



Town of Medway
FINANCE COMMITTEE
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February 12, 2014 – 7:00 PM
Sanford Hall
155 Village Street

Present: Jeff O'Neill, Chairman; Frank Rossi, Vice-Chair; Members: Todd Alessandri; Christine Devine; Meghan Hoffman; Chris Lagan and Jim Sullivan (7:30 PM).

Absent: Barry Schroeder, Clerk; Neil Kennedy.

Also Present: Richard Boucher, Director, Information Technology; Selectman Dennis Crowley; Capital Improvement Planning Committee – Peter Sigrist, Dan Perkins, and Michelle Reed.

There being a quorum present, Chairman O'Neill called the meeting to order at 7:00 PM.

It is noted that there was a slight change in the agenda as the Capital Improvement Planning Committee was still engaged in its own meeting. Chairman O'Neill announced that the CIPC would be on the agenda later in the evening.

Liaison Reports:

School Budget Advisory Committee -- Christine Devine, Todd Alessandri. Ms. Devine stated that an initial budget report has been reviewed and it falls within the Board of Selectmen recommendation and budget policy. There are still some open questions and more meetings will likely occur to fill in the details. One open issue is whether the School Committee will recommend offering full-day kindergarten. Mr. Alessandri reported that the School Committee voted to try to find the funding to support it. Brief discussion followed.

It was reported that the Community Preservation Committee has not met for a while; no report.

Mr. Chris Lagan reported that the major issue with the Department of Public Services is the new garage. He noted that three years ago he toured the existing one and it was in questionable condition then. Brief discussion followed on expenses incurred with renting garage space outside of the current garage.

Chairman's Report:

At this time, Chairman O'Neill reported that he viewed the CIPC presentation at the Board of Selectmen meeting last week. He also reported that the Town had received a good report from the auditors, and that the search committee for the new Town Administrator would be appointed soon.

Approval of Minutes:

The Committee reviewed draft minutes from November 18, 2013.

Ms. Meghan Hoffman moved that the Finance Committee approve the minutes of November 18, 2013, as amended; Mr. Frank Rossi seconded. No discussion. VOTE: 6-0-0.

At this time, members engaged in casual conversation and general discussion while waiting for the Capital Improvement Planning Committee to arrive at the conclusion of another meeting.

Presentation – Capital Improvement Planning Committee (CIPC):

The Committee reviewed a summary of FY15 Requests and Recommended Projects.

At 7:40 PM Mr. Peter Sigrist, Chair, introduced members of the Capital Improvement Planning Committee (CIPC), Dan Perkins and Michelle Reed. He briefly explained the process the CIPC uses in assessing needs, noting they start their meetings in December when the requests start coming in. After individual meetings with various groups, the committee gathers to share information and start prioritizing projects utilizing a scoring system. The result is the draft being presented this evening with a rough estimate of slightly less than \$35 million. Mr. Sigrist cautioned that quotes from vendors will come in and change some of the figures, and the list also goes to the Board of Selectmen. He cited an example of meeting last year with the Fire Department and inspecting Jaws of Life equipment that needed to be replaced; it is on this year's list. This kind of equipment changes with the change of automotive design; older equipment will not work as well in newer cars.

Brief discussion followed on the general philosophy of whether some things are capital or recurring budget expenses such as computer equipment that is being replaced on a five-year rotating replacement cycle. Mr. Richard Boucher, IT Director, noted that 2015 is the first year where the cycle will be put into effect, working off of equipment that was replaced in 2010. He noted that he typically submits his request in August when he knows what equipment should be replaced the following year. Discussion followed on the capabilities of a Virtual Desktop installation, which, for the most part, is not feasible for the schools or municipal offices due to the expense; it is less expensive to replace the equipment instead. There are almost 1,450 devices of several different types. Mr. Jim Sullivan added that staff support would also need to be certified in various types of network applications.

Discussion followed on anticipated free cash. Mr. Sigrist noted that the current total of \$1,171,000 is simply a total of the project estimates. Ms. Michelle Reed pointed out that the individual departments put a 1-5 ranking on each suggested project with the 4 and 5 rankings being the most important. Chairman O'Neill asked for a copy of the complete FY2015 summary so that it can be sent out to Committee members.

Chairman O'Neill expressed concern that the Fire Department has been funded for a wide variety of items over the past couple of years. Mr. Chris Lagan noted that sometimes it has been through emergency transfers which can be disconcerting. Selectman Crowley cautioned against putting funds into the annual budget because a department's budget is then inflated going forward. Using free cash for particular items is a more fiscally responsible way to expend funds.

Responding to a question from Mr. Sullivan, Mr. Sigrist explained that the CIPC did not exist nine years ago and every year department heads are embracing the process a little more. They now trust the system and are carefully examining their needs and priorities. Selectman Crowley added that there was no free cash nine years ago. Mr. Sullivan qualified his position by stating that the outlay of cash should not exceed cash available.

General discussion followed on the requirements to maintain the Town's Green Community designation and repurposing funds for similar projects (in this case, paving and sidewalks).

Discussion – Options for Funding Proposed DPS Building:

Selectman Dennis Crowley explained more about the paving at the middle school, citing drainage and lighting issues in addition to paving. There will be a meeting with the consultant to clearly define the scope of the proposed project to hopefully arrive at a figure that will be closer to the amount of funding left in the Middle School Repair Project appropriation.

Regarding the DPS facility project, Selectman Crowley indicated that he and Chairman O'Neill need to get together and develop a presentation before bringing it to the Finance Committee. He noted he is concerned that \$14 million is far too much money to spend on this kind of building, and \$10 million is closer to a number that the Board of Selectmen feels is appropriate. He does not believe there will be an override so there is a need to consider other financing options besides debt exclusion. He believes that if the Town starts to put money aside to help fund the facility, funds will grow over time and make a nice start on the amount that will be necessary. Selectman Crowley stated he met with the Finance director to work on some numbers so that smaller debt exclusion could be proposed in 2018. His initial plan is to put aside a total \$3.4 million in a variety of funds such capital stabilization, and operations, plus an amount from free cash every year. Transfers between funds may also be part of the solution. Discussion followed on use of enterprise accounts, debt service, water rates, bond ratings, reserves, a Building Committee and credit ratings.

Selectman Crowley submitted a document entitled "Potential Scenario to Subsidize the New DPS Facility Debt Service" and another entitled "Estimated Project Timeline". He cautioned that these numbers are very preliminary.

Clerk's Report:

Due to Mr. Schroeder's absence, there was no report from the Clerk.

Next Meeting:

The next regular monthly meeting of the Finance Committee is scheduled for 7:00 PM on Wednesday, March 12, 2014 at Sanford Hall, Town Hall, 155 Village Street.

**At 9:01 PM Mr. Chris Lagan moved to adjourn; Ms. Meghan Hoffman seconded. No discussion.
VOTE: 7-0-0.**

Respectfully submitted,
Jeanette Galliardt
Night Board Secretary