

**Town of Belmont
Capital Budget Committee
Belmont Town Hall, Conference Room 1
Thursday Evening, February 16, 2006, 6:00 p.m.**

Mrs. Brusch called the meeting to order at 6:04 p.m. All the members of the Committee were present when the meeting was called to order except Angelo Firenze, who joined the meeting during Item 3 on the agenda, the General Discussion. Also present at the call to order was Barbara Hagg, Town Accountant and staff liaison to the Capital Budget Committee. Thomas Younger, Town Administrator, joined the meeting during the general discussion (Item 3). Various other Town employees (identified below) participated in the meeting when their capital budget requests were discussed.

In addition to the original department requests for capital expenditures and a chart, prepared by Mrs. Hagg, summarizing those requests, the Committee had the following material before it:

1. Letter dated 2/14/06 from Dr. Missal to the Capital Budget Committee
2. Letter from Dr. McCanne regarding school technology and redundancy request
3. Letter from Mr. Petto dated 2/13/06 regarding Town Technology
4. Letter from Mrs. Hagg dated 2/10/06 regarding software replacement

Accept Minutes of Previous Meetings

(Item 2 on Committee Agenda)

Meetings of 10/20/05, 12/14/05 and 2/08/06

The meeting turned immediately to a General Discussion (see next section) but early in that discussion the meeting took action on minutes of previous meetings. During the discussion of those minutes, it was noted that Mr. Clancy's name does not have an "e" in it. Otherwise, the minutes were accepted as presented.

General Discussion

(Item 3 on Committee Agenda)

Mrs. Brusch reported on a number of items to the Committee. One of them was the plans for the next joint meeting of the Warrant Committee, the Capital Budget Committee and the Permanent Building Committee with the Board of Selectmen to consider pending large capital expenditures (the so-called "mega-meeting"). The next mega-meeting will be on Monday evening, March 6 at 7 p.m. in the Chenery Community Room. The next Wednesday evening (March 8) is reserved for a possible continuation of that meeting. The mega-meeting will begin with a discussion of the Highway feasibility study; at 7:45 p.m. the Wellington Building Committee will present its plans. This meeting is not a public hearing; rather it is a working meeting of the committees involved. The members present should have an opportunity to discuss the points that are raised during the presentation. Other projects will be discussed after the Wellington School presentation. That is the reason for the reservation of a second date for a continuation of the meeting. It is important to set priorities among the pending projects. Ms. Fallon, the representative of the Planning Board to the Capital Budget Committee,

reported that the Planning Board is interested in the mega-meeting and will probably attend.

Before the meeting of the Committee was called to order, there had been had been informal discussion of Police Department needs and requests. Mrs. Brusch returned to that subject, asking whether the time had come to fund a feasibility study for the Police Station. Ms. Fallon had stated that the toilets in the Police cells were requested by the Chief to be stainless steel rather than porcelain. Mr. Clark had stated that porcelain could be broken by prisoners whereas stainless steel could not. Mr. Firenze now pointed it out that broken porcelain could be a suicide hazard.

Mrs. Brusch reported that she had done some research concerning the history and purpose of the Capital Budget Committee. The Town by-laws require the Capital Budget Committee to make a report to the Town Meeting concerning a capital budget, and they define a capital item as a public improvement or non-recurring major equipment need. Although the by-laws do not use a dollar valuation to refine this concept, since at least 1980 the Committee has considered only items or projects costing \$10,000 or more as within the Capital Budget. Furthermore, the Committee has resisted “bundling” of projects or purchases as a means of meeting this threshold. In conversation with a former member of the Committee, Mrs. Brusch learned that in 1985 the Committee intended to raise its working definition from \$10,000 to \$12,500 per item, but it seems that this step was not taken.

The definition of a capital item for Town budget purposes is thus narrower than the common understanding of a capital item. In prior years, there was a line item in the Operating Budget for capital expenditures under which smaller items and routine items could be located. In recent years, that line item has been eliminated or not funded, in an effort to balance the Operating Budget. That has had the effect of putting more and more pressure on the Capital Budget as smaller and more routine items are pushed away from the Operating Budget toward the Capital Budget in hopes of obtaining funding. Mrs. Brusch proposed that the Capital Budget Committee meet with the Warrant Committee in the next few weeks to consider the appropriate balance between the Operating and Capital Budgets, the appropriate definitions that would achieve that balance and the ramifications of those decisions.

Mrs. Brusch’s remarks led to general discussion of the issues she had raised. During that discussion, it became clear that there was a consensus that Town departments are looking to Capital Budget for too many small and routine items. The members expressed the view that many of these items are worthy but the expenditures ought to be budgeted as part of the Operating Budget, not the Capital Budget. Meanwhile, the Town’s capital infrastructure is not being maintained in the way it should be. Shortly, the Town may expect to face the same situation with its buildings that it now faces with its roads.

During the discussion of the balance between Operating Budget and Capital Budget items, the following specific example was frequently cited: the Police cruisers,

though individually over \$10,000, are a routine replacement item. Despite the view of the Warrant Committee, the Capital Budget Committee continues to feel that the continual replacement of Police cruisers should be part of the Operating Budget. When the responsibility for Police cruisers was placed in the Operating Budget, \$110,000 was taken from the Capital Budget allocation (to fund three cruisers) and placed in the Police Department annual operating budget. However, if the Operating Budget funds only two replacement cruisers in one year, the funding for the third cruiser should revert to the Capital Budget rather than float out into the Operating Budget generally. Likewise, the Capital Budget Committee feels that the routine replacement and acquisition of computer equipment should be part of the Operating Budget, leaving only very large computer infrastructure and truly new initiatives for the Capital Budget Committee.

Mrs. Brusch also pointed out that the Town by-laws call for a chart of 5-year projections from each department regarding its capital needs. Many of the town departments, in fact, keep a chart like this, but in recent years some have not submitted it to the Capital Budget Committee. Going forward, these will be part of the Capital Budget Committee report. (These 5-year projections are requested whether a department is making a budget request for the next fiscal year or not.) Mrs. Brusch also reported that Ralph Jones, Chairman of the Warrant Committee, had made a suggestion and a request. Mr. Jones had suggested that a "condition index" be maintained by the Capital Budget Committee for each of the Town's assets. (Earlier in the meeting, Mr. Bowe had made a similar suggestion with regard to the Town's buildings -- similar to the index that is the basis for the Town's pavement management planning.) Mr. Jones also requested that Mrs. Brusch, who is the Warrant Committee representative on the Budget Committee, report to the Warrant Committee whether the allotted amount for the 2007 Capital Budget will be adequate.

Mr. Clark observed that a volunteer committee should not be expected to maintain an asset condition index but that such an index should be maintained by the Town Administrator. Mr. Clark also suggested that if the now-pending Proposition 2 1/2 override is passed by the voters, the Town's roads budget will get \$3 million. The Capital Budget for non-road items will be reduced to \$1 million. If the voters do not pass the override, the Capital Budget will be about \$2.2 million, of which about \$1.2 million will be allocated to roads, leaving \$1 million for non-road items. Either way, the budget for non-road items will be \$1 million (and the size of the road budget depends on the fate of the override). There was no further discussion regarding Mr. Clark's remarks, but the remainder of the meeting was consistent with the views that he expressed.

Mrs. Brusch, using the spreadsheet previously prepared by Mrs. Hagg, proceeded to take a non-binding "straw poll" among the Committee members concerning the requests for Fiscal Year 2007. The Committee was unable to complete its "straw poll" before turning to other matters, and the Committee returned to the poll before it adjourned. During the "straw poll" discussion, it became apparent that members of the Committee felt there were a number of items among the requests for fiscal 2007 which were appropriate Town expenditures but should not be funded from the Capital Budget. Thus, there was a tendency for Committee members to express one of three opinions

regarding each request. Rather than a simple yes or no, some items appeared to be appropriate Town expenditures in fiscal 2007 but don't appear to be an appropriate part of the Capital Budget. Throughout the exercise, Mrs. Brusch kept notes, and, at the conclusion of the straw poll, she indicated that she would circulate a draft report concerning an appropriate Capital Budget.

Somewhat later than indicated on its agenda, the Committee broke off its straw poll to address the remaining agenda items, namely, presentations regarding capital requests by the School Department, the Office of Educational Technology (within the School Department), the non-school Information Technology Department and a request by the Town Accountant. As was anticipated when the agenda was established, many of the topics to be addressed regarding budget requests by these departments were similar. The discussion flowed back and forth between the topics raised, and the representatives of various departments contributed to the discussions concerning several departmental requests. In particular, Dr. McCanne was asked his opinion regarding many items among various requests, including even requests made by departments that were not scheduled to appear during this meeting.

School Department
(Item 4a on Committee Agenda)

The School Department was represented by Dr. Gerald Missal, Director of Finance and Administration, assisted by Dr. Lee McCanne, Office of Educational Technology, and Mr. Robert Martin, Supervisor of Buildings and Grounds. During the ensuing discussion the following information was developed.

There are some balances remaining in capital accountants previously funded. In those cases in which the authorized project has already been completed, the remaining funds will be transferred out.

The translucent panel replacement was phased in 5 phases. The entire project is not now completed; there are enough funds remaining in that account to design the next phase and fund part of the work in the next phase.

There may be some kind of economy of scale in coordinating telephone conversions that are requested for Fiscal Year 2006. There certainly would be some avoidance of public confusion in completing Town-wide conversion of the telephone system at one time. Changing all the phone systems at once is a better option so that all numbers are changed at once, thus avoiding the public confusion that occurs when Town departments change their telephone numbers at different times. When the Homer building was furnished, a telephone vendor and a telephone product were chosen as a base and all future purchases of telephone equipment by the Town will be compatible with that base. There are under the current plans two phases of telephone conversions remaining to be done. For fiscal 2007, the requests are for the Police station and for elementary schools. The final phase, under the current plans, will be the middle school. Blocks of numbers have been reserved but the research has not been done for the middle

school conversion costs and the possibility of doing a combined project has not been discussed. The new senior center will require a new phone system as part of the furnishings provided by the Senior Center Building Committee. Mrs. Bruschi asked Dr. McCanne to get figures together for the Chenery Middle School. Mr. Clark suggested that a possible short-term borrowing would make sense to complete the project at once. Dr. McCanne was also asked to see if there are any other conversions in Town besides those he mentioned that should be considered. The Town Garage was specifically mentioned.

Ms. Fallon suggested that the separate building for a school maintenance facility be considered as a separate project for the mega-group. Mr. Clark suggested that it might be added to the Wellington Project (because a maintenance facility now part of the Wellington will be lost in that Project). The expected cost for the maintenance building is \$1 million. Dr. Missal expressed concern that increasing the cost of the Wellington Project will make that project more difficult to obtain voter approval for. Dr. Missal stated that he was aware that the maintenance building or the air circulation units for the High School might not be funded for Fiscal Year 2007 but wants to be sure Committee is aware of the issues and the fact that these particular projects will have to be completed before the Wellington and the high school projects are undertaken.

Air circulation in the High School is dependent on HVAC units being replaced. If any should fail, which is a great possibility, the area served by that unit could not be used. This would result in considerable disruption. There are concerns already about the physical removal of the HVAC units that are being replaced under the ESCO project (concern that they will fall apart when the cranes lift them off the roof).

Although it is hoped that any new HVAC units can be used in the renovated high school, the Town cannot wait for the renovation project before replacing existing units. A plan for replacement of HVAC units must be in place by fiscal year 2008. The school's maintenance budget is continually overspent because of the existing units. The maintenance figures will be provided.

Mr. Firenze pointed out that there are many worthy capital projects but the Town's taxpayers cannot be expected to fund them all. Rather, the Town has to develop a way to make do, and maintain what it has. As similar thought was expressed by Mr. Clark during the straw pole that Mrs. Bruschi conducted for the Warrant Committee. He expressed the view that certain of the capital requests should be evaluated in the light of his view that certain proposed large capital projects being addressed by the mega-group will never, in fact, be reached. They are effectively receiving or will receive such a low priority compared with more pressing large capital projects that they will suffer the same fate as the Waverly Fire Station, namely a "temporary" facility that was in fact used by the Town for nearly 100 years. His point was that certain capital expenditures were appropriate because the facilities with which they are associated must be improved enough to last a very long time.

Regarding the White Field House, Dr. Missal made clear that the School Department will need to repair the external stairway in a code-compliant way so that larger teams can use the upper level. In the long run, the White Field House is not an efficient facility and a plan should be developed for the entire White Field House/grandstands/hockey rink complex. In the meantime, the School Department has put forward a couple of proposals for improvements in that area that will greatly enhance the current use of various elements in that complex.

The discussion turned to the Energy Management System and the pay-back period that could be expected from the changes now being proposed. Mr. Martin explained that the pay-back is a result of the cost of energy differential using the currently existing equipment versus the equipment that will be installed under the Energy Management Program. Mrs. Bruschi asked whether the proposed equipment will become obsolete. Mr. Firenze observed that it might be better to wait until even better technology is available. Mr. Clark observed that this argument could be used as an excuse to do nothing. He felt that as long as replacement equipment would be compatible with future technology and replacement parts for replacement equipment would remain available, pending projects should not be delayed in expectation of future technology improvements.

Dr. Missal inquired about funds remaining in the Middle School Building Project account. In response, Mrs. Bruschi pointed out that any funds not used for the Building Project itself would be used to pay related debt service costs.

Office of Educational Technology
(Item 4b on Committee Agenda)

Dr. McCanne addressed the projects that were included in his requests. There were many questions concerning the “redundancy” project. Dr. McCanne explained that the issue had been precipitated by the building of new fire stations. Although the building committee for the new fire stations would provide equipment within those stations and one communications connection to the Town network, he and the Fire Chief felt that it was important to provide a redundant, separate physical pathway for the new fire stations and all the important buildings in Town to communicate with one another. The Library should be avoided because it is the center of the existing system. The current fire stations communicate with one another over copper wire, but copper wire is not capable of the life and capacity now required. Furthermore, there is no way to cross the railroad that runs through the middle of Town between the two fire stations because the existing conduit is physically full. This work should be completed before the fire stations open, probably this summer. As a result, Dr. McCanne would take steps to begin the project as soon as the new fiscal year begins. Perhaps this matter should be dealt with at a special town meeting so that the funds would be available even more promptly.

The \$250,000 estimate is probably a bit high, and was based on the cost of cable per mile. This cost might be reduced if the cable can be strung by the Electric Light Department. A \$25,000 contract for consulting on this project is currently in effect. Fios is not an option because it is a public network, open to anyone. Wireless is not an option

because wireless transmission is subject to disruption and distortion, although it may be necessary to have short wireless links in the proposed system.

Information Technology
(Item 4c on Committee Agenda)

David Petto, Information Technology Manager, discussed his two requests. The first request is for a color copier to produce large format maps for the Town's geographic information system ("GIS"). His second request is for software license upgrades for all PC's in town in order to run new software. With regard to the proposed GIS printer Mr. Petto estimated that revenues from the sale of prints to non-Town customers annually might be \$2,000. Thus, the revenues might equal the annual cost for supplies but would not contribute to the original capital cost. Furthermore, the system will require future upgrades. There is no trained support staff for this printer but the additional GIS/data support person that is in the Operating Budget will be able to cover this work.

With regard to the request for software license upgrade Mr. Petto pointed out that this is not a current operating expense because it must be done in a lump sum every four years and cannot be funded evenly over four years. Nonetheless, there was a consensus on the part of the members of the Committee that some way should be found whereby an item like this is in the current operating budget. One of the reasons why this software upgrade is needed is to facilitate compliance with HIPPA and the security of the information that the Town maintains. This point lead to a more general discussion of the Town's disaster arrangements for computer information.

Accounting Software
(Item 4d on Committee Agenda)

Barbara Hagg, Town Accountant, presented her request for a software package that would provide Town-wide personnel and payroll capability. Most of the questions by members of the Committee concerned methods of funding or staffing the acquisition and use of the software. Comments and suggestions were made about purchase, bonding, lease-purchase, leasing and outsourcing the function. Members of the Committee requested assurance that the fiscal 2007 Operating Budget would include funds to defray debt service if this project is funded by borrowing. In response to a question by Mrs. Brusch, it became clear that there was a consensus among the Committee that, whatever the final scope and funding mechanism, this project should be addressed promptly (fiscal 2007).

Adjournment

At the conclusion of the Committee's discussion with Mrs. Hagg, Mrs. Brusch reminded the Committee that its next meeting (March 2) will start at 6:30 and the interviews with department heads will commence promptly. Upon motion duly made, seconded and adopted, the meeting adjourned at about 9:40 p.m.

Respectfully submitted,

Mark F. Clark