

JOINT FINANCE COMMITTEE AND SELECTMEN MEETING
September 21, 2016

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Meeting Date: September 21, 2016

Called to Order: 6:02 PM

Location: 1 Avenue A, Turners Falls MA

Finance Committee Members Present: John Hanold, Fred Bowman, Greg Garrison, Patricia Pruitt and Michael Naughton. Chris Menegoni was absent.

Selectmen Present: Richard Kuklewicz. Michael Nelson arrived at 6:20. Chris Boutwell was absent.

Others Present: Town Administrator Frank Abbondanzio and Town Accountant Carolyn Olsen

DPW Garage Building Committee Present: Town Planner Walter Ramsey, Building Inspector David Jensen, DPW Superintendent Tom Bergeron, Deborah Radway, Jay DiPucchio, Jason Burbak, and Mark Williams and Joe Fitzpatrick and Jeff Alberti from Weston and Sampson.

Public Works Garage Building Committee

Mr. Alberti gave a 30 minute power point presentation showing the progress of the committee to date. The presentation focused on Public Works responsibilities, why the town needs a new facility, what is proposed, and the benefits of a new/improved facility. The presentation itself is provided at the end of the minutes, so only additional commentary is shown here.

- Mr. Bowman asked about fuel storage facility. This concept does not affect that.
- The land being recommended is not really saleable to outside entities due to the nature of the ground as a former landfill site. Building the facility will address the buried material and make it a buildable site. Mr. Hanold feels that the fact that building the facility will address some of the landfill site issues should be shared.
- This particular area was chosen because it will have minimal impact on potential industrial sites. But by bringing water and sewer halfway to the industrial area, the town is investing in the industrial park's future. About \$250,000-\$300,000 is included in project for water and sewer. There's a possibility that the FRTA could purchase a building site further into the Industrial Park and would be willing to build out the water, sewer and other infrastructure to offset the fact that they, as a governmental agency, would not be able to pay taxes or a PILOT (Payment In Lieu Of Taxes). This would reduce the Town's cost in building the facility.
- Mr. Garrison noted there is nothing extraordinary about the building except the price and asked why the price seems to be almost 3 times the price of general building. It's because of the engineering cost of the envelope and bid laws and prevailing wage for tax-funded projects. There are additional costs to meet DEP groundwater standards because of the site, and some of the specialty systems for electricity, floor level ventilation, and mechanical codes. The interior finishes are basic.
- The current plans are to build the facility to and slightly above expected new energy codes. The roof will be able to support solar panels in the future. It is a pre-engineered building and has masonry base instead of concrete for continuation of insulated panels to the foundation.
- Mr. Garrison asked about estimated operating expenses. Ms. Radway noted that because it would be built in a central area of the town, it will save wear and tear on vehicles by reducing transit time/costs.

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- Mr. Naughton doesn't want to sound negative, but the cost is a big number and he's heard concerns about the cost. Does keeping vehicles inside really save money? This information will be provided later.
- Mr. Jensen stated that part of the reason the Building Committee is here is because the project has been whittled down without being cut to the bone. The committee needs to know whether to continue to tweak the project for more minor savings or to hack it to pieces in order to put it within financial reach of approval. This project and cost has been determined by the committee to meet the Town's needs. Mr. Jensen noted that towns that have cut their projects below this level have regretted it and have recommended against doing so. We're going to have to spend a lot of money to make the DPW function into the future.
- Mr. Bowman said if you go cheap with this building now you'll end up adding more later at a higher cost.
- Mr. Naughton expressed concern about building to wants rather than true needs and noted that he personally found it not worth the cost to build a garage for the few days a year the garage would truly be helpful.
- Mr. Kuklewicz said that a covered and heated garage would provide savings from damage from frozen sand and trucks.
- Ms. Radway noted that we have an expensive site (land is free, but development is high), so one question is whether they should consider another site. Part of the question becomes analyzing the offset of losing tax revenue and proceeds from the sale of land if we used an industrial park lot.
- Mr. Abbondanzio said that the Town's financial advisor estimated the cost of borrowing \$11 million for 25 years at a 4.5% interest rate. With level debt service the cost is \$740,000 per year, and the impact on a typical residential tax bill (with a property value of \$200,000) is \$170 a year. A level principal debt service option, which front-loads the principal interest cost, would start with a cost of \$935,000 in the first year and the impact on the average residential tax bill would start at about \$250 and end at a little over \$100.
- Mr. Bowman noted that \$170 a year is \$14 a month, which he does not think is significant except for a few individuals. Mr. Naughton said that that when you add other projects, it does become significant. Mr. Bowman said people need to decide whether to invest in infrastructure or tear things down.
- Mr. Nelson thinks town officials will have a hard time promoting this project due to the competing needs of the Senior Center and the Carnegie Library. Both of those could be built for cost of the DPW project. Mr. Nelson thinks it will be hard to convince seniors and library patrons to vote for this relatively large tax increase when there are other projects that would meet their personal needs.
- Mr. Bowman asked about OSHA requirements for municipalities. Mr. Bergeron thinks that if the current DPW facility was inspected we'd have some major fines.
- Mr. Hanold asked Mr. Jensen if there were any code or safety violations in the current facility. Mr. Jensen said there are many maintenance problems and energy use is through the roof due to poor insulation and poorly sealed doorways. The code doesn't go backwards and the building met existing code when it was built. Structurally, the building looks ok, but it's small, and staff can't easily maneuver vehicles. Mr. Jensen is more likely to find light, ventilation and egress issues and said lighting is really low in the mechanical areas.

- Mr. Kuklewicz noted that code is the minimum standard and the current facility's wiring is insufficient to run multiple items.
- Mr. Jensen said that when energy efficiencies of various town buildings are analyzed, the DPW comes on top with needs, but is always put off "because they might move".
- Mr. Bergeron noted that almost as soon as the new police building was built they were looking for something to cover their cars and they are already out of storage space.
- Mr. Garrison thinks infrastructure needs trump everything else.
- Mr. Nelson asked about rebuilding an existing facility, specifically the Hallmark Auditorium building, which is 32,000 square feet. Mr. Alberti said that with renovations, everything then has to come up to code and making the upgrades ends up with an inefficient building with a high price tag. This option would also take a building off of the tax rolls.
- Mr. Bowman asked how much of the total \$1.2 million in contingency costs would be spent. Mr. Alberti said the design contingency is hoped to be on the high side.
- Mr. Kuklewicz asked what the impact would be of not building lean-to now, but building later. It would be much more expensive to build later as an add-on.
- Mr. Jensen hopes that the workplace efficiency of employees will be enhanced, but doesn't want the argument that now we need fewer people. We should put emphasis the additional things people will be doing.
- Ms. Radway thinks we should continue to fine tune the plan to bring down cost and also, if the FRTA project happens, show the resulting reduced cost and start building the public case for a lower debt cost. Mr. Hanold added that people become more enthusiastic when costs go down with successive refinements.
- Jensen talked to Dion about timing of borrowing. One bad thing is there's no offsetting large debt being retired in this window we're looking at. How do the three new projects fit into debt planning? Taxes from other debt exclusions will not drop soon, but will eventually. Rumblings of interest rates increasing. Jensen said construction costs have bottomed out and are likely to start rising.
- Mr. Kuklewicz asked if this would be coming up at the next Annual Town Meeting. That's the current plan and the general timing leads to construction starting in 2018.

Minutes - Approve minutes of September 14, 2016

Finance Committee Moved:

To approve the minutes of September 14, 2016.

Vote: 4 In Favor 0 Opposed 1 Abstained

Mr. Abbondanzio and the Public Works Garage Building Committee left the meeting at 7:30.

Consolidate Budget for Most Phone Bills

Consider consolidating most department phone bills to the shared budget for Fiscal Year 2018. The new phone service will not be providing an itemized bill by phone line, so any allocation would be arbitrary and there is no value to spending time to do so.

Determination: Make it so.

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Topics not anticipated within in the 48 hour posting requirements –

1. The window project is being completed. The amount not reimbursed by a state grant is expected to be about \$300,000. Three alternatives have been presented for loan payment. They range from 10 years at 4% to five years at 2.5%. The GMRSD would like direction from the town regarding the preferred length of the loan. Estimated payment plans were provided to review. The average yearly cost will be about \$25,000 higher with the five year (versus the ten year), but the total savings would be almost \$45,000. The consensus was to go with a 5 year loan.

Next Meeting Date: none to be set at this time.

Meeting adjourned at 7:45 PM

List of Documents and Exhibits:

- September 14, 2016 Minutes
- Loan Payment Schedule estimates for Sheffield windows project.