**Town of Wales**

**Finance Committee Meeting Agenda**

Thursday, November 23, 2016 @ 6:00 PM

Town Hall, Selectmen’s office

In attendance: Kimberly Jorge, Roy Lainson, Bill Darnley

**CALL TO ORDER**

Meeting was called to order at 6:23pm

**MINUTES**

None

**OLD BUSINESS**

None

**NEW BUSINESS**

*Review of draft proposal to BOS regarding WHD Backhoe-Loader*

Roy presented a letter summarizing the WHD proposal for the BOS. The estimated value of the loader before the incident was $15,000 due to transmission issues and the current value as a trade-in is around $5,000. We will be done paying for the tanker at FY20. Bruce is going to look into ensuring that we have an insurance policy that will be acceptable to the leasing company. We have quotes for four different scenarios including a five year lease plan, a six year lease plan, a five year lease plan with a $30,000 down payment and a six year lease plan with a $30,000 down payment.

Mike questions how much money is in the capital planning account. The figure was not currently available. The money in capital stabilization is tied up with tanker payments and is therefore off the table for the next three fiscal years. Bruce proposes that Chapter 90 funds be used. This money is state funding that is meant to be used for road maintenance. Another approach would be repairing the current loader for approximately $8,800 in addition to rental expenses. Bruce insists that the transmission is going to fail and will therefore not be worth repairing. He does not have an estimate on replacing the transmission, but expects that it would cost approximately $10,000.

Bruce has $36,00-37,000 in Chapter 90. He proposes $22,000 be used toward a down payment in addition to the trade-in and the money from the rental, which would total $30,000 toward the down payment.

*Meeting with BOS: proposal regarding WHD Backhoe-Loader: Michael Milanese and Ed Boyce are in attendance*

Roy summarized the proposal: the backhoe loader had incurred major damage. Per the road commissioner, the cost to repair the piece of equipment is $8,250 and its transmission is already failing. Repairing it may not be indicated, but it is an option. At the last annual town meeting, the tanker purchase was approved, which will cost $35,000 over the next three years. The state bid price for a new backhoe loader would be $116,900. The finance committee proposes a five year lease with a $30,000 down payment to decrease the annual payment. The $3,000 already paid in rental expenses will be subtracted from the first year. The trade-in value of the current backhoe loader is $5,000. The remaining $22,000 is proposed to come from Chapter 90. This plan does not require a town meeting or an increase in taxes. The interest rate is 2.75%. $18,904 annual payment would come out of Chapter 90. We propose that the entire lease be paid off after the tanker is paid off in FY20. The cost to pay off the loader in FY20 is estimated to be $53,694. Free cash or capital stabilization may be used to pay down the lease as available prior to that year. Ed expressed that this is an allowable Chapter 90 expense, but he also expressed concern that there may not be enough Chapter 90 money for road maintenance over the next couple years if this Chapter 90 money is relied upon for this lease payment expense of the next five years. The annual average Chapter 90 total is $107,000/year.

The BOS questions how much time there is to make a decision. The rental is a month rental and we are two days in.. The only limiting factor for making a decision is the time it would take to repair it if that is the option that is decided upon.

Roy offered to attend the BOS meeting as a representative of the finance committee in support of this proposal.

Motion: Roy made a motion to have himself represent the finance committee at the BOS meeting.

Seconded by: Kimberly

All in favor.

Motion passed unanimously

MOTION TO ADJOURN

Motion: Roy made a motion to adjourn at 7:21pm

Seconded by Bill

All in favor

The meeting is adjourned