



Capital Improvement Program Committee Meeting Minutes

August 7, 2018

Lincoln Town Library, 22 Church Street

Committee Members Present:

1. OJ Robinson, Selectmen's Representative
2. Cindy Lloyd, Budget Committee Representative
3. Alfred (Butch) Burbank, Town Manager
4. Mark Ehrman, Planning Board Representative

Committee Members Absent: None.

Staff Present:

1. Carole Bont, Planner
2. Johnna Hart, Finance Director

Audience: None.

The meeting was called to order by mutual consent at 9:06 am.

(No chairman was appointed.)

WHAT IS A CAPITAL IMPROVEMENT PROGRAM?

CIPC member (Planning Board representative) Mark Ehrman is new; he asked some questions so he could be clear about his role as a member of the Capital Improvement Program (CIP) Committee and about the goals and tasks of the CIP Committee.

Town Manager Burbank and Board of Selectmen's Representative OJ Robinson explained as follows:

The Lincoln Planning Board was authorized to prepare a recommended program of municipal capital improvement projects projected over a period of at least six (6) years; that business plan is called the "Capital Improvement Program" or plan. The sole purpose and effect of the Capital Improvements Program is to aid the Selectmen and the budget committee in their consideration of an annual budget.

The CIP is updated annually. The annual update reflects the decisions made at Town Meeting that influence the priorities and budgeting mechanisms described in the CIP. Over time the CIP document is adjusted to meet the needs of the Town as a whole. The CIP Committee makes those recommendations to the Planning Board that, in turn, makes the recommendation to the Board of Selectmen, to the Budget Committee and ultimately to the Town Meeting. The CIP Committee also recommends how much money should be set aside over time to pay for those capital expenditures by putting the money into reserve funds like capital reserve funds and trust funds for large anticipated expenditures. The priorities for the Town shift over time.

The CIP Committee sets a goal of a certain overall total percentage increase for all of the departments combined. For example, over the past several years the CIP Committee has voted to

keep the annual increase in capital savings and expenditures to three percent (3%) or less. Three percent (3%) is the overall target that shows up on the last page of the spreadsheet for the Capital Improvement Plan.

The process starts with department heads coming in to see the CIP Committee. The Department Heads present their ideas for what large future expenditures should be included in the Capital Improvement Program. The Department Heads discuss their proposals with the CIP Committee, including the estimated cost, estimated life expectancy and target date for the expenditure.

The CIP Committee is a standing committee of the Planning Board. The CIP Committee is comprised of:

1. Town Manager;
2. Board of Selectmen's Representative;
3. Budget Committee Member; and
4. Planning Board member.

The CIP Committee is supported by two staff members: (1) The Planner; and (2) the Finance Director.

Advance scheduling of municipal projects allows the town to schedule costs over a period of years and to avoid wide fluctuations in tax rates. Early arrangements for financing may put the town in a position to take advantage of favorable bond markets or to qualify for various state and federal assistance programs.

Once the moneys are put into the Capital Reserve Funds and Trust Funds the Board of Selectmen are agents to expend monies from those funds.

REVIEW OF TOWN'S CAPITAL IMPROVEMENT PROGRAM

Member of the CIP reviewed the CIP spreadsheet to see which of the recommended expenditures and deposits into the Trust Funds and Capital Reserve Funds were voted in by Town Meeting and which were not. Former Town Clerk/current Finance Director Johnna Hart explained to the members which items were not approved or revised by the voters at Town Meeting. Three (3) items were not approved, that had been included on the 2018 CIP spreadsheet approved by the CIP Committee and the Planning Board:

FIRE DEPARTMENT (TRUCKS)

1. On page 23, *V. 1310-304 Fire Department. Project Number 46 - E2 International 4900 Pumper*
 - a. *FY 2018 - Change from \$40,000 to \$0*
 - b. *FY 2019 - Change from \$50,000 to \$60,000*
 - c. *FY 2020 – Change from \$80,000 to \$90,000*
 - d. *FY 2021 – Change from \$80,000 to \$90,000*
 - e. *FY 2022 – Change from \$80,000 to \$90,000*

2. On page 23, *V. 1310-304 Fire Department. Project Number 47 – R4 Rescue Vehicle change as follows:*
 - a. *FY 2018 - Change from \$60,000 to \$10,000*
3. On page 23, *V. 1310-304 Fire Department, Fire Truck & Equipment Total:*
 - a. *“Total” under FY 2018 - Change from “\$100,000” to “\$10,000”*

PUBLIC WORKS EQUIPMENT:

1. On page 25, *VI. Department of Public Works, C. 1310-317 Public Works Equipment. Project Number 69 – Replace Front End Loader change as follows:*
 - a. *FY 2018 - Change from \$25,000 to \$0*
 - b. *FY 2019 - Change from blank to \$0*
 - c. *FY 2020 - Change from \$25,000 to \$37,000*
 - d. *FY 2021 – Change from \$25,000 to \$38,000*
2. On page 25, *VI. Department of Public Works, C. 1310-317 Public Works Equipment. Public works Vehicles Total, change the “Total” as follows:*
 - a. *“Total” under FY 2018 - Change from “\$121,000” to “\$96,000”*

WHAT IS THE TOWN’S LOAN HISTORY?

Mark Ehrman asked what institutions the Town received its loans and bonds from. Robinson explained that usually the Town uses the New Hampshire Municipal Bond Bank (NHMBB), however, sometimes the Town gets a commercial loan from a local commercial bank due to the large fees associated with a loan from the NHMBB. The loans from the NHMBB are “linear amortization”. The expenses associated with borrowing from the NHMBB are not high or low. Although the rates from the NHMBB rates are lower, the overall cost of using moneys from the NHMBB are right in the middle of the range for commercial loans because the upfront fees are high. Particularly for a smaller loan, it makes more sense to borrow from local commercial bank. Local banks are willing to lend to the Town because the Town is not maxed out on its borrowing.

Mark Ehrman asked the CIPC members about what the amount of the outstanding long-term debt was. Finance Director Johnna Hart explained that the annual Town Report included information about the amount of outstanding long-term debt of \$2,138,578.24 **remaining at the end of 2017.** (See pages 97-99 of the 2017 Town Report.)

1. Bog, Parker, Maltais Farm & Goodbout Road Upgrades – 2010 Series B – People’s Bank – Total Payments: \$365,925 remaining.
2. Water Projects, 2003 Route 3/Mansion Hill - \$2,050,000 for 20 years – Total Payments: \$833,400 remaining.
3. Wastewater Treatment 2003 Projects \$1,200,000 for 20 years – Total Payments: \$500,040 remaining.
4. 2014 River Intake \$270,000 – 5 years – Union Bank – Total Payments: 173,310.74 remaining.

5. Bond (91-01) People's Bank \$1,099,600 – Total Payments: \$61,690 remaining.
6. Water Bond (91-03) People's Bank \$291,000 – Total Payments: \$204,212.50 remaining.

Robinson and Burbank estimated that the Town's debt limit is something like \$5-\$6 million.

REVIEW OF TOWN'S CAPITAL IMPROVEMENT PROGRAM continued...

Robinson and Burbank explained to Mark Ehrman why a couple of projects are listed on page 30 under the "Bond Projects After 2018" even though the projects are not technically bonded. These include:

1. Pollard Road Sidewalk; and
2. Community Building Repairs.

POLLARD ROAD SIDEWALK

Robinson and Burbank explained the Pollard Road Sidewalk was not a project that had traveled the normal route for a town expenditure. The CIP Committee had not considered it, recommended or included it, nor had the Board of Selectmen or the Budget Committee. The project was brought before the Town Meeting in the form of a citizen's petition. The money that was requested in the petition was not fully expended to complete the project before the year ended. They needed to be able to track these expenditures and track the outstanding amounts with an eye to showing the impact on the Town's capital expenditures as a whole.

COMMUNITY BUILDING

Robinson and Burbank explained that the Town of Woodstock and the Town of Lincoln have a few joint ventures. The Solid Waste Transfer Station is one of the shared ventures. Portions of the Recreation program are also joint ventures. In order to make substantial repairs to the Community Building both towns have to vote to support the improvements. Sometimes the Town of Woodstock is not on board. The Community Building needs the following:

1. New roof
2. Insulation;
3. New flooring;
4. Air Conditioning;
5. Heat.

Robinson and Burbank explained that instead of doing each project separately, the CIP Committee decided that it made sense to do all of the repairs and upgrades at the same time as one whole project. Although the CIP Committee made this recommendation, in the end the project did not get funding. For this reason, changes were made to "Bond Projects After 2018:

1. On page 30, BOND PROJECTS After 2018, **Project Number 105 – Community Building Repairs: change as follows:**
 - a. **FY 2018 - Change from \$12,000 to \$0; Total changed from \$352,697 to \$340,697.**
 - b. **FY 2019 - Change from \$12,000 to \$0; Total changed from \$346,389 to \$334,389**

- c. FY 2020 - Change from \$12,000 to \$0; Total changed from \$339,740 to \$327,740
- d. FY 2021 - Change from \$12,000 to \$0; Total changed from \$333,091 to \$321,091
- e. FY 2022 - Change from \$12,000 to \$0; Total changed from \$326,441 to \$314,441
- f. FY 2023 - Change from \$12,000 to \$0; Total changed from \$319,804 to \$307,804

SUMMARY

Robinson said, in summary, changes were made to three categories:

- 1. Fire Trucks;
- 2. Loader; and
- 3. Community building.

Johnna Hart said she would try to update the CIP spreadsheets prepared by John Hettinger. She will call Hettinger for assistance.

SUGGESTED CHANGES TO CAPITAL IMPROVEMENT PROGRAM FORMAT

Mark Ehrman suggested that the CIP Committee change the format of the CIP Program so that all of the information included in the text portion of the report was part of the excel spreadsheet. Ehrman said that the text could go in a field in the body of the spreadsheet. Cindy Lloyd agreed that this might make the first part of the CIP Report that lists the project numbers and describes the projects in text format less confusing.

The members of the CIP Committee decided to add three columns to the spreadsheet, changing the column with the two dates under “Completed Last/Next” to three columns:

- 1. “Last”; [means the last time we purchased the item]
- 2. “Next”; [means the next time we may need to replace/purchase the item based on the life expectancy of the item]
- 3. “Prompt”. [means how many years ahead of when we need to replace/purchase the item that we need to start tracking it and saving money for it on the CIP spreadsheet].

Additional changes:

- 1. On page 30, BOND PROJECTS After 2018, Project Number 71 – West Street Reconstruction - change as follows:
 - a. Change “Completed Last/Next” (i.e., target date) from “ /2016” to “ /2018”.
 - b. Remove “Project Number 71 – West Street Reconstruction” from under “BOND PROJECTS After 2018” and put Project Number 71 – West Street Reconstruction back under, IV. Department of Public Works, D. 1310-306 Roads and Streets on page 26.

Robinson and Burbank explained that with the reconstruction of West Street the Town is also replacing water and sewer lines so some of the money for reconstruction of West Street will come from the Water and Sewer Tap Fees.

Ehrman asked how many streets the Town was responsible for and what the status of keeping those roads upgraded was. Robinson and Burbank explained that the Town has spent the last several years or so upgrading Pollard Road (in sections) and West Street was the last large street that needed to be reconstructed. Pollard Road was reconstructed in sections over many years. It is now about time to start the process on Pollard Road all over again. Pollard Road runs from the intersection with Connector Road all of the way to the Common Man Restaurant. Now the Town is turning its attention to the smaller streets like Coolidge and Franklin.

NEXT WEEK

Next week the Fire Chief/Health Officer will present his capital improvement requests to the CIP Committee. Likewise, the Library Trustees and the Librarian will present the Library's budget. Robinson and Burbank explained the special independence that a library has based on the library's special role in upholding the individual first amendment right to free speech and what that means in the context of town appropriations and oversight.

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

DISCUSSION RE: WATER ISSUES

The members of the CIP Committee discussed some potential expenditures associated with the Town's water supply. They also discussed what is needed for the pre-treatment of water and the upcoming engineering study needed of the current water supply.

Motion to adjourn the meeting at 10:50 AM by Butch Burbank: seconded by Cindy Lloyd. All in favor.

Date: August 14, 2018

By: 

OJ Robinson, ~~Chair~~

Chair