

Capital Improvement Program (CIP) Committee Meeting
Town of Temple
Meeting Minutes
January 22, 2020

Attendees: Gail Cromwell (Chair), Gary Scholl, Tedd Petro, Ivy Bibler, Andy Paul, George Willard (Select Board liaison)

The meeting was called to order at 4:38 p.m.

The committee reviewed the draft CIP report for the 2020 Town Report. Gary Scholl noted a correction to the name of the Asphalt & Paving Expendable Trust. The Committee approved the text as corrected. Andy Paul will forward the approved report, together with the CIP spreadsheet, to the Board Assistant and to Rose Lowry, who is producing the Town Report. Paul will update the CIP Narrative and submit to the committee for review.

Gail Cromwell reviewed the items the committee is recommending as warrant articles:

- \$45,000 to fund Highway Department paving projects in 2020
- \$140,000 to be placed in the Asphalt and Paving Expendable Trust Fund to reduce the tax impact of paving projects planned for 2021
- \$32,000 for the purchase of a new mowing unit for the Highway Department tractor
- \$38,417 for second payment (of three) on the Highway Department backhoe lease-purchase authorized at the 2019 Town Meeting
- \$6,880 for the purchase of a Thermal Imager for the use by the Fire Department

The recommendations were approved by the committee (motion: Tedd Petro; second: Gary Scholl). Cromwell will draft language for the warrant articles and distribute to the committee members. It was agreed that the committee might need to hold a brief meeting to discuss any changes to the warrant articles, if required. Cromwell noted that the draft warrant articles should be submitted to the Board of Selectmen by their next meeting on January 28.

The committee discussed the need to speak to the warrant articles at Town Meeting in March, in particular the article for the \$140,000 contribution to the Asphalt and Paving Expendable Trust Fund. Cromwell said she would be willing to speak to these, though it was noted that the Selectmen and Budget Committee should also address the shift of highway paving projects to the CIP in 2020, creating the need for an increase in the trust fund contribution this year to enable leveling of anticipated paving costs in 2021.

Responding to a request at the January 8 CIP meeting, Scholl presented the following brief account of the “leveling steps” used to create the CIP funding recommendations for 2020.

Procedural Steps:

- 1) Identify inventory of all capital items held by the town and the life expectancy of those items.
- 2) Get annual updates from departments regarding current replacement costs and any additions and subtractions from that list.
- 3) Using a moving, ten year forecast window, compute the total costs for the expected property tax impact and divide by 10 to identify a rough Annual, Level Tax Impact: "target value."
- 4) Compute the difference between the annual needs and this target value to identify the necessary transfers into and out of trust funds. Compute the resulting value of the trust funds.
- 5) When the trust funds value goes negative, additional actions are required. Time Spreading payments is an approach that can usually be used to alter the cash flow into and out of trust funds.
- 6) The above approach is generally satisfactory to setup later years (i.e. 3-10) but smoothing of earlier years can be more problematic because of the immediacy of need issues. (These items could be due to an early failure of the asset or a previously unforeseen need.) Smoothing here requires more creative solutions including: rescheduling replacements (which may incur increased maintenance costs), changing the purchase/finance decisions, etc..
- 7) For the year 2020, the Highway Paving Plan was altered because it became known that numerous difficult culvert replacements would be required before the \$248,000 West Road paving activity could proceed. The West Road paving project for 2020 was moved to 2021 and replaced by the \$45,000 paving project for Main Street. This dramatically reduced the amount of actual expenditures required in 2020 and dramatically increased the amount of expenditures that will be required in 2021.

Applicable Trust Funds

- 1) The available Capital Reserve Funds include:
 - a) Highway Vehicle/Equipment ~\$21k
 - b) Bridge <\$15.00

- 2) The available Expendable Trust Funds Include:
 - a) Asphalt/Paving ~\$15k

Note:

The above values indicate that about \$36k are currently available to be expended. At the 8 January 2020 meeting I proposed that we utilize the "Asphalt/Paving Expendable Trust Fund" for the tax leveling transfers because 1) The largest, consistent portion of capital funding is required for the paving projects and this seems to cover our objective, 2) Transfer in and out of multiple funds seems unnecessary and increases complexity, 3) The HW Vehicle/Equipment CRF remains available for smoothing if/when it is required.

Following approval of the January 8 meeting minutes, the meeting was adjourned at 5:15 p.m.

Minutes taken by A. Paul