

Capital Budget Committee FY21 Report to Town Meeting

Dear Town Meeting Members,

The Capital Budget Committee is established by Article 13 of the Town by-laws. There are seven members: three are appointed by the Moderator for terms of three years; the other four are the chairman (or a member appointed by the chairman) of the Select Board, the Warrant Committee, the Planning Board, and the School Committee, all of whom serve at the pleasure of the appointing authority. The members of the Committee who acted on the FY2020 Capital Budget recommendations are:

M. Patricia Brusch (Moderator appointee)
Susan Burgess-Cox (School Committee) (until April 21, 2020)
Jennifer Fallon (Warrant Committee)
Karl Haglund (Planning Board)
Anne Marie Mahoney (Moderator appointee)
Adam Dash (Select Board)
Rebecca Vose (Moderator appointee)

Mrs. Mahoney serves as the Committee's chairman and Ms. Vose serves as its secretary. Glen Castro, Budget Analyst for the Town, serves as staff liaison to the Committee. Jon Marshall, Assistant Town Administrator, attends Committee meetings.

Each year the Capital Budget Committee creates a lengthy report on their deliberations and recommendations for your approval at Annual Town Meeting. As we know, these are very unusual times and so our report this year will reflect the need for brevity and sharp focus. Those of you who would like a refresher on how the Capital Budget Committee functions can access our reports from prior years. This report will focus only on an overview of the Capital requests for this year; available funds; recommendations for your approval.

But, first, the Committee would like to share with you their thoughts on the Capital Budget money that is being used to close the potential operating budget gap for FY 2021 brought about by the Covid 19 pandemic.

CBC Funding Requests

For decades the Capital Budget Committee has been reminding Town Meeting that Capital is chronically underfunded. More recently the first Financial Task Force in 2015 as well as the Collins Center last year identified that the Capital Budget should have another \$3.0 million in discretionary funds or up to 6% of the Town's annual budget. Each year our department head requests for discretionary funds can be as high as \$5.0 million. This year we started with \$1.4 million in discretionary funds to meet \$2.1 million in department requests. This is exclusive of the \$1.7 million in dedicated roads money, \$225,000 for sidewalks, and an anticipated \$540,000 in Chapter 90 funds plus \$1.3 million in water and sewer enterprise funds.

Capital Requests

Our total department requests for FY21 of \$5,423,951 were already pared down from what the departments actually require to function well. This amount does not reflect the capital reductions departments have had to make in their operating budgets such as eliminating the

purchase of police patrol cars and fire turn-out gear. We want Town Meeting Members to understand the huge hit that capital in every department is taking to close the emergency budget gap.

CBC Cuts

At our April 16th Capital Budget meeting the Town Administrator requested that we further reduce our Capital Budget discretionary funds by \$525,000 to \$975,268. Cutting \$525,000 out of our budget means that we could not fund: secure vestibules in two elementary schools, library fire alarm system, Butler School replacement windows, Chenery Middle School compressors and department vehicles.

Roads Money

Additionally, Town Administrator Garvin, with Community Development Director Glenn Clancy's input, requested that the CBC turn over our \$1.7 million in roads money to the FY21 operating budget. This is a sacrifice that is not only very difficult to make, but one that sets a very dangerous precedent. The Capital Budget Committee members want to be team players and want to work with the Town administration to balance the FY21 budget. We fully recognize how unusual and challenging this pandemic situation is for the whole town. We do not want to see employee layoffs nor any of our valuable programs and services reduced. However, our role is to preserve and advocate for capital monies.

The CBC has worked diligently with Community Development for more than twenty years to guarantee a protected stream of capital money for road repair and reconstruction. The \$1.7 million available this year is the result of the 2001 and 2015 overrides that were specifically targeted for roads money. (\$1.2 million from the 2001 override and \$300,000 from the 2015 override.) This pot of money grows every year by 2 ½ percent. The \$1.7 million, together with the state's Chapter 90 allocation of approximately \$540,000, which we anticipate receiving later in the year, gives Community Development the money they need to continue road work in the Town that is part of a well thought out program of repair and reconstruction. To take the \$1.7M in override money sets this program back in a way that will take many years to catch up. . Further, it disconnects the water and sewer work from the roads reconstruction work that should be taking place in unison within specified neighborhoods. This creates protracted disruption in any given neighborhood.

While it is permissible, after the first year, to take money voted in an override for a specific purpose and use it for a different purpose, it is troubling that we must do so. The Committee voted after a great deal of debate and deep concern over protecting this money for the purpose of roads. The members voted, very reluctantly, five in favor, one opposed, and one absent to allow the roads money to go into the operating budget for this year only. No commitment has been made for the future. Most members feel very strongly that this money cannot be available for other purposes after this year. The road work that will not be done can never be made up.

Where do we go from here?

The CBC is supportive of the newly formed Long Term Capital Planning Committee. We believe that when this committee can finally meet, they will be able to devise a capital plan for the Town that includes adequate funding for discretionary capital spending in every department.

Meanwhile, the CBC looks forward to working with the Town departments and Town administration to weather this pandemic induced crisis.

Policy Adoptions Related to Debt Service and Funding of Multi-Year Projects

In 2013, at the urging of the Town Treasurer the Committee developed and adopted a policy on the amount of the Town's Capital Budget that will be spent on debt service. As the town uses debt or lease/purchase arrangements to acquire large capital items, such a policy satisfies municipal bond rating agencies (e.g., Moody's) of the fiscal soundness of the Town's assumption of debt obligations.

This policy is as follows:

The Capital Projects Discretionary budget will set aside not more than 33% for debt service/lease payments. The request must be greater than \$100,000 with a useful life of 10 years. The Treasurer will provide annually and update the Capital Budget Committee with an amortization schedule of payments. The Capital Budget Committee will review this policy annually by March 1 and forward to the Select Board, Warrant Committee, Town Accountant, and Treasurer as update on the review.

It should be noted that until this year, the deadline for re-voting this policy was February 1 but with the advice and approval of the Town Treasurer, the CBC changed this date to March 1 to better align with the typical time frame that the capital budget is available to be reviewed and vetted by the Committee.

In addition, the Committee has endorsed a policy with respect to multi-year capital projects that it will not recommend funding the next year until substantial progress has been made.

Recommendations for FY2020 Capital Budget

The Committee's recommendations for FY2020 are set forth in the motions for the corresponding article in the warrant. Water and sewer rates have been set appropriately to finance the expenditures recommended in the article relating to Enterprise Funds.

PUBLIC SAFETY

Ambulance and Cardiac Monitor Replacement: This is the third year of the Fire Department's five-year program to fund a replacement for the cardiac monitor in the ambulance. Each year the Committee sets aside \$7000 for this monitor, which costs \$35,000. The cardiac monitor was replaced two years ago, so this is the second year of contributing to its replacement fund.

Similarly, each year the Committee sets aside money for the purchase of a new ambulance. Since a new ambulance was purchased in FY17, this is year three of the five-year program and the set aside is now \$65,000 to reflect the increased cost of a new ambulance.

SCHOOL DEPARTMENT

Network Firewall: The two (2) current firewalls are seven years old. This replaces one of them with the remaining firewall functioning as back-up. This is a School's request, but the firewalls also protect the Town network.

FACILITIES DEPARTMENT

Butler Heat Mitigation: This will install specialized film to cover large windows to block the sun and reduce solar heat on warm, sunny days.

Replace Winn Brook Public Address System: The school's current system is old and not functioning. These funds will be added to those previously allocated to repair the system to install a new system. A functioning system is essential for ensuring school safety.

Police Department Fixtures, Furnishings and Equipment: This Is necessary to outfit the renovated building for police operations.

Radio Upgrade for Schools: This upgrades three (3) more school buildings. This installs a single radio system across all school buildings for a much smoother process for contacting emergency services.

Van Lease Buy-out: The lease for the electric van used by Facilities to perform repair and maintenance work is ending. This vehicle is low-maintenance and has 8 to 10 years of useful life remaining.

DPW Underground Tanks: There are two underground tanks both of which are single-wall fiberglass and no longer insurable due to age and construction. They must be replaced to meet current environmental standards.

HEALTH DEPARTMENT

Van Lease Buy-out: The lease for the electric van used to conduct health inspections and perform other departmental functions. This vehicle is low-maintenance and has 8 to 10 years of useful life remaining.

DEPARTMENT OF PUBLIC WORKS

Sidewalks: This will pay for sidewalk repair in Town and is funded by the 2015 override.

ENTERPRISE FUNDS

The Director of Community Development who is responsible for the management of these programs reports annually to the Committee on the status of these undertakings and funding mechanisms. They are described here but are not part of the annual capital budget allocation.

Sewer and Stormwater Capital Program: This is an annual program for repair and replacement of this infrastructure. The Town is under an EPA order to complete certain of this work within the next 2.5 years.

Water Main Replacement Program: This is the continuation of the 30-year project to replace all the unlined cast iron pipe in the town's water distribution system (approximately 40% of

the system) to ensure a continued reliable supply of clean water. The project was originally approved by Town Meeting in 1995.

Water Main Bond Repayment: The Water Main Replacement Program (described above) is funded in part by taking advantage of no-interest loans from the MWRA through the Local Pipeline Assistance Program (LPAP). This is an integral part of the capital finance plan for the upgrade of the Town's water system.

Replace Front End Loader (#23): This replaces a 2006 John Deere model, which is rusted out and in need of costly repair work. It is used in the Sewer program.

Replace #CY Trailer Mounted Asphalt Hot Box (#49): This is used in sewer work and to repair potholes. It is at the end of its useful.

Replace F-150 Pick-up Truck (#78): This will replace a 2010 model that is used intensely by the Water program. It has several mechanical problems that would require expensive repair.

Sewer and Drain Repair: This funds the Town's ongoing program to repair infrastructure and alleviate flooding. Primarily on roads programmed for reconstruction under the Pavement Management Program.

Municipal Stormwater Permit Compliance: This pays for consulting services to ensure compliance with annual federal storm water permitting requirements that went into effect July 1, 2018.

Sewer and Drain Investigation, Evaluation and Repair: As required by federal EPA, this ongoing project addresses potential problem areas where sewer lines are leaking into stormwater lines. The State DEP will provide a loan at a very low interest rate to defray the cost of potential sewer and stormwater rehabilitation work should a large mitigation project become necessary.

5 YEAR PROJECTION OF BELMONT'S CAPITAL NEEDS

Typically, our report concludes with a 5 Year Projection of the Town's capital needs. We will forego providing this here in the interest of brevity. Instead, we will produce this projection in the Fall and make it available to Town Meeting members then.

Anne Marie Mahoney, Chairman (virtuesandgrace@gmail.com)

Rebecca Vose, Secretary

M. Patricia Brusch

Susan Burgess-Cox

Jennifer Fallon

Adam Dash

Karl Haglund