



Town of Medway
FINANCE COMMITTEE
155 Village Street
Medway MA 02053

Tel: (508) 533-3200
Fax: (508) 533-3201

Public Hearing -- February 13, 2013
Sanford Hall
155 Village Street
7:00 PM

Present: Chairman Jeff O'Neill; Kevin Dickie, Vice-Chair; Chris Lagan, Clerk; Members: Meghan Bernardo, Neil Kennedy, Frank Rossi, and Jim Sheehan.

Absent: Christine Devine, Barry Schroeder.

Also Present: Melanie Phillips, Finance Director; Town Administrator Suzanne Kennedy. Selectman Andy Espinosa, Selectman John Foresto, Selectman Richard D'Innocenzo, Selectman Glenn Trindade, Deb Trindade, School Committee, Dan Hooper, Chairman Thayer Committee.

At 7:02 PM Chairman O'Neill convened a public hearing for the purpose of discussing the subject matter of all articles contained in the February 25, 2013 Special Town Meeting Warrant. Each Warrant article was read aloud with comments noted below:

Article 1 – Operational Reserve Transfer: Fire Department -- No public comment; no questions from the Finance Committee.

Article 2 – Operational Reserve Transfer: Finance Committee Reserve Account -- No public comment; no questions from the Finance Committee.

Article 3 – Thayer Property Renovation – Selectman John Foresto, a member of the Thayer Homestead Development Committee, distributed updated information regarding bids in conjunction with a PowerPoint presentation. Because the first round of bids produced a wide range between high and low bids, the project was not awarded, and the job was rebid on a somewhat reduced scale, this time incorporating Phase 2. The job itself was reduced (including some of the finishes, number of windows, choice of wood and heating system) for a total of \$180,000, but \$300,000 was added back for Phase 2 components. Five bids came in during the second round with the winning bid coming in at \$2,237,223.

The final total is \$2,745,470 including soft costs and contingencies. It was noted that a 9% rate (range of 8-10%) for contingencies is typical. The Community Preservation Committee voted unanimously in favor of it with an 8-0-0 vote. The Board of Selectmen votes 4-0 for it. He noted that a municipal project is subject to same rules and regulations as a private company, meaning the project must also go through a site plan review. Due to its proximity to Chicken Brook, a Notice of Intent will be filed with the Conservation Commission. A ten-month construction/renovation schedule is anticipated. There is a 30-day limit on the bid, but an extension can be requested. Discussion followed.

Responding to a question about the range in low bids, Selectman Foresto responded that potential contractors prepare their bids according to the state building process. Bids contain only a number with no details as to how their bid was prepared.

Brief discussion followed on groups of people who will look at the billing, develop policies, and manage issues. It was noted that abutting property owners were notified, and two people came to the last meeting.

Mr. Chris Lagan expressed concern that the project may cost more than anticipated, and the revenue may be light. He added that he did not agree that the funds should be borrowed as it decreases borrowing capacity.

Responding to a question from Mr. Gary Neubauer, an Olson Circle resident, Selectman Foresto explained that some of the Phase 2 components could be contracted through the Department of Public Services, and were later added back following the Planning Board's request that both phases be completed in a single project. This was the reason for adding \$300,000 back after the project was reduced by \$180,000. Originally Phase 1 was to be only the building, while Phase 2 was parking and drainage. The General Contractor was already bringing the equipment in and made it easier to coordinate work as a single project.

Mr. Neubauer expressed concern for the possibility of extra phases requiring additional money. Selectman Trindade stated that everyone is concerned about extra or ongoing costs, but it will be tracked. He noted that the Middle School Repair Project came in under budget. We hope that this shows that we are monitoring each project to keep it on schedule. The estimated costs were discussed at many meetings of the Board of Selectmen, Finance Committee and others. A lack of available newspapers can make it difficult to get information out. This was all an effort to preserve the property and have to make it publicly accessible, which meant adding some space to a small historic house while improving the drainage and parking at Choate Park as well as general improvements at that site.

At this time Chairman O'Neill asked that the discussion focus on the current Warrant Article, and not the merits of the project itself.

Discussion followed on the use of funds through the Community Preservation Act, how the funds are collected, and under what circumstances they can be used, most often for projects of a historic nature or to preserve open space. The Board of Selectman and Community Preservation Committee decided to borrow and not use all the CPA funds at once, leaving some cash available for another use. Selectman Espinosa explained that more funds will come into the CPA fund over the life of the project, which will make the payments on the loan. It was noted that CPA funds cannot be used to recover the losses that may be incurred by low revenue on the property, nor can it be used for operating costs.

Ms. Melanie Phillips, Finance Director, explained that the amount the Town gets from the state will cover the debt service on the borrowing. Because the Town collects the full allowable 3% as CPA funds, the full amount will come back to the Town. Ms. Suzanne Kennedy, Town Administrator, clarified that it is good financial management to borrow and spread the costs over a number of years.

Mr. Kevin Dickie asked what happens if it is voted down by the residents. Selectman Foresto responded that the committee is up against a timeframe because the bid will expire. The matter would likely have to go back to the Community Preservation Committee. Chairman O'Neill clarified that this article does not specify anything other than raise, appropriate or borrow the necessary funds.

Chairman O'Neill wondered if this action would hinder the Town's ability to do any other projects. Ms. Phillips stated that \$250,000 spread over 20 years is pretty easy to manage. Some debt service for other projects will be falling off in 2016. Selectman Trindade pointed out that, from a financing perspective, there have been financial consultants working with the Town to provide appropriate guidance. Ms. Phillips added that projects are combined so that the Town borrows only once a year. It was noted that the Town does not borrow more than 10% of general fund expenditures.

Mr. Kevin Dickie stated that he feels comfortable with what I've heard tonight. He complimented the Thayer Homestead Development Committee on the way they have worked on the project to bring it to the table, re-evaluating it and paring down things that could be adjusted. He expressed concern that, if the Department of Public Services is doing some of the work, does that mean other Town projects will have to wait for DPS to be freed up. Brief discussion followed.

Mr. Jim Sheehan acknowledged that having money available is important, but sometimes everything cannot be done, suggesting that cash should be used for this and avoiding borrowing all the time. The \$2.5 million is already authorized, but this \$250,000 could be paid in cash. Selectman Trindade explained the background of the Community Preservation Act and its ability to help communities make purchases of property that may quickly come up for sale.

Mr. Neubauer asked about the budget process, noting that the tax rate per \$1,000 has gone up 43% over the last five years. Chairman O'Neill stated that it is very early in the budget process, noting there will be another hearing when the budget for Fiscal Year 2014 is complete.

At 8:05 PM Ms. Meghan Bernardo moved to close the public hearing; Mr. Kevin Dickie seconded. No discussion. VOTE: 7-0-0.

It is noted that this public hearing was followed by the regular monthly meeting of the Finance Committee.

Respectfully submitted,
Jeanette Galliardt
Night Board Secretary