

CAPITAL PLANNING COMMITTEE

Meeting Agenda

Wednesday

August 3, 2022

6:30 PM

Scituate Public Safety E.O.C.

- I. Invitees: Nancy Holt (Town Accountant), Steven Mone (Harbormaster), Dr. Robert Dutch (School Business & Finance)
- II. Call to order
- III. Old Business
- IV. New business
 - A. Waterways
 - a. **Finding:** Docks and planks are 20 years old and need replacing. This was the primary reason for the previously approved budget of \$1,300,000 and is part of larger ongoing renovation of the harbor.
 - i. Inflation pressures have increased the most recent estimate to replace the floating docks to approximately \$2,600,000, exceeding the budget by \$1,275,000.
 - ii. This is phase 2 project as part of replacing the float dock surface.
 - 1. Fingers for walking onto the boats are different dimensions.
 - 2. New design is safer for egress to and from boats.
 - 3. Will add ADA capability for boat slips.
 - b. **Finding:** Current debt service is at high point for waterways capital expenses and is forecasted to diminish due to the elimination of debt service related to the harbor community center.
 - i. Debt service would go down over the next few years, even with higher capital cost of the dock replacement. With no additional state reimbursement, the debt service for dock replacement would be approximately \$142,000 per year.
 - ii. Current capital projects are all accounted for in current capital budget.
 - c. **Finding:** Operating overview
 - i. Demand for dock space is excellent and revenue growth has been positive over the last 10 years. The rate of revenue growth was not given.
 - ii. Operating expenses are rising at a rate of 5-10% per year.
 - iii. Current dock rates are 25-60% below rates being charged by private entities in Scituate Harbor.
 - iv. Prior to 2021, rates had not increased for approximately 12 years.
 - v. At the beginning of 2021 dock rates were raised to \$110 / per linear foot for Scituate residents, roughly 95% of slips are leased to residents. Non-residents pay \$140 / per linear foot. This is an increase of \$10 / per linear foot over 2020.

- vi. In 2022, the owners of the Mill Warf Docks, TPG, raised rates from \$200 to \$270, a 30% increase.
- vii. Scituate Yacht Club (SYC) raised rates in 2022 by 8-10%.
 - 1. Waterways committee members indicated the rate for SYC is approximately \$140 per linear foot.
- d. **Finding:** In light of the current inflationary environment and the fact that the expense for the dock replacement has doubled, it is unreasonable for the Waterways Committee to expect the town approve \$1,275,000 increased without a requiring a subsequent increase in dock rates.
 - i. Members of the Waterways Committee suggested that boat owners are paying for the dock improvement through their dock fees. While that is true of any service purchased, that contention ignores that the boat slip fees are at a substantial discount to prevailing market rates.
 - ii. In our consideration, there is no reason why this particular service that is used by just 172 boaters, should be receiving such a large discount. Using 23 feet as the average boat size and the range of difference between private rates being charged in Scituate Harbor, boat owners are receiving a town subsidy benefit of \$920-\$3,680 per year.
 - 1. If the rates were increase to a level consistent with the market, there would be more retained earnings generated that would allow the Waterways Commission more flexibility when investigating other capital improvement projects.
- e. **Recommendation:** Capital Planning suggests that rates be raised that is more commiserate with current prevailing rates. Capital Planning could not tie a rate increase to the approval of the requested capital expense.
- f. **Motion 1)** Recommend that waterways increase rates for additional capital expenses, Approve 6-0.
- g. **Motion 2)** Recommend approving the additional borrowing of \$1,275,000 to be funded out of debt service. Vote: 6-0.
- B. School Department – Replace the roof on Jenkins School.
 - a. **Finding:** Presentation by Dr Dutch for solar subsidized roof repair.
 - i. Dr. Dutch proactively solicited Solect to research solar power on school roofs.
 - 1. Potential savings on power consumed by the school would be from approximately 400,000 KWH generation capacity from solar panel installation.
 - ii. Novitium, 2nd company, provided unsolicited proposal for solar panels on SHS, and Jenkins, that would eliminate the capital cost for the currently budgeted expenses to replace the roof on SHS and Jenkins. Highlighted details of their proposal are:
 - 1. Sell power at \$0.13 / KWH with 2% increase per year
 - 2. Current power rate that the school pays is \$0.17 / KWH
 - 3. This proposal pays for the first cost of the two roofs, Jenkins and HS
 - iii. Solect Proposal,
 - 1. Sell power to SPS at \$.09 / KWH, with no escalator

- 2. This proposal does not pay for the first cost of the roofs, Jenkins and HS.
 - iv. Gates is not being considered for roof replacement since the roof is new, nor is it being considered at this point for solar panels. The warranty on the new Gates roof could be affected by solar panels. This is a detail that would need to be determined by the School Administration prior to examining the feasibility of installing solar panels.
 - v. Both proposals by Solect and Novitium stipulate that National Grid would have to approve the request by SHS and the Town to add solar energy. Currently, the Town has reached its maximum allocation of renewable energy. Given the increase in energy usage over the last few years, it is possible that a reassessment by National Grid will increase the renewable energy benchmark for Scituate allowing for solar panels to be added at the schools.
 - vi. Funding request is being made even though it is contingent on whether solar power can be put on Jenkins roof. Town / State procedure requires that funding approval is secured prior to pursuing the feasibility of using solar power installation to offset costs to install roof on Jenkins ES.
 - b. **Motion:** To approve of the borrowing \$1,235,000 for the replacement of Jenkins roof.
Approve 6-0
- V. July 26 Minutes: **Motion:** Approve meeting minutes of July 26, Approve 4, Abstain, 2.