

**Town of Pownal**  
**Capital Improvement Planning Committee**

**Agenda**

March 27, 2024

Mallett Hall

6:30 pm

- I. Roll Call; establish quorum; confirm agenda.
- II. Review/approve minutes of previous meeting – February 28, 2024
- III. Public Comment
- IV. Select Board Input
- V. Review Current Status of Plan
  - a. Vote: Capital Reserve Ending Balance Benchmark
  - b. Vote: Appropriation Smoothing Years 2-4
- VI. Annual Town Report
  - a. Review and Approve the Committee Report for the Annual Town Meeting - *a draft committee report will be sent via email prior to the meeting.*
- VII. Town of Pownal Investment Policy (see attached)
- VIII. Committee Charge (*see attached*)
  - a. Discuss draft of proposed Committee Charge (see attached)
- IX. Open Discussion
- X. Upcoming Meeting(s)
  - a. Regular meeting – April 24, 2024
- XI. Adjourn

| Town of Pownal                            |                    |               |                        |   |                     |                            | Save to Local File      |  |
|---|--------------------|---------------|------------------------|---|---------------------|----------------------------|-------------------------|--|
| Capital Improvement Plan Committee        |                    |               |                        |   |                     |                            | Create Gold Copy        |  |
| FY End Date:                              |                    | 6/30/24       |                        |   |                     |                            | 20240229-11.11.32 LOCAL |  |
| Inflation Rate/Interest Rate:             |                    | 6.0%          | 2.43%                  | Bonding threshold (choose one)                    |                     |                            |                         |  |
| Investment Rate Short Term/Mid Term       |                    | 0.0%          | 1.6%                   | <input type="radio"/> Service Life                | 15                  | years or more              |                         |  |
| Investment Rate Long Term/Bond Fee:       |                    | 3.0%          | \$ 5,250               | <input checked="" type="radio"/> Replacement Cost | \$ 300,000          | or more                    |                         |  |
|   |                    |               |                        | \$ 9,571,800                                      | Cap. Reserve =      | \$ 887,972                 | \$ 17,542,331           |  |
| Refresh Capital Plan                      | Designated Account | Department    | Current Replacement Co | Year in Service                                   | Service Life - Yrs. | Projected Replacement Cost | Projected Refresh Ye    |  |
| Elevator Software and Sensors             |                    | Mallett Hall  | \$65,500               | 2023  | 25                  | 250,194                    | 2048                    |  |
| Mallett Hall Automatic Generator          |                    | Mallett Hall  | \$8,000                | 2016  | 20                  | 15,186                     | 2036                    |  |
| Mallett Hall Parking Lot                  |                    | Mallett Hall  | \$68,138               | 2022  | 50                  | 1,053,817                  | 2072                    |  |
| Roof - old building east side of addition |                    | Mallett Hall  | \$24,000               | 2020  | 25                  | 76,971                     | 2045                    |  |
| Air Bottles                               |                    | Public Safety | \$36,600               | 2019  | 15                  | 61,835                     | 2034                    |  |
| Air compressor system                     |                    | Public Safety | \$84,900               | 2004  | 22                  | 89,994                     | 2026                    |  |
| Air Packs                                 |                    | Public Safety | \$109,540              | 2004  | 21                  | 109,540                    | 2025                    |  |
| Communications (grant + \$26,312 in 2025) |                    | Public Safety | \$88,031               | 2014  | 11                  | 88,031                     | 2025                    |  |
| Dispatch Radio System                     |                    | Public Safety | \$20,000               | 2020  | 10                  | 26,765                     | 2030                    |  |
| Engine 1                                  |                    | Public Safety | \$1,022,000            | 2008  | 24                  | 1,536,710                  | 2032                    |  |
| Engine 2                                  |                    | Public Safety | \$783,000              | 1998  | 32                  | 1,047,831                  | 2030                    |  |
| Exhaust System - 2 Fire Stations          |                    | Public Safety | \$12,800               | 2017  | 25                  | 34,467                     | 2042                    |  |
| Extrication Equipment                     |                    | Public Safety | \$42,000               | 2022  | 25                  | 151,349                    | 2047                    |  |
| Refurbish Eng 2                           |                    | Public Safety | \$25,000               | 2022  | 100                 | 7,122,114                  | 2122                    |  |
| Repeater System                           |                    | Public Safety | \$17,400               | 2014  | 11                  | 17,400                     | 2025                    |  |
| Squad 3                                   |                    | Public Safety | \$171,000              | 2000  | 31                  | 242,567                    | 2031                    |  |
| Tank 4                                    |                    | Public Safety | \$822,000              | 2012  | 26                  | 1,753,267                  | 2038                    |  |
| Thermal image camera (2)                  |                    | Public Safety | \$22,000               | 2018  | 12                  | 29,441                     | 2030                    |  |
| Excavator 2008 Caterpillar                |                    | Public Works  | \$210,000              | 2007  | 20                  | 235,956                    | 2027                    |  |
| Flail Mower attachment for Excavator      |                    | Public Works  | \$30,000               | 2027  | 20                  | 33,708                     | 2027                    |  |
| Loader Backhoe 2017 Caterpillar           |                    | Public Works  | \$195,000              | 2017  | 15                  | 293,208                    | 2032                    |  |
| Motor Grader 2012 John Deere              |                    | Public Works  | \$365,000              | 2012  | 20                  | 548,825                    | 2032                    |  |
| Poland R Rd multi plate                   |                    | Public Works  | \$138,591              | 2022  | 33                  | 795,996                    | 2055                    |  |
| Replace Elmwood Rd Fire Station           |                    | Public Works  | \$2,000,000            |   | 40                  | 0                          | 40                      |  |
| Replace Public Works Facilities           |                    | Public Works  | \$2,000,000            |   | 40                  | 0                          | 40                      |  |
| Road Rebuild                              |                    | Public Works  | \$0                    | 2017  | 30                  | -                          | 2047                    |  |
| Sweetser Rd Bridge Deck                   |                    | Public Works  | \$10,000               | 2005  | 25                  | 13,382                     | 2030                    |  |
| Truck 1 - 2021 Freightliner dump truck    |                    | Public Works  | \$268,000              | 2022  | 12                  | 452,780                    | 2034                    |  |
| Truck 2 - 2014 Freightliner dump truck    |                    | Public Works  | \$268,000              | 2015  | 10                  | 268,000                    | 2025                    |  |
| Truck 3 - 2017 Freightliner dump truck    |                    | Public Works  | \$268,000              | 2017  | 12                  | 338,344                    | 2029                    |  |
| Truck 4 - 2012 International dump truck   |                    | Public Works  | \$0                    | 2012  | 10                  | -                          | 2022                    |  |
| Truck 5 - Ford F-250 pick up              |                    | Public Works  | \$62,000               | 2020  | 10                  | 82,970                     | 2030                    |  |
| Truck 6 - 2016 RAM 350 1 ton dump truck   |                    | Public Works  | \$75,000               | 2016  | 8                   | 70,755                     | 2024                    |  |
| Wheel Loader                              |                    | Public Works  | \$260,300              | 2022  | 20                  | 700,929                    | 2042                    |  |
| item                                      |                    |               | \$0                    | 2019  | 50                  | -                          | 2069                    |  |

Exhibit X

## **Current Committee Charge**

**Capital Improvement Planning Committee Charge:** The CIP Committee is responsible for researching the future capital needs of the Town and prioritizing projects in a way that makes them manageable for the Town's finances. This Committee makes an annual recommendation to the Select Board for both the capital purchases of that budget year as well as a recommended appropriation to the future capital projects fund. When there is a permanent vacancy, the Select Board shall, as soon as possible, appoint a person to serve for a one-year term. The Select Board will advise the Chair of the potential candidate before appointing this new member. The Chairperson shall call meetings of the committee which will meet monthly or as needed. A quorum of the Committee is necessary to conduct an official meeting and shall consist of 2/3 of the membership. Agendas & minutes of each meeting shall be submitted to the Town Clerk.

## **Draft Proposed Committee Charge**

### **Capital Asset Plan Funding Committee Committee Charge**

The Capital Plan Funding and Advisory Committee Shall, in consultation with the Select Board,

- Provide a comprehensive tool for capital planning. This tool will provide a 20-year estimate of capital needs of the town, accounting for inflation, interest rates, interest income, and yearly cost estimates of capital items. It will further separate appropriation vs. bonding items and provide for a 5-year smoothing of appropriations, to avoid sudden peaks of appropriations.
- Provide a complete Capital asset list, containing Public Works vehicles and construction equipment, Public Safety equipment and vehicles, town buildings and infrastructure, and public facilities and any equipment therein.
- Define a Capital Expenditure, with a cost threshold for both appropriation and bonding items. The Capital Expenditure definition, used for planning purposes, should be periodically updated with consultation with the Town Treasurer and Auditor.
- Define and Recommend sources and thresholds of financing, including but not limited to, Appropriation, Issuance of Bonds, Lease, Impact Fees, Grants, Tax Increment Financing (TIF), and Interest Income.
- Initiate the Approval Process to add or delete Items to the asset schedule by vetting the proposal and formally voting to add or delete, then bringing to Select Board for approval.
- Communicate with all other Boards, Committees, and Departments on a regular basis regarding their future capital needs.

Up to 7 Members shall be appointed yearly by the Select Board. Whenever a vacancy occurs, the Select Board will appoint a new member as soon as possible and will advise the Chair of such an appointment. Meetings will be held Monthly or as needed and will be called by the chair.

A  $\frac{2}{3}$  quorum of membership must be in attendance to hold a legal meeting. All minutes once approved will be provided to the Town Clerk for posting.

#### **Exhibit VII – Town of Pownal Investment Policy**

# Town of Pownal

## Investment Policy

Effective Date: January 8, 2024

### **Policy**

It is the policy of the Town of Pownal, Maine to invest public funds in a manner which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the town while conforming to all state and local statutes governing the investment of public funds.

### **Scope**

This investment policy applies to all financial assets of the Town of Pownal. The funds included in the annual audited report for the Town of Pownal include:

- General Fund
- Special Revenue Funds
- Capital Project Funds (CIP)
- Trust and Agency Funds
- Cemetery Funds
- Endowments (if any)

### **Prudence**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence

exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Town officials acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **Objective**

The primary objectives, in priority order, of the Town of Pownal’s investment activities shall be:

- *Safety.* Safety of principal is the foremost objective of the investment program. Investments of the Town of Pownal shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- *Liquidity.* The Town of Pownal’s investment portfolio will remain sufficiently liquid to enable the Town of Pownal to meet all operating requirements, which might be reasonably anticipated.
- *Return on investment.* The Town of Pownal’s investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Town of Pownal’s investment risk constraints and the cash flow characteristics of the portfolio.

### **Delegation of Authority**

Authority to manage the Town of Pownal’s investment program is derived from 30-A M.R.S.A § 5706 et seq. and is delegated by the Select Board to the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of any other town officials.

### **Ethics & Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Select Board any material financial interests in financial institutions that conduct business with the town, and they shall further disclose any personal financial/investment positions that could be related to the Town of Pownal’s portfolio.

### **Prohibited Interest**

No Town employee shall invest Town funds in any instrument or institution in which he/she has any direct financial interest, nor shall he/she accept any gift, free personal service or payment of any kind for performing their duties under this policy. Employment of an employee or an employee's family members by the financial institution shall not be considered to be a financial interest, unless such employment is contingent upon the investment of Town funds in that institution.

### **Authorized Financial Dealers and Institutions**

The Treasurer will maintain a list of financial institutions authorized to provide investment services. The Treasurer shall obtain evidence of this qualification prior to investing with said firm. No public deposit shall be made except in a qualified public depository as established by state laws. A review of the financial condition and registrations of qualified institutions shall be made each time the Town bids for financial investment services.

### **Authorized Investments**

The Town of Pownal is authorized to invest only in the following types of securities:

- Obligations of the U.S. government, its agencies and instrumentalities
- Certificates of deposit (CD's) and other evidences of deposit at banks and savings and loan associations.
- Prime bankers acceptances
- Prime commercial papers
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

### **Collateralization**

Collateralization of accounts and deposits will be required only when exceeding an amount equal to 25% of capital, surplus, and undivided profits as defined in M.S.R.A. 30-A § 5706.

### **Safekeeping & Custody**

All security transactions, including collateral for repurchase agreements, entered into by the Town of Pownal shall be conducted on a "delivery vs. payment" basis. Securities will be held by a third-party custodian, or Trust Department designated by the Treasurer and evidenced by safekeeping receipts.

### **Diversification**

The Town of Pownal will diversify its investments by security type and institution. With the exception of U.S. Treasury securities, no more than 70% of the Town of Pownal's investment portfolio will be invested in a single security type or with a single financial institution.

#### **Maximum Maturities**

To the extent possible, the Town of Pownal will attempt to match investments with anticipated cash requirements. Unless matched to a specific cash flow, the Town of Pownal will not directly invest in securities maturing more than four years from date of purchase.

Trust and endowment funds may be invested in securities exceeding four years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

#### **Internal Controls**

The Select Board shall establish an annual process of independent review by an external auditor. This review will enhance internal control by assessing compliance with policies and procedures.

#### **Accounting Method**

Investments will be carried on the Town's books at cost. Gain or losses from investment sales will be credited to investment interest income at the time of sale. Premiums or discounts on securities may be amortized over the life of the securities.

#### **External Management**

The Treasurer with the approval of the Select Board, may contract with a qualified external money management company in order to benefit from portfolio diversification, credit research, full time portfolio management, and economies of scale that are unavailable to the Town Staff. Any such contract will define and control the risks of the portfolio and establish performance criteria for monitoring and evaluating results.

Upon advice of the contracted, qualified external money management company, the Town may invest in corporate stocks, bonds or other debentures subject to limitations in M.R.S.A. 30-A.

#### **Investment Policy Adoption**

The Town of Pownal's investment policy shall be adopted by the Select Board and administered by its Treasurer. The policy shall be reviewed every two years by the Select Board.

Approved this 8th Day of January 8, 2024

by the Pownal Select Board

\_\_\_\_\_ Jon Morris, Chair of Select Board

\_\_\_\_\_ Kate Day, Select Board Member

\_\_\_\_\_ Andy O'Brien, Select Board Member

**Exhibit VIII**

**Strategies and Objectives**

1. Provide and maintain a tool which promotes sound financial planning by estimating future needs and costs, thus reducing substantial fluctuation in the yearly tax rate.
2. Recommend timely and cost-effective replacement, renovation, and acquisition of the equipment/assets necessary for the effective delivery of town services.
3. Evaluate and recommend sources of funding (appropriation, bonds, lease) for the replacement, renovation and/or acquisition of the equipment/assets necessary for the effective delivery of town services.
4. Continue to look for ways to reduce costs.