

**Board of Selectmen's Debt Workshop
October 23, 2018 -- 8:00 AM
Town Administrator's Conference Room
155 Village Street**

Present: Dennis Crowley, Chair; John Foresto Vice Chair; Richard D'Innocenzo, Clerk; Glenn Trindade, Member; Maryjane White Member.

Staff Present: Michael Boynton, Town Administrator; Allison Potter, Assistant Town Administrator; Carol Pratt, Finance Director; David D'Amico, DPS Director; Stephanie Carlisle, Compliance Coordinator.

Others Present: Frank Rossi, Chair, Finance Committee; Compass Project Management: Brian Jarvis, Project Manager; Tim Bonfatti, Project Director.

At 8:00 AM Selectman Crowley called the meeting to order and led the Pledge of Allegiance.

Public Comments: None

Approval: Contract with Prism Energy Services (ESCO) for Energy Conservation Projects for Town Hall and Fire Station 1 - \$28,868

The Board reviewed the memo dated October 22, 2018 from Stephanie Carlisle.

Town Administrator Boynton stated this was a state awarded Green Communities grant and the projects were State selected and are ready to move forward. Selectman Trindade asked if there are matching funds. Ms. Carlisle stated no.

Selectman Trindade moved that the Board authorize the Chair to execute the contract with ESCO for energy conservation projects for Town Hall and Fire State 1 in the amount of \$28,868. Selectman D'Innocenzo seconded. No Discussion: VOTE: 5-0-0.

Review/Discussion: Current Debt

The Board reviewed the (1) Massachusetts General Law (MGL) Chapter 44, Sections 7, 8 and 10: Limit of Indebtedness including the calculation for Medway, (2) General Fund Excluded Debt, (3) General Fund Non-Excluded Debt, (4) Department of Public Services (DPS) Facility Project Funding, (4) DPS Facility Allocated Debt, and the Fiscal Year (FY) 2019 General Fund Budget Borrowings and Debt Budget update.

Ms. Pratt explained the MGL statutes regarding whether debt is considered to be inside or outside the debt limit noting the limit of indebtedness of 5% only applies to what is inside the debt limit. She then reviewed the Town specific split of current inside and outside debt along with the total of both noting that the total inside of \$32, 571,020 puts the Town at 1.72% which is well under the limit of 5%. Ms. Pratt stated the water project was not included in these calculations noting this would be categorized as outside the debt limit. Town Administrator Boynton noted the Brentwood water infrastructure project is also not included and categorized as outside of the debt limit. Selectman Crowley stated the rule from the Department of Revenue (DOR) is that total debt not exceed 10% of the budget and asked where the Town is currently. Town Administrator Boynton clarified that the not to exceed 10% is related to the general fund and enterprise funds individually. Selectman Crowley requested that Ms. Pratt provide the

percentages for all four funds. Ms. Pratt then explained excluded and non-excluded debt and showed the impact of the Exelon receipts and Exelon funded tax relief. Ms. Pratt noted that each year a decision will need to be made about the total budget based on the continued availability of the \$500,000 in Exelon funds. Mr. Boynton noted these numbers are calculated out to 2033. The non-excluded debt summary was discussed indicating what has been paid to date and what is still left to be paid on these projects. The DPS Facility estimated borrowing was also presented at \$12.7 million showing the impact of the borrowed amount that would drop off over each year. Mr. Rossi noted that Ms. Pratt used a rate of 4.5% but asked what the rate was in the Town's most recent borrowing. Ms. Pratt stated 2.6%.

Ms. Pratt then reviewed the new DPS Facility project specific funding projections with a project total cost of \$13,652 noting the plan to transfer \$367,000 at Fall Town Meeting. She reported the need to make an additional pay down on the \$1.1 million prior BAN noting therefore, we will only be able to borrow \$366,000. Ms. Pratt asked if the Selectmen want to wait until the Spring Town meeting to appropriate the additional \$366,000 to pay down the BAN or if they prefer to allocate the total \$733,000 at Fall Town Meeting. She stated the Town is not compelled to pay until next September, but this would bring borrowing down.

Selectman Trindade moved that the Board amend the article for the DPS design to change the amount being transferred from the general fund debt budget to \$733,000 from \$367,000 pending approval of the Town Administrator and Finance Director. Selectman White seconded. No Discussion. VOTE: 5-0-0.

There was further discussion on the budgeted debt capacity for this project noting the amount will decrease based on the above amended motion. Selectman Trindade asked if there is a certain amount of project related debt that would impact moving forward with the project. Town Administrator Boynton stated the amounts discussed have only a minor impact noting we have the capacity to add debt.

Ms. Pratt lastly reviewed the water project related debt allocated to the general and enterprise funds. Town Administrator Boynton reviewed the original percentages planned and then the current debt allocation percentages of 65% to the general fund, 20% to the water enterprise fund, 10% to the sewer enterprise fund, and 5% to the solid waste enterprise fund. Mr. Boynton voiced his concern that by 2025, we will have used up all the debt capacity in the solid waste enterprise fund which will then impact the rates. Selectman Crowley noted the original plan was stretching out any rate increases over five years but now this is only over four years. He questioned the ability for a potential change in the allocations of this debt in the future. Ms. Pratt reviewed the final page of her handout noting the amended motion above impacts the estimated Fiscal Year 2019 debt capacity stating it would be decreased by the amount added to the amended Town Meeting article.

Town Administrator Boynton cautioned that we are taking on a significant amount of debt and reminded the Board of the proposed facility feasibility study, at the cost of \$200,000, to determine the Town's and Schools' long term facility needs. He noted that as some debt comes off, it will be important to time and stagger new projects properly moving forward. He further noted the \$800,000 road rehabilitation project planned over next 6 years does not stop after 6 years, therefore, we will still need to use free cash and Chapter 90 funds in the following years. Mr. Boynton reviewed other options to mitigate the impact to the water and sewer rates. Selectman Crowley asked for the amount saved for every 1/2 percent drop in the interest rate on the \$13million DPS facility project. Ms. Pratt will provide this information to the Board.

Presentation of the Design of the New Department of Public Services Facility

Town Administrator Boynton stated the committee met last Wednesday evening and is putting the concept design forward noting the contractor is now working on design development. He stated this is a bare bones facility but is better than what exists today and will meet both the current needs and those twenty-thirty years forward. The only undecided item at this point is whether to add the energy efficiency net zero design requirements into the overall design.

Mr. Jarvis, Compass project manager reviewed the existing conditions slide of the handout noting this is an overview of the existing seven facilities and proposed new building location and utility corridor. Each current location, whether it will remain or be demolished, and new location was reviewed. Mr. Jarvis noted that the Town also leases two locations for equipment storage: (1) Kevin Cox Automotive on Broad Street and (2) Julian's Oil on Village Street. He noted the location of the two Town acquired parcels by eminent domain along with the area into the cemetery that will require leveling. These parcels were obtained to allow for the most efficient utility access. The current and future staffing and fleet size were then reviewed noting the design allows for future growth of personnel and addresses that not every Town vehicle is stored on site.

The proposed new facility aerial slide was then reviewed including each specific new structure. Town Administrator Boynton noted the building will actually be built into the hill. Selectman Crowley asked what specifically will be stored in the materials storage area. Mr. D'Amico stated cold patch, gravel and pea stone, etc. Mr. Jarvis stated this protects these materials from the elements and allows for ease of accessibility as they are not frozen solid in the cold months. Selectman Trindade noted many of the newer DPS facilities have this type of storage also noting this design allows the Town to do away with the need for rental additional space. The proposed site plan, floor plan, and vehicle canopy were then reviewed with discussion on each specific component. Town Administrator Boynton noted that there is a home located near the planned salt shed location and they may hear the beeping of vehicles during delivery and retrieval of salt. If this becomes an issue, it can be kept in the current location but this will make vehicle access more challenging. Mr. Jarvis noted the topography in this area is lower so, visually, this should not be an issue. Mr. Jarvis stated the interior of the main building was scaled back to only three offices and reviewed each specific interior area and its purpose. He further noted it is a scaled utilitarian space designed with as much flexibility as possible at just under 33,000 square feet. Mr. Boynton noted that DPS Administration will still be located at the Middle School. The final slide reviewed was the rendering of the finished building noting it is plain, utilitarian, meets all seismic energy codes, and the pieces are in place should the Town decide to go to a net zero plan.

The estimated construction and total project cost slides were then reviewed noting: (1) the designs were slightly more advanced, (2) two independent estimates were obtained, and (3) both were walked through to ensure that both the scope and contingencies were the same. The assumptions included: (1) the award would occur shortly after May Town Meeting, (2) the construction period would be one year, and (3) all excess soils would be used noting the goal to avoid moving excess soils off site. The specific and total construction costs were then reviewed. There was discussion regarding two possible bid alternatives and the impact on the bonding and bid process, specifically pulling out the materials storage shed and PV solar system and bidding these separately. The impact of a net zero building was reviewed including: (1) the potential for grant funding for those energy efficient specific items, (2) a nine year payback on investment period, and (3) the specific needs requirements being well above code noting the goal is to go out to bid in February. Mr. Jarvis noted the Town would still receive a five figure payback due to efficiency improvements even if the decision is not made to go with a net zero facility.

The proposed overall project funding and schedule were reviewed noting the funding numbers are conservative. Selectman Crowley asked about the school roof replacements needed and available state funding. Mr. Bonfatti stated they have to be a certain age and explained the funding available depending on the scope of work required. The project schedule was then discussed noting the goals of: (1) completion of construction documents by the end of December, (2) bid going out in February, (3) bids received back by the end of March or early April and (4) shovels in the ground the end of May or beginning of June.

Selectman Crowley requested that Finance Director Pratt report back on the impact of the funding for the leasing of property in the FY19 budget asking how much the costs are in the current DPS budget. Mr. D'Amico stated \$100,000 per year. Selectman Trindade asked what type of lease we have for DPS storage. Mr. D'Amico stated a tenant at will lease. Selectman Crowley requested that the slide showing existing conditions be updated to show the exact area currently owned by the Town and be forwarded to the Board. Selectman Crowley stated his concern about the impact of alternative bids and the impact on how contractors will bid on the project. There was further discussion on the built in project contingencies. It was noted that the project management and design are based on the twelve month project timeline and includes full time on site construction management by Compass Project Management. Town Administrator Boynton noted that the empty location on the site allows for moving DPS Administration from the Middle School in the future. Selectman Crowley asked what the biggest issue was that the Building Committee had. Selectman Trindade stated none noting it was a unanimous vote and the group was a strong proponent for the solar component. Town Administrator Boynton stated that would involve adding a canopy over the staff parking lot in order to get the needed square footage required for the solar array.

Selectman Trindade moved that the Board approve the schematic design and budget proposal as presented and to authorize the continuation with design development. Selectman D'Innocenzo seconded. No Discussion. VOTE: 5-0-0.

9:05 AM Selectman Foresto moved to adjourn the meeting. Selectman White seconded. No Discussion. Vote: 5-0-0.

Respectfully submitted,
Liz Langley
Administrative Assistant
Town Administrator's Office