

MINUTES
MARCH 5, 2008
CAPITAL COMMITTEE

Attendees: David Newbert, chairman, Marc Simmons, Chuck Kostro and Frank Remley, finance committee chair. Guests: Tim Leonard and Jim Sarette from DPW

1. The department heads submitted their capital budget requests for FY09 on February 28, 2008. The initial total for FY09 is \$542,124. The preliminary FY09 budget had a tentative starting amount of \$25,000 for capital items from general fund revenues. The balance of the requests would need to be met with other funding sources. According to Tim Leonard about \$200,000 of his equipment needs are eligible for Chapter 90 reimbursements. The town still has approximately \$750,000 in Chapter 90 authorizations available to it. However, Chapter 90 is a reimbursement program, so the town must first appropriate and spend the funds. In FY08 the town borrowed \$299,000 for highway equipment via a State Aid Anticipation Note (SAAN). These funds purchased two pieces of heavy equipment for the Highway Department. The only out of pocket expense for the town is the interest costs on the borrowing, which was approximately \$11,000. The committee discussed the possibility of continuing to use SAAN borrowing as a vehicle for utilizing Chapter 90 authorization available to the town.
2. Dr. Russo and Tim Leonard are searching out the possibility of purchasing equipment on a regional basis. For instance, Tim is presently speaking with Ipswich about sharing a vacuum truck to clean out drainage traps.
3. Brendan Stokes has requested approximately \$12,500 for the purchase of a small boat for the Harbormaster. The present boat is old and unreliable. Brendan has indicated the funds may be available in the waterways account. The Harbormaster would access a revolving fund approved by town meeting. Approximately 50% of the revenues generated by the Harbormaster go to the revolving fund to support waterways operations.
4. Frank Remley raised the possibility of debt exclusion for the purchase of equipment. Debt exclusion is a temporary increase in the tax rate to support borrowing for a specific item. Unlike an override, the debt exclusion is not a permanent addition to the tax rate. As the debt is paid off, the amount added to the tax rate is reduced. The committee discussed if borrowing funds to pay for leased equipment was a viable approach. Chuck will be meeting with the town's financial advisors on Thursday and will review our existing debt service burden and options available to the town.
5. There was some discussion about possible sources of capital funds. They include sale of excess property (including the 5 acre parcel of beach front property that

could raise \$3-5 million), sale of the Woodbridge and Yellow schools, as well as grants like chapter 90 funds.

6. Marc Simmons has agreed to work with Public Safety Departments, such as the Harbormaster and Police Department. David Newbert will work the DPW and Tim Leonard.