

FY17-22 Capital Budget Recommendation

UPDATED

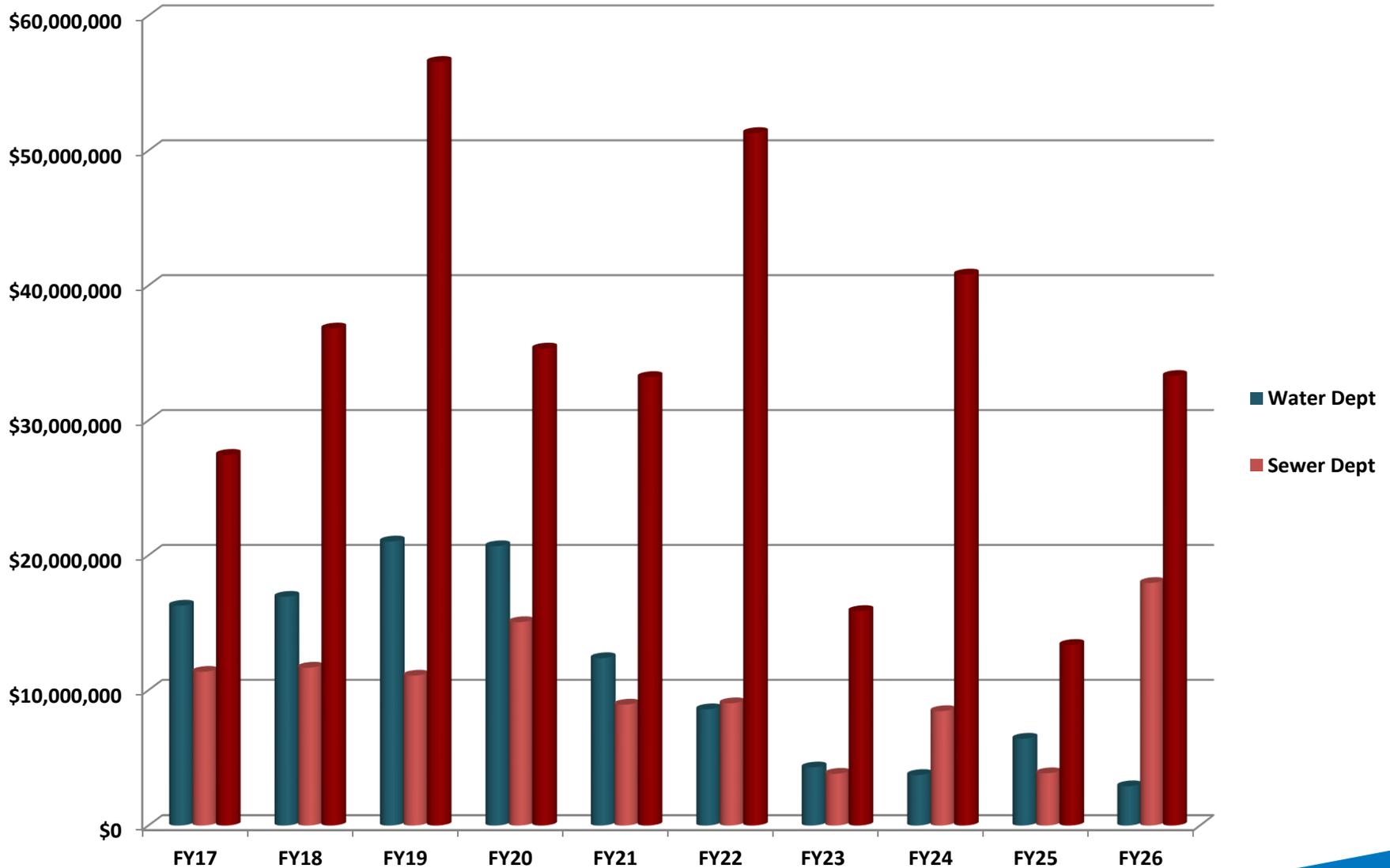
Capital Budget Committee

February 2, 2016

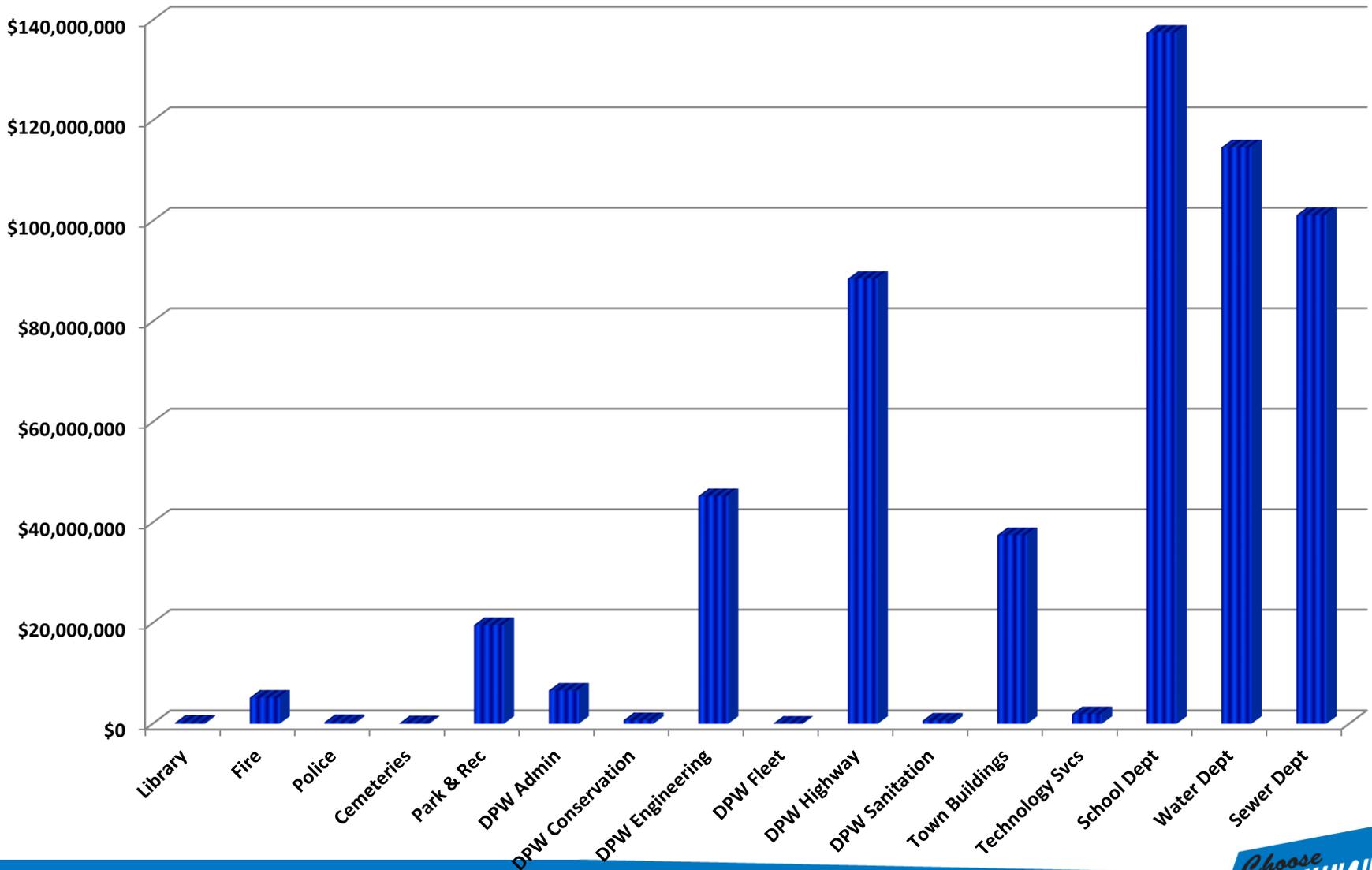
Decision-making Metrics

- Impact of the debt service on operating budget - 5 year look
 - Property tax levy cap and impact of residential tax bills
 - Increase in water and sewer rates
- Management capacity to complete projects promptly
 - Current backlog of approved projects not completed
 - Risks if project/purchase deferred to subsequent year
- Ability to obtain alternative sources of funding (grants, *no* interest loans, TELP)

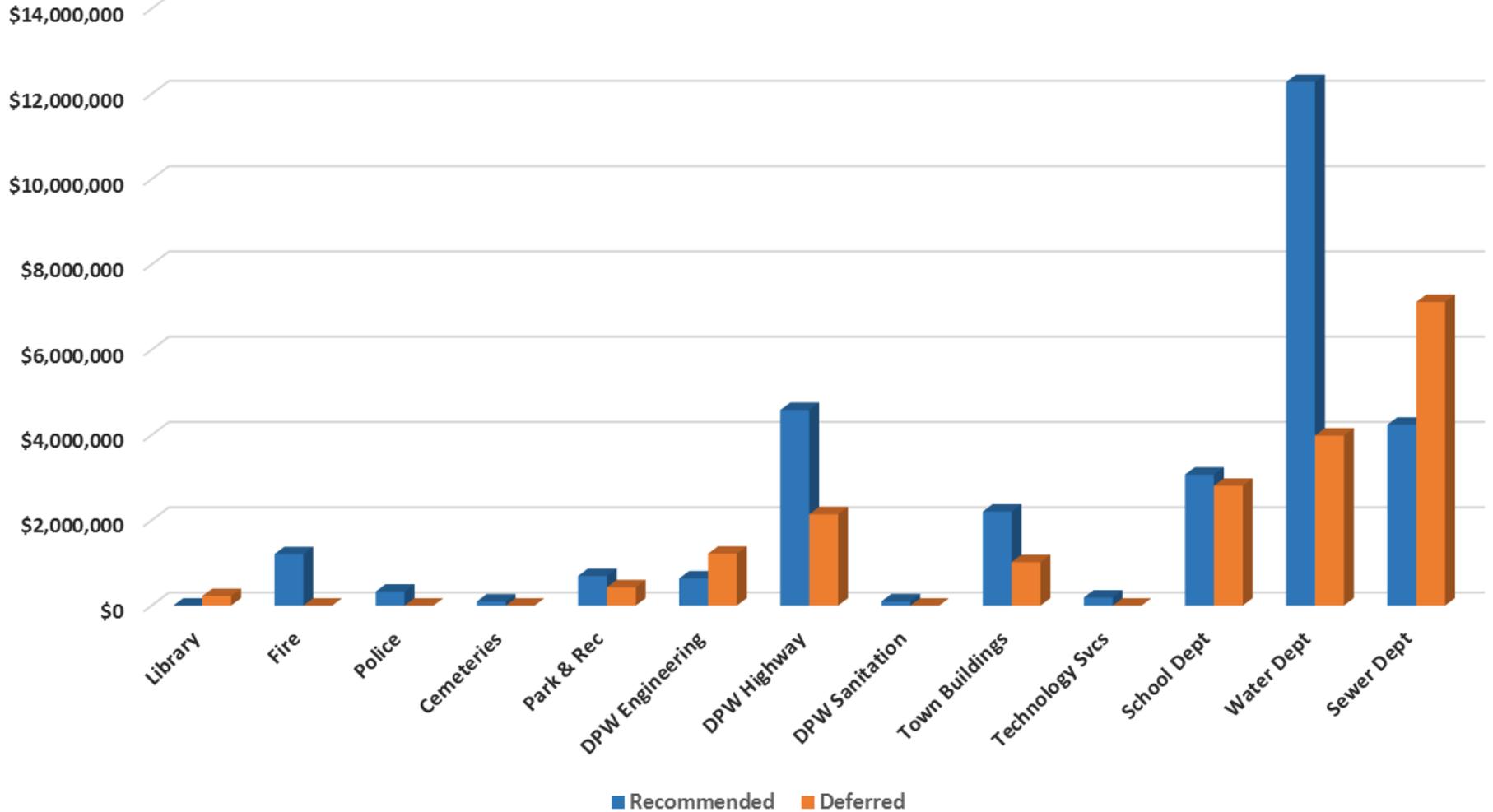
Capital Requests by Fund (w/o new school)



Total Requests by Department FY16-25 (10 Years)



FY17 Recomm/Defer by Dept



FY17 Recomm/Defer by Dept

Department	Requested	Recommended	Deferred	% Rec	% Def
Library	\$223,403	\$0	\$223,403	0%	100%
Fire	\$1,203,715	\$1,203,715	\$0	100%	0%
Police	\$325,687	\$325,687	\$0	100%	0%
Cemeteries	\$95,925	\$95,925	\$0	100%	0%
Park & Rec	\$1,118,794	\$690,800	\$427,994	62%	38%
DPW Engineering	\$1,850,000	\$635,000	\$1,215,000	34%	66%
DPW Highway	\$6,726,552	\$4,586,974	\$2,139,578	68%	32%
DPW Sanitation	\$98,466	\$98,466	\$0	100%	0%
Town Buildings	\$3,216,386	\$2,201,041	\$1,015,345	68%	32%
Technology Svcs	\$187,000	\$187,000	\$0	100%	0%
School Dept	\$5,880,000	\$3,070,000	\$2,810,000	52%	48%
Water Dept	\$16,264,270	\$12,279,270	\$3,985,000	75%	25%
Sewer Dept	\$11,361,910	\$4,241,910	\$7,120,000	37%	63%
Total General Fund	\$20,925,928	\$13,094,608	\$7,831,320	63%	37%
Total Utility Enterprise Fund	\$27,626,180	\$16,521,180	\$11,105,000	60%	40%

Notable Recommendations

- Memorial Bldg - design of envelope, roof and compliance project (\$700,000)
- Replace Fire Platform 1 (\$1.2M)
- Roadway Improvements (\$4.2M)
- Skate Park Construction (\$400K)
- School Technology Upgrades (\$1M)
- Stapleton School Paving/Site Work (\$1.4M)
- SSES Sewer Repairs Phase 1 (\$2.1M)
- Indian Head Water Tank Replcmnt (\$9.9M)
- Water Meter Replacement Phase 2 (\$1.04M)

Notable Deferrals

- Library Costin Room (\$223K)
- Callahan Senior Center (\$1M)
- Stormwater Master Plan (\$450K)
- Roadway Improvements (\$1.8M)
- Annual Traffic Calming (\$200K)
- Stapleton School Masonry Repointing (\$1M)
- School HVAC (\$900K)

Debt Service

- The annual amounts needed to “pay down” the bonds
 - aka Loan payments
- This is an operating budget expense
 - Competes with other budget priorities like police, school, fire, DPW, Park & Rec and Economic Development
 - Impacts our ability to manage the increase in the tax levy
 - Effects the increase in water and sewer rates

Debt Service Impact

FY2017-2022 General Fund Debt Service Impact (FY18 School excluded)

General Fund	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
General Fund Estimated Revenue	\$ 263,932,315	\$ 270,740,769	\$ 279,510,213	\$ 288,587,732	\$ 296,860,680	\$ 306,657,082
Debt Service Policy Limit of 5%	\$ 13,196,616	\$ 13,537,038	\$ 13,975,511	\$ 14,429,387	\$ 14,843,034	\$ 15,332,854
Existing General Fund Debt Service Total	\$ 12,912,044	\$ 11,410,206	\$ 9,846,373	\$ 8,050,568	\$ 5,622,522	\$ 4,910,434
Authorized but Unissued Total	\$ 418,136	\$ 3,182,356	\$ 3,067,754	\$ 3,185,896	\$ 3,083,728	\$ 2,987,923
Total Debt Service on Existing General Fund Debt	\$ 13,330,180	\$ 14,592,562	\$ 12,914,127	\$ 11,236,464	\$ 8,706,250	\$ 7,898,357
LESS State Debt Service Reimbursements	\$ (2,510,995)	\$ (2,510,995)	\$ (2,129,671)	\$ (2,129,671)	\$ (2,129,671)	\$ (2,129,667)
Net Available Debt Service	\$ 10,819,185	\$ 12,081,567	\$ 10,784,456	\$ 9,106,793	\$ 6,576,579	\$ 7,898,357
Debt Service for FY2017 Capital Budget Projects	\$ 209,160	\$ 1,224,814	\$ 1,237,284	\$ 1,203,398	\$ 1,171,743	\$ 1,140,089
Debt Service for FY2018 Capital Plan Projects*		\$ 656,879	\$ 3,714,049	\$ 3,536,425	\$ 3,447,617	\$ 3,358,802
Debt Service for FY2019 Capital Plan Projects*			\$ 900,706	\$ 5,240,813	\$ 4,972,544	\$ 4,838,407
Debt Service for FY2020 Capital Plan Projects*				\$ 706,564	\$ 4,098,172	\$ 3,883,365
Debt Service for FY2021 Capital Plan Projects*					\$ 664,254	\$ 3,398,789
Debt Service for FY2022 Capital Plan Projects*						\$ 795,532
Subtotal Future Debt Service:	\$ 209,160	\$ 1,881,693	\$ 5,852,039	\$ 10,687,200	\$ 14,354,330	\$ 16,619,452
New (Gross) Debt Service	\$ 13,539,340	\$ 16,474,255	\$ 18,766,166	\$ 21,923,664	\$ 23,060,580	\$ 24,517,809
LESS State Debt Service Reimbursements	\$ (2,510,995)	\$ (2,510,995)	\$ (2,129,671)	\$ (2,129,671)	\$ (2,129,671)	\$ -
Net Debt Service Calculation for Policy Limit	\$ 11,028,345	\$ 13,963,260	\$ 16,636,495	\$ 19,793,993	\$ 20,930,909	\$ 24,517,809
Percentage of Operating Budget	4.2%	5.2%	6.0%	6.9%	7.1%	8.0%

*Assumes most projects requested in FY18 to FY22 are authorized and debt service is calculated. Each year is evaluated as they are authorized and reduced by vote of Town Meeting to not exceed available budget. Assumes MA School Building Authority funding for future projects.

Water Department DS

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	
WATER DEPARTMENT	Estimated Water Department Budget							
	Excluding Indirect Costs	\$ 20,456,783	\$ 22,093,326	\$ 23,860,792	\$ 25,769,655	\$ 27,831,228	\$ 30,057,726	
	<i>Uniform increase assumed per year:</i>	8%						
	Debt Service Benchmark*	20%	\$ 4,091,357	\$ 4,418,665	\$ 4,772,158	\$ 5,153,931	\$ 5,566,246	\$ 6,011,545
	Existing Fund Debt	\$ 5,408,799	\$ 5,158,562	\$ 4,975,113	\$ 4,690,300	\$ 4,475,733	\$ 4,334,095	
	Authorized but Unissued	\$ 482,554	\$ 2,593,381	\$ 3,241,942	\$ 3,155,095	\$ 3,086,036	\$ 3,016,979	
	Total Existing Fund Debt	\$ 5,891,353	\$ 7,751,943	\$ 8,217,055	\$ 7,845,395	\$ 7,561,769	\$ 7,351,074	
	Current Available Debt within Debt Target*	\$ (1,799,997)	\$ (3,333,278)	\$ (3,444,896)	\$ (2,691,464)	\$ (1,995,523)	\$ (1,339,529)	
	Debt Service for FY2017 Capital Budget Projects	\$ 134,851	\$ 762,093	\$ 1,024,403	\$ 994,829	\$ 972,640	\$ 950,453	
	Debt Service for FY2018 Capital Plan Projects		\$ 312,600	\$ 1,642,663	\$ 1,567,367	\$ 1,529,721	\$ 1,492,076	
	Debt Service for FY2019 Capital Plan Projects			\$ 409,988	\$ 1,788,175	\$ 1,712,655	\$ 1,674,896	
	Debt Service for FY2020 Capital Plan Projects				\$ 413,423	\$ 4,246,196	\$ 3,972,649	
	Debt Service for FY2021 Capital Plan Projects					\$ 247,443	\$ 1,743,880	
	Debt Service for FY2022 Capital Plan Projects						\$ 171,720	
	Subtotal Future Debt Service:	\$ 134,851	\$ 1,074,693	\$ 3,077,054	\$ 4,763,794	\$ 8,708,655	\$ 10,005,674	
New Debt Service	\$ 6,026,204	\$ 8,826,636	\$ 11,294,109	\$ 12,609,189	\$ 16,270,424	\$ 17,356,748		

Sewer Department DS

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	
SEWER DEPARTMENT	Estimated Sewer Department Budget							
	Excluding Indirect Costs	\$ 26,208,405	\$ 28,305,078	\$ 30,569,484	\$ 33,015,043	\$ 35,656,246	\$ 38,508,746	
	<i>Uniform increase assumed per year:</i>	8%						
	Debt Service Benchmark*	20%	\$ 5,241,681	\$ 5,661,016	\$ 6,113,897	\$ 6,603,009	\$ 7,131,249	\$ 7,701,749
	Existing Fund Debt	\$ 8,188,251	\$ 7,852,863	\$ 7,692,381	\$ 7,504,542	\$ 7,232,371	\$ 6,999,826	
	Authorized but Unissued	\$ 695,753	\$ 4,327,255	\$ 5,174,162	\$ 5,024,780	\$ 4,900,925	\$ 4,777,071	
	Herbert St Debt Service Pmnt from Ashland	(\$94,636)	(\$94,523)	(\$94,407)	(\$94,289)	(\$94,170)	(\$94,170)	
	Total Existing Fund Debt	\$ 8,789,368	\$ 12,085,595	\$ 12,772,136	\$ 12,435,033	\$ 12,039,126	\$ 11,682,727	
	Current Available Debt within Debt Target*	\$ (3,547,686)	\$ (6,424,580)	\$ (6,658,239)	\$ (5,832,024)	\$ (4,907,876)	\$ (3,980,978)	
	Debt Service for FY2017 Capital Budget Projects	\$ 78,475	\$ 391,587	\$ 374,224	\$ 365,542	\$ 356,861	\$ 348,179	
	Debt Service for FY2018 Capital Plan Projects		\$ 215,853	\$ 1,073,768	\$ 1,026,255	\$ 1,002,499	\$ 978,744	
	Debt Service for FY2019 Capital Plan Projects			\$ 216,002	\$ 1,055,382	\$ 1,006,757	\$ 982,445	
	Debt Service for FY2020 Capital Plan Projects				\$ 300,841	\$ 1,253,203	\$ 1,201,080	
	Debt Service for FY2021 Capital Plan Projects					\$ 178,607	\$ 870,114	
	Debt Service for FY2022 Capital Plan Projects						\$ 180,605	
Subtotal Future Debt Service:		\$ 78,475	\$ 607,440	\$ 1,663,994	\$ 2,748,020	\$ 3,797,927	\$ 4,561,167	
New Debt Service		\$ 8,867,843	\$ 12,693,035	\$ 14,436,130	\$ 15,183,053	\$ 15,837,053	\$ 16,243,894	

Near Term Debt Service Reduction

General Fund	FY17	FY18	FY19	FY20	FY21	FY22
Reduced impact on operating budget	-\$160,179	-\$1,032,701	-\$907,840	-\$885,529	-\$860,985	-\$836,443
Water Fund	FY17	FY18	FY19	FY20	FY21	FY22
Reduced impact on operating budget	-\$166,038	-\$824,460	-\$489,277	-\$482,414	-\$468,165	-\$453,917
Sewer Fund	FY17	FY18	FY19	FY20	FY21	FY22
Reduced impact on operating budget	-\$131,720	-\$685,840	-\$654,583	-\$638,953	-\$623,325	-\$607,696

Capital - No Borrowing

- Athenaeum Hall Phase 1: \$1M
 - Appropriate PUD access payment *(from Free Cash)*
- Archived Document Scanning: \$187,000
 - Fund from Free Cash, cannot borrow
- Town Technology Upgrade *(Separate article at Town Meeting)*
 - Opportunity to do major upgrade via a state vendor lease program that is less expensive than borrowing
 - Firewall, LAN-Wireless, VOIP Phone upgrades
 - 5 year lease with \$1 buyout at end
 - Est \$1.25 million at \$250,000/year pmt