

CAPITAL IMPROVEMENT PLAN COMMITTEE
REGULAR MEETING
August 24, 2005

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3 The Capital Planning Committee meeting of August 24, 2005 was called to order at 7:00 P. M. in
4 the Northgate Conference Room, 50 Nashua Rd., S#100, Londonderry, NH.
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6 **PRESENT:** Town Planner, Tim Thompson, AICP; Finance Dir/Assist. Town Manager, Sue
7 Hickey; Planning Board Reps., Rick Brideau; and John Farrell; Budget Committee
8 Member/Chairman, John Silvestro (7:07 PM); Budget Committee Alternate, Frank Hegarty;
9 School Board Member Ron Campo; School Business Admin. Peter Curro; and Executive
10 Assistant, Margo Lapietro.
11

12 **ALSO PRESENT:** Town Manager, Dave Caron; Councilman, Brian Farmer; Budget
13 Committee Member, Mike Brown; Cultural Resources Committee Member, Stephen Lee; School
14 Board Member, Paul Margolin,
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16 **MEETING MINUTES: John Farrell made a motion to approve the meeting minutes from**
17 **August 11, 2005. Second by Rick Brideau. Board's vote 3-0-0.**
18

19 **Old Business** – Review of Debt Schedules. Peter Curro reviewed the current debt schedules of
20 the Town and the school. Re-financed bonds for the Middle School, HS Gym and renovation for
21 \$13.7, bond for North School for \$5.5M. J. Silvestro stated that the combined debt schedule was
22 \$5,204,000. P. Curro said the RSA's detail debt limits for schools and town. Look at three
23 things – are you approving too much debt, secondly what percent of the budget under normal
24 years (no excessive growth) should be set aside for annual debt payment. R. Campo came up
25 with the third idea of debt per capita. This is a common test used in the business area. Town
26 Manager Caron's Long Term Debt Strategy was passed out for review. Discussion ensued. J.
27 Farrell stated that we are in a position where we have 80-85% fixed costs across the Town,
28 putting a cap on the plan is a good idea. R. Campo asked if anything could be put off, look at it
29 based on projects that have "legitimacy" and set cap. Roads not in the package but we will have
30 to deal with it. Set up a guideline for a limit on debt and how it grows. As population grows the
31 debt guideline should grow. J. Silvestro stated if we can't live on \$12,470,000. in the next six
32 years, we have a problem, don't include Open Space. Councilor Brian Farmer stated the Town
33 Council is the only department by statute who can impose a "cap" on anything. The purpose of
34 the CIP is to analyze and advise. The Town Council and the Planning Board are in favor of
35 introducing a debt ceiling. J. Silvestro stated the committee has to put together a six year plan
36 for a capital improvement plan, bringing in the ability to pay for a six year time period, what can
37 be controlled and what is a rational way to go after it. B. Farmer said in business you look at all
38 debt, have to include everything like Open Space. When this document reaches Town Council
39 they want to look at a complete Town debt. J. Silvestro stated Open Space doesn't belong in the
40 CIP, it is cost savings, it has long term effect, it is quality of life, but is not a capital
41 improvement. P. Curro stated maybe we should have an official debt policy. Discussion ensued.
42 Town Manager Caron discussed the Long Term Debt Strategy updated last year with the
43 Council. Three variations of target:
44

- 45 1. Maintain Current Level of Debt Payments - The Town pays about \$2.6M in principal and
46 interest, if we maintain that amount of payments for the next 7 or 8 years we can incur
47 additional debt of \$13,730,000.
- 48 2. Target the Outstanding Principal at a Certain Percentage of the Town's Equalized Value -
49 Utilizing a 1% target, (State Law allows up to 3%) the Town is able to bond an additional
50 \$29.2M in new projects.
- 51 3. Maintain the Current Level of Principal - Looks at retiring principal, replaced by new
52 debt would raise \$13.9M which is lower than Option 2

53
54 Future bonds will be for:

- 55 1. Two Fire Stations
- 56 2. Exit 4A, maximum of \$4.5M
- 57 3. Pettingill Road will be self-sustaining when development catches up.

58
59 J. Silvestro stated that if we start with \$5.3M today, over the next 6 years we will have the
60 capacity to pass \$12.5M in bonds. If we increase 1% a year it will give us \$50K a year.
61 Discussion ensued about what bonds to include, principal payment, and interest rates. Mike
62 Brown from the Budget Committee stated it is wise and credible for citizens to hear the CIP
63 Committee talking about managing debt. Manage debt and borrow only what we can afford.

64
65 After discussion it was agreed to use the figure of \$5.2M exclusive of the lease payment for the
66 school district as the debt ceiling. J. Farrell verified that Open Space was included, J. Silvestro
67 responded yes. Sue Hickey was asked to do a six year spreadsheet with a cap of \$5.2M, showing
68 that \$3,140,000 will be used for debt for next year, take out the school lease payment of
69 \$470,415. Exit 4A will show up in a supplementary spreadsheet for 2010. J. Silvestro passed out
70 a spreadsheet indicating that if we have Open Space bonding of \$1M for years 06 – 11 we will
71 have to reduce every year by \$100K. Without Open Space bonding for years 06 – 11 our
72 bonding will be \$834,359, if Open Space is added every year \$6M of the \$8M will be used for
73 Open Space, only enough left for 1 fire station. If we continue with Open Space we have to
74 increase the ceiling every year by \$1M because we cannot continue bonding Open Space and
75 nothing else. T. Thompson said the Conservation Commission is looking for \$1M for this year;
76 it is the end of their initial 5-year period. **J. Farrell made a motion to put the Open Space
77 request into the year 2007 CIP Budget for \$1,000,000. Second by Rick Brideau.
78 Committee vote 4-0-0.**

79
80 Continued Review of Project Submissions-Departmental Presentations – Brian Farmer and
81 Stephen Lee representing the Londonderry Cultural Resources Committee stated their reasons
82 for consideration of building a Performing Arts Center. They mentioned the survey, the design
83 workshop, the groups who would use the facility, and projected attendance. Timberlane
84 Regional High School Performing Arts Center was used as an example. George Herrmann asked
85 about an operating plan and fiscal management. B. Farmer stated it was ranked 4-5 highest rated
86 need, and was listed in the Master Plan. He also stated that the \$10M needed for the building
87 would come from matching funds from fundraisers and the business community. They want to
88 hire a consulting firm that specializes in professional fundraising. The Committee reviewed the
89 scoring from the Committee and the CIP Committee. At the prior meeting, Cultural Resources
90 scored it 17 out of 40; CIP Committee scored it 9 out of 40. T. Thompson reviewed the prior
91 scoring and it was agreed to re-score it to 11 out of 40.

93 Paul Margolin stated that the SAU had very crowded conditions and if the CIP was not looking
 94 at South School this year they would instead be looking at the SAU this year. J. Silvestro asked
 95 if the building will be demolished or used for another use, would affect the priority of the plan.
 96 R. Campo said it was his understanding it might be used for additional parking at Town Hall or if
 97 not it would be used possibly for a vocational program or a number of other programs associated
 98 with the school. B. Farmer stated that if we convert it to another use it will cost money.

100 Prioritization of CIP Projects –	<u>Priority</u>
101	
102 Open Space \$1M	2
103 South School \$4M (Replace portables)	2
104 SAU Office \$2.75M	3
105 North Fire \$1.6M	2
106 South Fire \$1.6M	1
107 Central Renovations \$1M	4
108 Cultural Arts \$10M	4
109 Pettengill Road \$5M (Part of the TIF District)	2
110 Police Communications Room Upgrade \$374,671. – general fund project	3
111 (not a bond issue)	
112 Auburn Road Recreational Facility \$2M	4

113
 114 J. Farrell asked T. Thompson if Janusz Czyzowski, Public Works Director had asked for any
 115 bonding for Town roads, T. Thompson responded he had not received anything from him.

116
 117 T. Thompson said if a priority is a 4 it will not be mentioned in the spreadsheet, it will be
 118 mentioned in the plan. Auburn Rd, Cultural Arts and Central Renovations do not need to be
 119 placed in the 07 year. **J. Farrell made a motion to put South Fire into FY2007. Second by**
 120 **R. Brideau.**

121
 122 **J. Farrell made a motion to move the Police Communications Room Upgrade into FY2010.**
 123 **Second by R. Campo.**

124
 125 South School in FY2008 for \$400K for A&E and FY2009 for \$3.6M.

126
 127 SAU will do an A&E in FY2010.

128
 129 North Fire Station for \$1.6 should be in FY2008.

130
 131 Pettingill Road should be in FY2010.

132
 133 Cultural Arts should be in 2012. T. Thompson mentioned that this did not need to be placed in
 134 the plan, as it has been ranked a priority 4, meaning it is outside the 6-year window of the current
 135 CIP program. It can be re-evaluated next year.

136
 137 Next meeting is scheduled for 9/1/05 with a time change to 6:00 P.M.

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 139 **John Farrell made a motion to adjourn at 8:56 P.M., second by Ron Campo. Committee's**
 140 **vote 4-0-0.**

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