

FY17-22 Capital Budget Recommendation

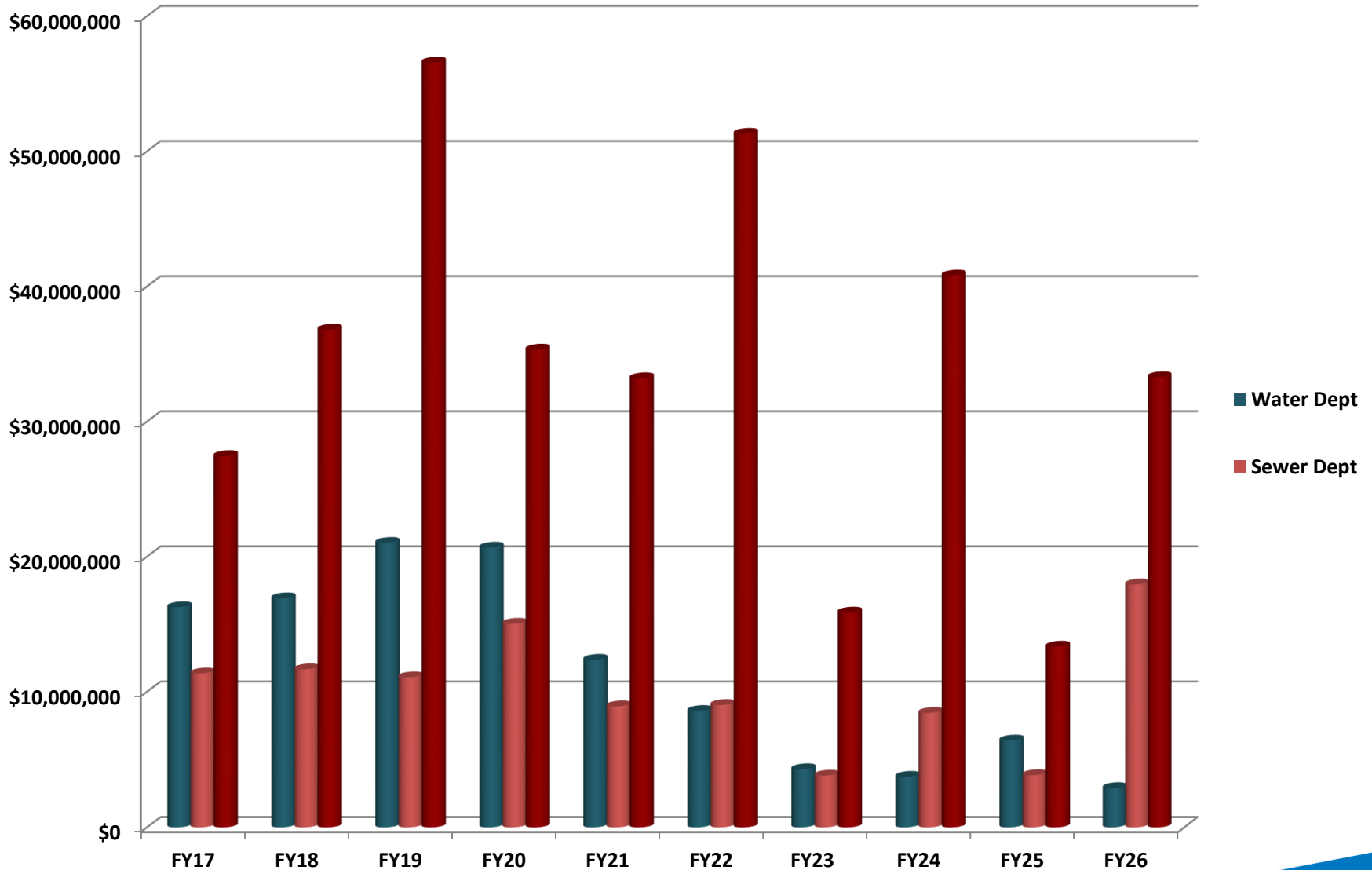
2016

Annual Town Meeting

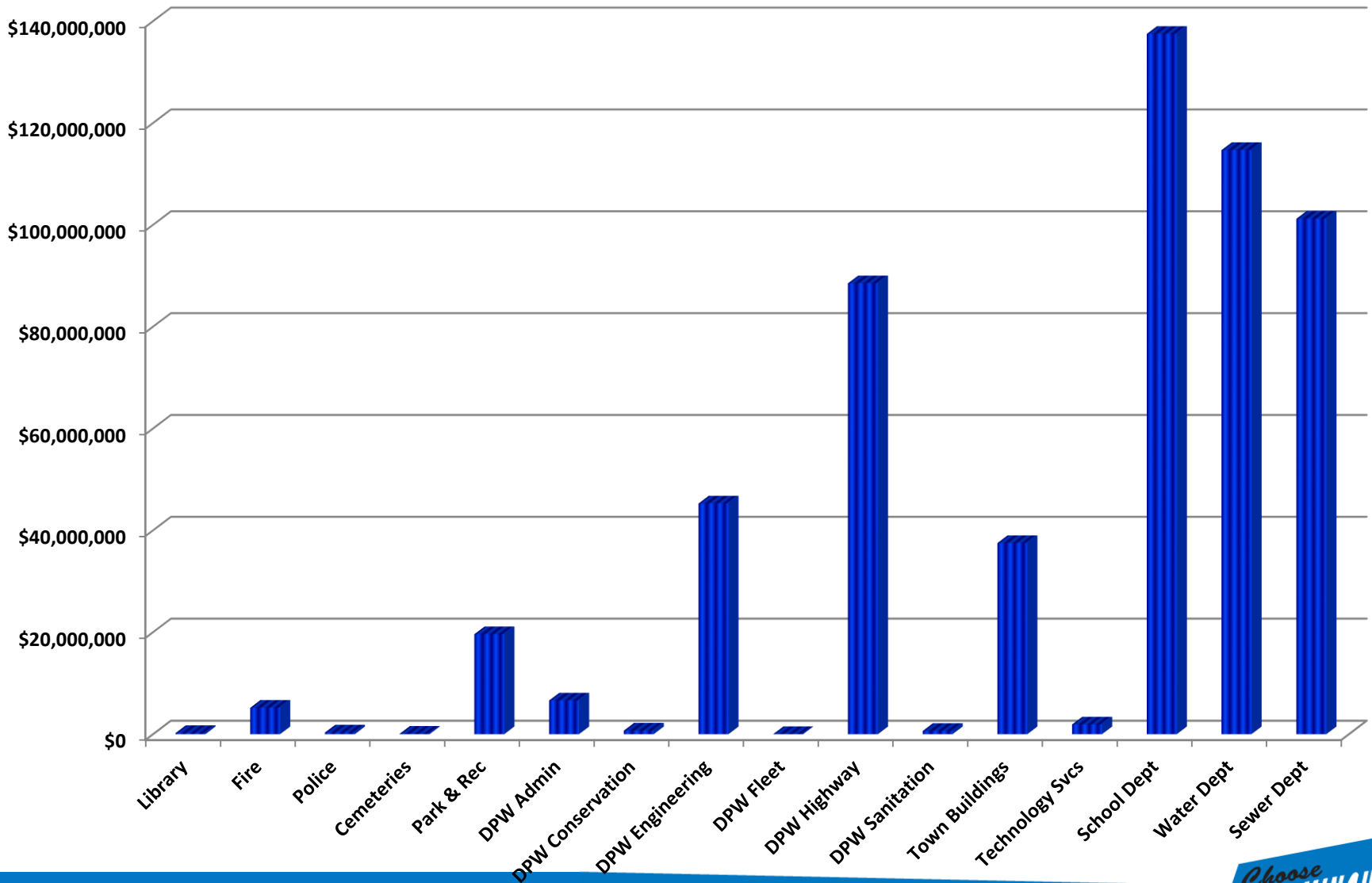
Decision-making Metrics

- 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)

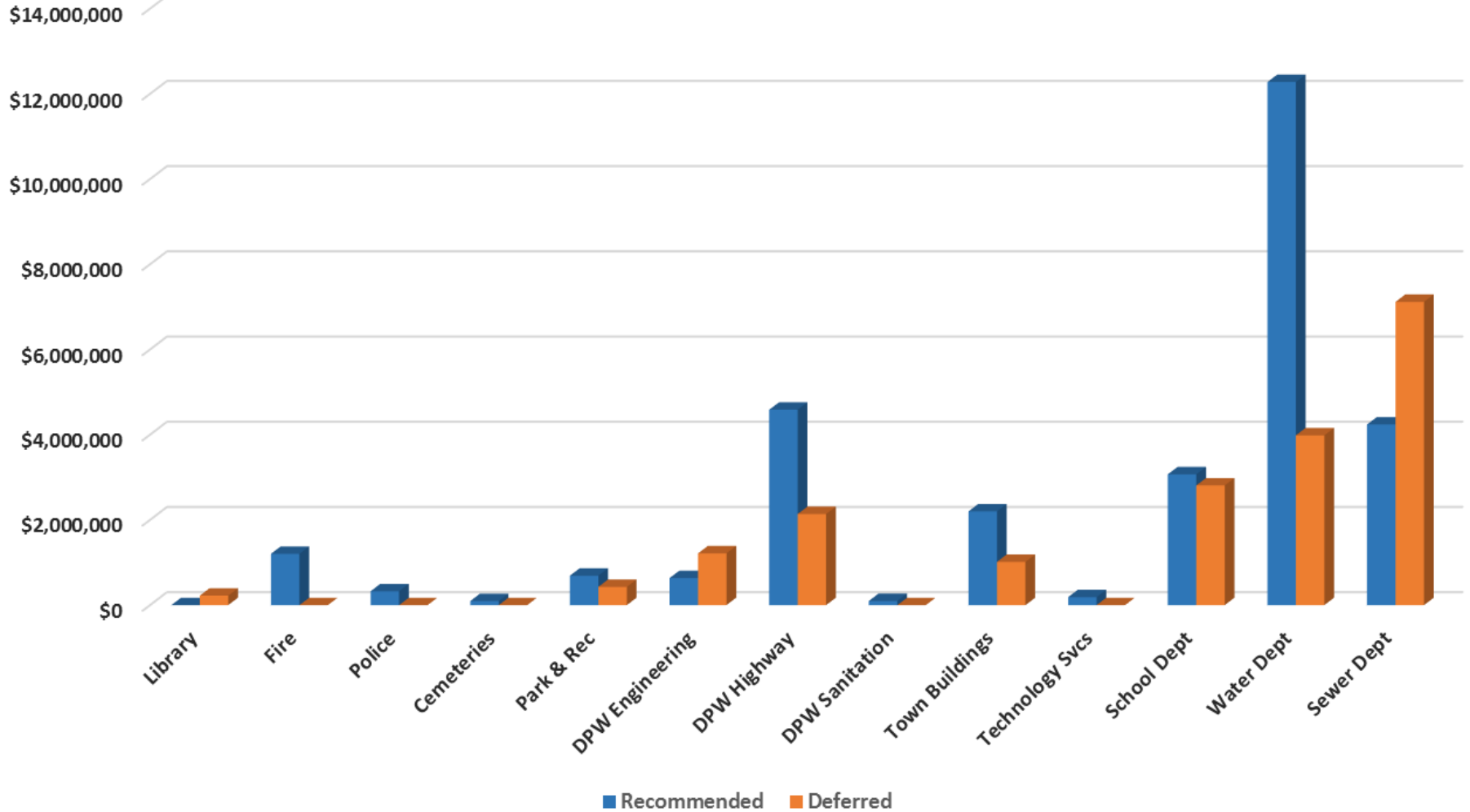
Capital Requests by Fund (w/o new school)



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 (\$482,000)
- Fire Station 5 Repairs (\$555,292)
- 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