

## Capital Budget Committee

**Purpose: We are setting forth our recommended priorities so that the framework with which we make our deliberations for capital structure and investment are visible to all interested parties.**

### I. Priorities

Our priority is to perpetuate our town's resources to the benefit of all citizens. We endeavor to focus upon activities and resources that can produce benefit to all citizens disproportionate to their cost of acquisition and maintenance. We seek to maintain the benefit and character of our geographic location; the health and safety of our citizens; and the commitment to providing excellent educational resources for all.

*Our primary task therefore is to maintain our current base of assets.* We seek to establish a capital maintenance fund, the sole purpose of which will be to fund replacement of depreciable shorter lived assets; fund repairs or maintenance of longer lived assets, or make modest investments in preliminary planning for new assets. This fund should seek to maintain a target balance in line with the dollar value of the estimated annual depreciation of all town assets.

The fund itself needs to be established. We recommend using a tax levy to establish such a fund, and ongoing deferred depreciation payments from each department for replenishment. We believe that Cohasset's Capital strategy can be summarized as follows:

- Maintain our current inventory
- Add assets as dictated by need and utility
- Create balance sheet flexibility

### II. Potential Projects

Starting with the coming fiscal year (2009), our total debt service will drop below our target ceiling of 10% for the first time in years and continue to decline barring any additions to our liabilities.

We were asked during our last meeting with the Selectmen to identify fundable projects as our debt service begins to return toward more sustainable levels. While we may have the capacity to service higher debt levels, we do not believe that our capital investment plans should be directed by our availability of credit. We believe instead that projects should be measured against priorities (such as those submitted above).

Having said that, we respond to the Selectmen's inquiry with the following capital projects for consideration:

- New first responder satellite station west of Old Colony line (possibly operated jointly with other communities?)
- Expansion of wastewater treatment capacity
- Flood control
- Renovation of Alumni Field
- Expansion of harbor/waterfront access
- Expansion of sidewalk network

Any of these ideas could constitute a major capital project the financing for which would logically be bonded. Preparation for any such project would require study and engineering stages, and such costs would be absorbed by the town's annual capital expenditures.

### III. FY '08 Requests

For FY '08 Special Town Meeting, the CBC was presented with \$1.212 in proposed projects. A maximum of \$300M from free cash might be allocated for such projects, of which some \$40M represents a residual from school building repairs approved at FY '08 town meeting.

Parenthetically, Advisory Board representatives have proposed that we spend nothing on any request at special town meeting, instead proposing that these funds be transferred to a capital stabilization fund. This would enforce our joint (CBC and Advisory) commitment to funding stability for capital maintenance and planning. We considered and debated, within CBC, the merits of such an action. CBC believes that the action makes a dramatic statement, though would compromise some very sorely needed resources in the near term.

As with past deliberations, the disparity between requests and funding require us to employ a need vs. want triage exercise. For Special Town Meeting '08, CBC is recommending funding six requests, effecting five different town departments. Recommended funding would total \$220M, or \$80M less than is available. We make this recommendation based upon our estimation of maintaining basic service levels attending to health, safety and welfare of the town as whole.

Departmental requests we support are:

**Fire:** \$50M in total funding. We recommend allocating \$25M for Ambulance refurbishment; \$25M for Heavy Rescue tools.

Our current ambulance (Rescue 3) was built in 2001, and is nearing the end of its useful life. Our rescue service will produce gross revenues of approximately \$400M this year. We would like to add a new ambulance and incrementally add

to our transport revenues. Unfortunately, a new ambulance will cost at least \$165M, a purchase beyond our current funding capabilities.

Still, our current vehicle needs repair to the frame, suspension and patient cabin. We recommend refurbishment currently, with a goal of adding a new truck within the next twelve months.

The commencement of rail service in our town also presents potential safety hazards. The fire department has identified deficiencies in its rescue inventory which should be addressed now, as a matter of public safety. Heavy rescue tools include:

- Air bag lift kits
- Vehicle stabilization equipment
- Air powered cutting tools
- Portable generator/emergency lighting
- HazMat containment equipment

**Administration:** \$80M in total funding for the Flood Control Master Plan.

We believe this project meets the criteria of need.

**Schools:** \$45M in total funding, for replacement of a special needs van.

School administration advises that the van to be replaced is twelve years old, has suffered material mechanical failure and faces substantial structural repair as well. This van is specially equipped for wheelchair access, and is in use year round, on a daily basis.

In our judgment, continued use of the existing van may jeopardize student and driver safety; as well, it would appear economically unfeasible to attempt to refurbish the vehicle, when compared to the purchase and maintenance of a new van.

**Police:** \$29M in total funding, for purchase of a new cruiser.

CBC has undertaken the task of establishing a vehicle replacement policy. In our research, there is no uniform protocol for vehicle replacement in suburban police departments. There are however, programs in successful use which have elements which we believe are useful for adoption.

One program identifies the limits of frontline use for gasoline powered vehicles as 180M miles or four years. This program further identifies the economically beneficial life of such vehicles as being at least 250M miles.

We believe a rotation of four cruisers will spread the current department load of ~ 150M miles per year such that we will preserve and extend the useful life of each cruiser, saving the town money over time. Current informal department guidelines seek replacement at 100M miles, as well as providing consistent back up while a vehicle is out for service.

**Library**: \$15,000 in total funding to replace staff computers.

The staff computers must be replaced with computers that will be compatible with the upcoming upgraded Old Colony Library Network system.

### **Summary**

It is noteworthy that we are not proposing full use of capital funds available. Not all projects that have been requested rise to the level of 'need', and as such we have opted to conserve the remaining balance.

Also please note that we unanimously do not support Article 10. We view the Article as not yet a fully formed recommendation, with too many variables to evaluate accurately.

Submitted, 5 November 2007

Capital Budget Committee

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