward to the Selectmen.

Mr. Brown said if the Selectmen ask Mr. Capello for his input he would give it to them.

Chairman Proulx said he will have to give his input regardless of what the committee decides.

Mr. Brown said his input may be contrary to us based on the questions the Selectmen ask and he doesn't have an issue with that. He said the 3 steps of the process are the committee's recommendation and when this is discussed at the board level he (Mr. Capello) is in a different chair and then ultimately it's the Selectmen's decision.

Mr. Capello said the Selectmen and the CIP Committee haven't always agreed on the amount and that could change.

Chairman Proulx added how it goes forward could also change.

Mr. Brown said often times because of the school side budget the Town has been forced to buy down the tax rate and that artificially deflates the tax rate. He said when you are dealing with that through a budgetary process it makes things difficult and at some point in time we have to look at stabilizing that on both sides.

Mr. Capello said the CIP Committee could just put forward recommendations and let the Selectmen decide how they want to fund it and not give them any funding recommendations.

Mr. Pelkey asked Mr. Capello to repeat his recommendations.

Mr. Capello said he is recommending that \$100,000 be put in the bridge fund, \$5,000 in the highway fund...

Mr. Pelkey said the \$100,000 for the bridge CRF is about a 20 cent per \$1,000 valuation increase on the tax rate. He said he would rather see this in the budget and tell people this is something we have to do. He said the voters get the option of deciding whether we do this or not by voting for or against the budget or voting for or against the warrant article. I think it belongs in the general operating budget because this is something we really have to do and we shouldn't make it look like it's an optional thing he said.

Mr. Capello said the problem with it in the general budget is then you can't put it in the CRF. If you put it in the budget and don't spend it, it drops into the undesignated fund balance he said.

Mrs. Rogers asked if there is money in the operating budget for bridges too.

Mr. Capello said there are some funds for general maintenance but nothing like this.

Mr. Pelkey said he was missing something and asked the committee to clarify this for him.

Mr. Capello said the CRF is designated for a particular purpose and can only be spent for that designation. If it's in the operating budget theoretically it can be spent on anything in the budget because it's a bottom line budget and the Selectmen can move money around.

Whatever is not spent drops into the undesignated fund balance and that is where it's used to buy down the tax rate or build it up for emergencies. You cannot designate that then to go into a CRF as there has to be a warrant article to put money in the CRF he said.

Mr. Brown asked if the Hornetown Rd. Bridge was red listed, done and at the bottom of the line.

Mr. Capello said yes but it will jump to the top of the line when the state opens the 80/20 grant.

Mr. Brown said if there is an 80/20 split on Hornetown Rd. that the state will fund, we've got to be ready with the 20% match and that's a little over \$200,000. He asked if there is a balance in that account now.

Mr. Capello said they are going to spend 99% of it on the Hornetown Rd. Bridge and there may be about \$50,000 left. He said the temporary bridge project came in under budget but they have not paid all the bills yet.

Mr. Brown asked if there is critical money available so if we have to replace a bridge at the \$200,000 mark we can and maybe fund 50% by taxation and 50% by the fund balance so that the taxpayers only see a 20 cent tax increase but we have \$200,000 in the bank and whenever

the grant gets approved we're shovel ready to go.

Mr. Capello said he would typically agree with that except we're close to being shovel ready because of all the engineering we had to do for the temporary bridge. He said the earliest this process is going to open up is Nov. or Dec. and it will probably be next year before they open up the 80/20 bridge funds. We can recommend \$200,000 he said.

Mrs. Rogers asked if the committee could recommend that they put \$50,000 in the CRF and request \$50,000 in a warrant article so that if its going down we've at least put something in.

Mr. Capello said the whole amount has to be in a warrant article and they can't put just put money in even if it's from the fund balance.

Mrs. Rogers clarified that she meant there would two warrant articles- one where the \$50,000 would come from the undesignated fund balance and a second article asking for an additional \$50,000 through taxation. She said the voters would probably approve taking the money from the fund balance because there would be no taxation there and they would be putting something in the CRF if the voters denied the second article. You're potentially still getting the full \$100,000 for the CRF with a 10 cents tax increase she said.

Mr. Capello said if the Selectmen choose to do it that way they could.

Mrs. Rogers said some taxpayers would look at the proposal and say it doesn't affect me and is not worth a 20 cent increase on their taxes and vote no.

Mr. Pelkey said it is not just the tax increase but is also an additional burden on the schools which increases the cost of running the schools.

Mr. Brown asked what the rest of the list looks like.

Mr. Capello said is recommending \$5,000 for highway, \$20,000 for the Town reevaluation, \$15,000 for the Scott packs (SCBA), \$0 for the Rec. Dept. and \$0 for Town employee financial obligation and he is looking at this from the view of the impact on the budget.

Mr. Brown said they want to get the CIP done now but they don't have a picture of the revenues next year because we don't know what the state is going to do and they haven't even started their budget process for next year. He said he would look at this as they get closer to January and the budget process because then we know how much the \$500,000 revenue loss on the Town side is whittled down and you may have more money on the bridge side or you may want to look at paying for it differently than by taxation.

Mr. Capello said that is something that could be done from the floor (of Town Meeting) and he could go to the floor and say the federal government sent us a stimulus and we're going to recoup that \$500,000 and I'd like to raise and appropriate another \$100,000 from the fund balance.

Mr. Brown said he didn't think you could do that with the undesignated fund balance without giving the public prior notice.

Mr. Capello said they could say we want to raise the amount by another \$100,000 through taxation but we apply \$100,000 to the tax rate come December because we know we have this

money and this won't affect the tax rate until December.

Chairman Proulx asked if you can't raise a sum from the floor.

Mr. Capello said you have to warn it unless it is an operating budget item. He then recalled that we raised all the warrant articles last year and that he was thinking of the Budget Committee who can't increase the amount of the warrant articles unless they warn it at a public hearing. Chairman Proulx said she thought it is allowed as long as the legislative body is there and it doesn't change the intent.

Mr. Capello said he would check on if you list it as a warrant article with the amount coming out of taxation if you can then change it to coming from the fund balance.

Mr. Pelkey asked if the committee recommends the funding source too or just the amount.

Mr. Capello said they can and have done so in the past but he didn't know if they want to do that this year and let the Selectmen hash out how they want to do it.

Mr. Brown said the Selectmen can raise that number however they want prior to doing the warrant articles and they are not going to be typing warrant articles next month. He said they have from October to mid-January for see what our revenue situation is going to be and what's workable. He said he agrees with the numbers but it is almost an act of futility to recommend a funding source because that comes down to the Selectmen's discretion. I think it makes sense to put forward the numbers without recommendations for funding and let them adjust it the way they want to he said.

Mr. Capello said he plays the "bad guy" by telling them this is the potential outcome but ultimately it is their decision.

Motion: (Brown, second Titus) that we send a Capital Improvement recommendation to the Board of Selectmen on Bridges and Designs for \$100,000, highway \$5,000, Town revaluation \$20,000, SCBA \$15,000 and no money for recreation and no money for Town financial obligation and let the Board of Selectmen decide the funding source;

Discussion: Mrs. Titus asked if Mr. Capello was sure they don't need the \$8,000 for the Town financial obligation fund.

Mr. Capello said he was positive and that number was done specifically for what was needed last year to cover the person they knew was retiring. He said next year they may want to do that because they budget \$4,000 a year in the operating budget to pay for people on leave for sick time, vacation time, etc. and build the CRF up to a certain point and then take that out of the operating budget, use that and when it gets depleted build it back up again.

Chairman Proulx said she needs more information on how Mr. Capello came to recommend \$100,000 and she would withhold her discussion to a later date and abstain from voting now.

Mr. Capello said he is looking at a \$1.3 million bridge and if we get the 80/20 split (grant) we have to build that up to about \$250,000 and we have about 2 years to build that up before the state comes through with any money. He said based on the fact that his personal recommendation is for that money to come from taxation he didn't want to do too big of a

number and burden the taxpayers when we have a year to 1.5 years to build that up.

Chairman Proulx said she would like to see what the amount of money is from where we are to where we need to be to be considered shovel ready and we also have another bridge, probably on Spring Street by that time.

Mr. Capello said the engineer has said they can do some repairs to that bridge instead of replacing it and get it off the red list.

Chairman Proulx said she would like to see his recommendation as to how long that would extend that. She asked for the next bridge on the list.

Mr. Capello said there would be a choice between Meaderboro Road and River Road providing no others come on to the list.

Chairman Proulx asked if the Meaderboro Rd. Bridge has been checked by the engineer to see if it could be repaired in any way.

Mr. Capello said not yet and planned to push them to look at everything for us.

Chairman Proulx said she considers being shovel ready as with the engineering costs done and those costs can be part of the 80/20 grant and be shovel ready into perpetuity. She then said she could vote to temporarily go along with this but she may vote another way when she sits and wears her other hat (as a Selectman).

Mr. Brown said there is a lot of engineering, budgeting and work to do on the bridges and they have given the Selectmen a significant increase in what they did over prior years with the understanding because they have all the information in front of them it's their number to deal with and let them adjust it.

Chairman Proulx said she wanted people to understand that just because she says okay to the \$100,000 now doesn't mean that she is going to be bound by it when she turns her hat around.

Mr. Pelkey suggested she could abstain from the vote unless they need a tie breaker.

Discussion included the facilities/services in town that people pay for but don't necessarily use.

Mrs. Titus said we are all one town and we need to take care of the whole town and not pit one side against the other.

Mrs. Rogers said the numbers on Appendix F –Bridge Information show the estimated costs for each of the bridges and asked what estimated costs are because these numbers have nothing to do with anything discussed tonight and she has no idea where they came from or what they should be.

Chairman Proulx said the numbers came from a report that was done in 2007 and they haven't been adjusted for inflation.

Mr. Capello said bridge #3 on Hornetown Road is \$1.3 million (est. cost shown-\$535,500), River Road is \$1.2 million (est. cost -\$765,000) and the other bridges have not been done at this time.

Mrs. Rogers asked if they should add a footnote to the appendix that bridges #1-#3 were reevaluated in 2020 and that bridges #4-#6 have not been done.

Mr. Capello said if they get to that point where we don't have accurate numbers then a note

should be added to the page.

Mr. Brown said they have the numbers and asked if they need to check the grammar and the appendixes to make sure that they're up to date and then approve a CIP report.

Mr. Capello said they need forms and documentation from the Town Clerk and they won't be able to finalize the report until late Dec. He said the January meeting is when they do the final approval barring any corrections or amendments.

Vote: The motion passed 6-0.

5). Next Meeting: Wednesday, December 16 at 4 p.m.

6). Adjournment:

Motion: (Brown, second Titus) to adjourn the meeting and reconvene on 12/16/20 passed 6-0 at 4:55 p.m.

Respectively submitted

Kathleen Magoon

Recording Secretary

Paula Proulx, Chairman