

Bedford – Capital Expenditures Committee Minutes

Date: Wednesday, October 1, 2014 in the Town Hall 2nd Floor Conference Room

Capital Expenditure Committee (CEC) Attendees: Jon O'Connor (OC), Jim O'Neil (JO), Barbara Perry (BP), Abbie Seibert (AS), Jean-Marc Slak (JM), William Moonan (WM), Brian Bartkus (BB), Tony Battaglia (TB) and new member (not officially sworn in) Karen Dunn

Absences: None

Other Attendees: Richard Reed (RR) Town Manager, Jessica Porter (JP) - Assistant Town Manager, Taissir Alani (TA)- Facilities, Victor Garofalo (VG) – Finance Director/Treasurer, Roy Sorenson (RS) - DPW Director, Chief Robert Bongiorno, Chief Dave Grunes (DG), John Sills (JS) - Superintendent of Bedford Schools, Dave Guiload, Sherwood Ives (SI) – Town IS Manager

Meeting called to order by OC at 7:31.

Minutes of the last meeting were reviewed and approved with two edits. One being initials of a member to be changed and that Fire Suppression system should change to take out “and upgraded”.

JS motioned and WM approved 8 approved and 1 abstained due to not officially being a member of the board when the meeting was held.

Handouts of the materials under review for the meeting were made by JP and loaded on Dropbox as well.

RR provided background over the proposed Draft 6 Fiscal Year (FY) Plan which he described as being prepared and worked together on by all department heads in a joint effort. RR introduced each of the attachments and described how they support and tie into each summary with some minor adjustments. Also, CEC members are able to on go online to view the reports through the VFA system. The department heads embarked on an effort to inventory, place a value and project the useful life on capital assets. The town never really had this comprehensive information in the past.

RR explained that because of expense this imparts on future years and assessment for future needs the capital budgets require greater planning. He and the managers reviewed the plan for when to begin the project. This process assists for as to when proper execution can occur and assist with bond appropriations & plan for debt. It is not uncommon for Capital planning by communities. Arlington, MA is noted for their capital planning work. Lexington and Concord have a process as well.

RR described how there are a list of different constants in the plan as well as those that are in a state of development within the plan. Even though the 6 Year Capital Plan would become

adopted the process will start again the next year. The plan will address what are the revenues which will cover the requested outlays. Plus preservation funds, chapters 90 funds plus roads resurfacing, and the Tax Levy to capital expenditures. Spending per year was outlined in the handout. RR introduced a chart that illustrated that as operating budget has gone up capital expenditures has gone down as a percentage. RR suggested that Bedford is not maintaining capital expenditure levels from prior years. Request this year is at \$2M level. JM inquired if the chart included Debt Capital spending. RR stated the chart does not include water and sewer projects. It includes strictly the Capital Articles. There is a separate budget for those projects that are interest bearing. OC-requested that the chart presented should include the bonded items. There is a thought that the graph maybe disproportional. RR will create a graph which includes all capital items since 2000.

There was discussion over how the road projects and funded at a separate level. Also, VG described how the MEP project is funded and the incentive from the bonding agency associated with that funding.

VG went through the various forms of debt and the related funding sources. VG described how the coverage of debt was to be kept under 10% of the total spending levels. The 10% level is what Bedford has approved to abide by. KD requested level of debt to be illustrated. KD inquired as to what is measure if debt. VG –compared to other towns and Bedford is lower than most which assists in its Standard and Poor rating.

VG stated that the MEP is overstating the number. Also past had higher interest rates then what was recently approved. In sum he believed that Bedford can afford the projects. RR stated the managers will study the plans and come back with answer to the committee's questions.

JS presented the plan covering the technology spending for Bedford schools. JS described how the proposal represents how quickly technology equipment gets out of date. Capital spending in the past was in the school operating budget but now requesting that it is moved into the capital plan. The funded amount was a \$150K per year. iPad spending is up but up but those items were in the schools building projects versus in the operating or capital plans. JS described how the schools are unable to maintain the replacement plans at \$150K per year. JS went through the various items and their ages. OC questioned whether current books can be replaced via technology. JS felt that this is possible in the High School. Currently the high school uses iPad's to get materials. JS went through plan in detail addressing the needs for the expenditures and how the replacement requirements due to the age of the equipment are creating a challenge for the schools.

Discussion over why several capital expense items are moving from operating budgets to capital budgets. There was concern that there could be an increase in spending if the operating budgets did not reflect the movements into capital. RR stated that this has not been discussed

with Finance Committee. RR there are capital items that should be in operating budgets such as roofing and painting. RR will need to think through a better approach to capture these items. JM requested that we separate some capital items like that which is done for the roads.

SI presented the Bedford's IT requirements. OC inquired as to why so much spending for computers. VG stated all town employees-police, DPW etc. require a computer and that they are aging out similar to those at the schools.

The CEC will now begin a weekly Wednesday meeting where the various departments will present their 6 year capital expenditure plans.

Adjourned at 10:29pm

Prepared by

Tony Battaglia

Minutes approved on October 22, 2014