

Capital Reserve Exploratory Committee

May 4, 2016 Meeting, Wadleigh Memorial Library A/V Room, 6:00 p.m.

Attending:

Eric Schelberg, Chair Amanda Adkins Kathy Bauer Mark Bender Paul Dargie
Tim Finan Jack Kelly Matt Lydon Hub Seward (for Peggy Seward)
Jack Sheehy

Excused:

Chris Pank Peggy Seward

Minutes

Eric Schelberg volunteered to chair the committee after much discussion among the group.

Discussion ensued around whether each member of the group felt a capital reserve fund was necessary for the town. Eric explained the importance of capital reserves and that the town has had them previously and they have worked very well especially for funding fire equipment, ambulance equipment and other large ticket items. Jack Kelly agreed that it has worked well in the past and mentioned that previously the Fire Department would put in approximately \$25K per year to the capital reserve account to fund future needs.

Kathy pointed out that in the past people moving into town have been upset with the fact that they did not have an opportunity to vote on the reserve yet they had to pay into it. Tim agreed this was an issue for both people moving in to town and leaving town. Tim also felt that if you don't need the money now then don't reserve for it. He pointed out that if you ask the tax payer for the funds for reserves, the tax payer loses interest accrual since it can't be invested and it stays with the specific reserve fund; several agreed this was a good point.

Most felt bridges were the exception to the rule in terms of reserve funds. Many agreed that due to the sheer size of the capital expense and the fact that we can't predict when a bridge will be red listed and need major repairs, a reserve fund makes sense for bridges. Paul reiterated that putting the money in reserves for items that should be planned for in the budget, you are not gaining interest on those funds and you are also limiting what the funds can be used for as reserves have to be set up for somewhat specific purposes. Jack S. agrees and says in terms of cash flow those funds cannot be utilized as they are reserved for the specified purpose.

Paul refers to the funds for Osgood Pond being a prime example of why we shouldn't have reserves as we have had these reserves for a long period of time and have not used them. Tim concurs and points out South Street as another example. Mark points out that it is frustrating, though, to have no funds and continually get voted down for things like DPW equipment that is desperately needed.

Eric asks whether or not the reserve can be set up and dissolved by warrant article and Jack S. affirms. Paul wonders how Merrimack manages this as they use capital reserves extensively and Jack states that Amherst does as well. Matt is concerned that adding this to an already exhaustive list of articles to be voted on will assure that it doesn't pass.

Paul requests that everyone come to the next meeting with capital reserves and annual amounts they would like to see funded to the reserve as a baseline for a proforma of reserve requirements over the next 5 to 10 years. Everyone agrees to bring ideas to the next meeting. In addition, Jack and Mark will contact Amherst and Merrimack to understand how they have incorporated capital reserves into their respective town budgets.

Meetings will be held the 1st and 3rd Wednesdays at the Ambulance Center at 6 p.m.

Meeting adjourned 7:03 p.m.