

FY15-20 Capital Budget Project Requests

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BOS Feedback Solicitation

January 14, 2014

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Why Have a Capital Budget?

- There is more than \$1 Billion in Town owned infrastructure (roads, water, sewer), buildings (school and municipal), parks, equipment and technology that will be ruined without upkeep and investment
- The Town does not have the financial resources to pay cash for the purchase of replacement, repair and maintenance of these assets
- Therefore we borrow and pay back over time

Capital Budget Process

- Departments submit a six year capital request (Oct/Nov)
- Projects are reviewed using a matrix that includes financial, legal, public health and safety, maintenance and customer service criteria
- Recommendations drafted and reviewed with Division Heads and Town Manager for final recommendations
 - Synchronize with overall policy goals
 - Selectmen input requested during this time frame
- Final recommendation to Capital Budget Committee by 90 days prior to start of ATM

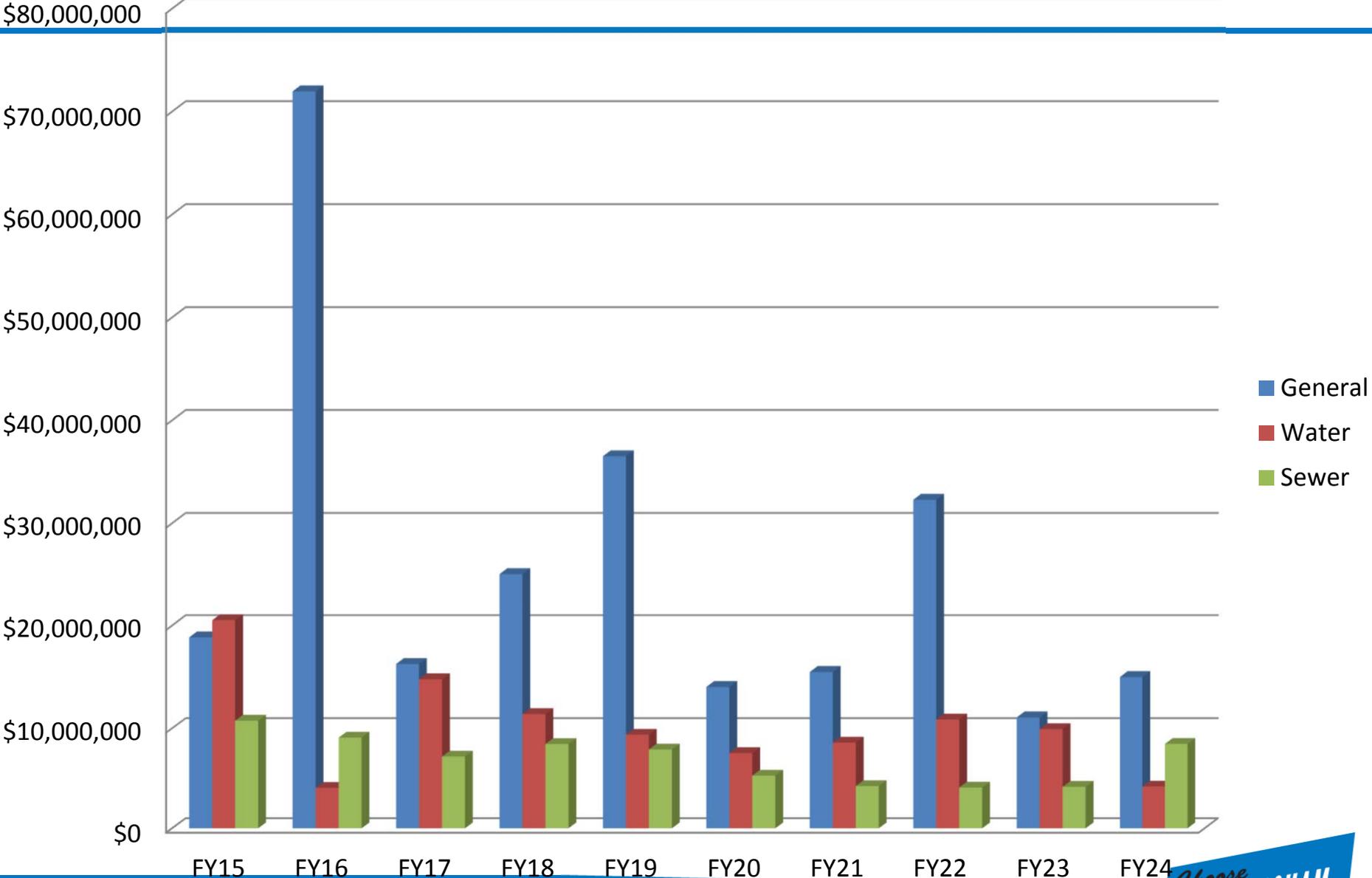
Global Decision-making Metrics

- Impact of the debt service incurred on operating budget near term (not just current FY)
 - Property tax levy cap and impact of residential tax bills
 - Increase in water and sewer rates
- Management capacity to complete projects promptly
- Ability to obtain alternative sources of funding (grants, *no* interest loans)

Capital Project Requests

- The Town Building Long Range Plan is NOT included in this plan yet
- The ESCO is not included in this plan, as it will have its own financing and funding stream and will be a separate Town Meeting article to approve
- School building projects do NOT assume MSBA funding
- There are school buildings in flux at this moment that will likely add a relatively small school renovation project for FY15

Capital Project Requests by Fund FY15-FY24

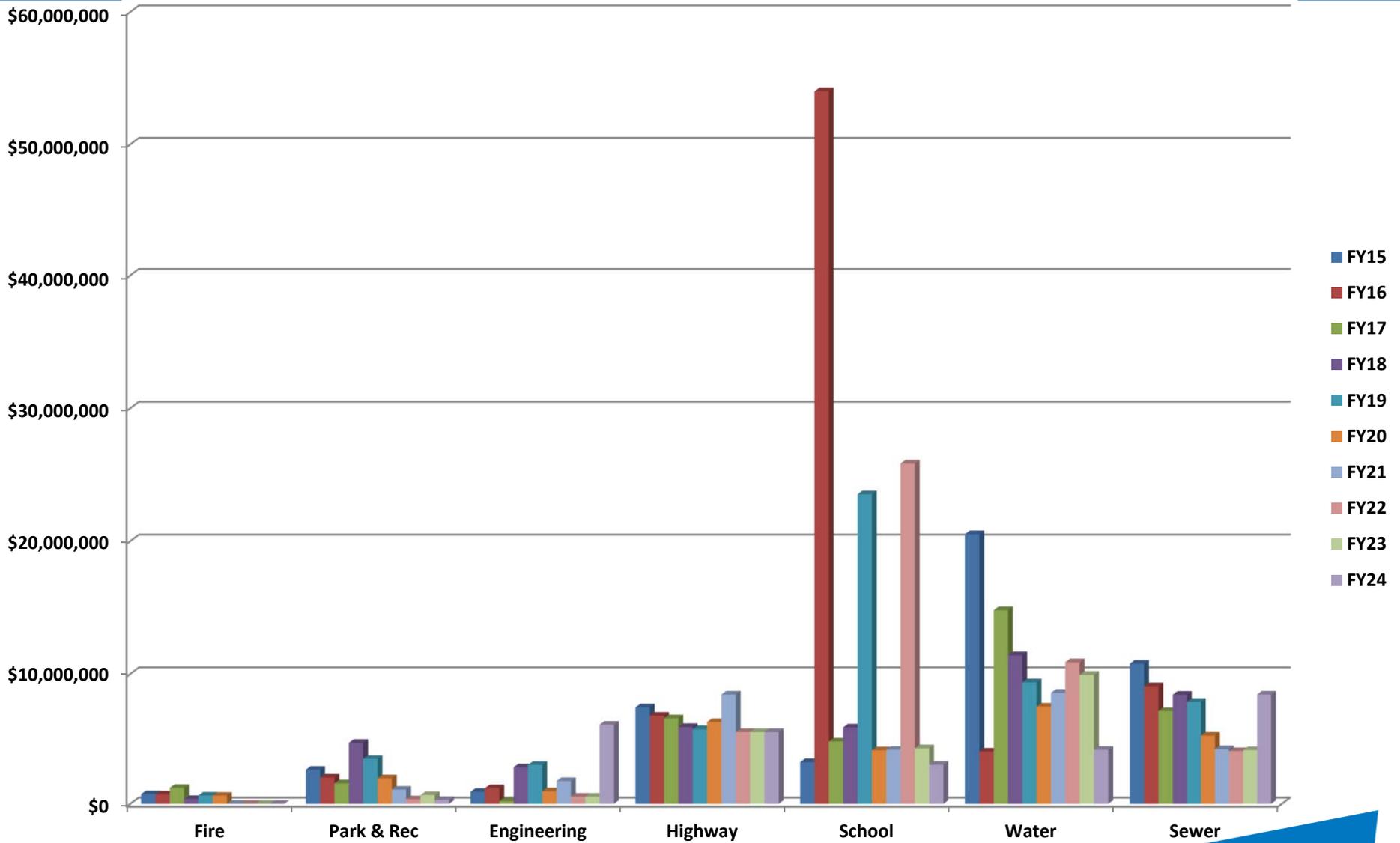


Capital Requests by Dept by FY

Department	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Dept Totals
Fire	\$742,036	\$726,575	\$1,234,723	\$380,363	\$643,000	\$627,411	\$0	\$0	\$0	\$0	\$4,354,108
Library	\$194,560	\$410,320	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$604,880
Park & Rec	\$2,640,162	\$2,033,592	\$1,582,939	\$4,722,170	\$3,473,229	\$1,974,534	\$1,098,863	\$350,204	\$679,245	\$304,337	\$18,859,275
Cemetery	\$126,975	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$151,975
Council on Aging	\$138,612	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$138,612
Loring Arena	\$0	\$5,067,840	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,067,840
DPW Admin	\$0	\$0	\$600,000	\$4,000,000	\$0	\$0	\$0	\$0	\$0	\$0	
Engineering	\$935,000	\$1,215,750	\$197,750	\$2,830,425	\$3,014,500	\$971,000	\$1,767,500	\$551,950	\$554,650	\$6,125,000	\$18,163,525
Highway	\$7,461,775	\$6,816,700	\$6,621,794	\$5,940,612	\$5,777,585	\$6,328,909	\$8,450,000	\$5,550,000	\$5,550,000	\$5,550,000	\$64,047,375
Fleet	\$16,150	\$0	\$144,801	\$133,531	\$0	\$0	\$0	\$0	\$0	\$0	\$294,482
Sanitation	\$2,383,990	\$1,298,154	\$411,984	\$455,391	\$0	\$0	\$0	\$0	\$0	\$0	\$4,549,519
Police	\$200,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,500
School	\$3,226,000	\$54,007,363	\$4,823,293	\$5,906,385	\$23,520,600	\$4,141,760	\$4,179,300	\$25,834,920	\$4,300,500	\$3,024,000	\$132,964,121
Technology Services	\$500,113	\$373,000	\$651,000	\$625,580	\$90,000	\$0	\$0	\$0	\$0	\$0	\$2,239,693
Town Owned Buildings	\$293,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$293,000
Water	\$20,522,300	\$4,043,119	\$14,792,746	\$11,406,822	\$9,360,406	\$7,524,537	\$8,575,125	\$10,880,000	\$9,932,500	\$4,180,000	\$101,217,555
Sewer	\$10,765,694	\$9,071,410	\$7,175,026	\$8,436,868	\$7,888,002	\$5,272,942	\$4,225,000	\$4,077,500	\$4,150,000	\$8,450,000	\$69,512,442
FY Total	\$18,858,873	\$71,974,294	\$16,268,284	\$24,994,457	\$36,518,914	\$14,043,614	\$15,495,663	\$32,287,074	\$11,084,395	\$15,003,337	\$256,528,905



Large Dept Request by FY



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

FY2015-2020 General Fund Debt Service Impact

General Fund	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
General Fund Estimated Revenue	\$ 249,521,333	\$ 255,205,618	\$ 263,250,627	\$ 271,484,234	\$ 281,132,470	\$ 291,253,239
Debt Service Policy Limit of 5%	\$ 12,476,067	\$ 12,760,281	\$ 13,162,531	\$ 13,574,212	\$ 14,056,623	\$ 14,562,662
Existing General Fund Debt Service Total	\$ 10,964,054	\$ 8,793,930	\$ 7,923,628	\$ 6,816,049	\$ 5,585,642	\$ 4,214,582
Authorized but Unissued Total	\$ 454,084	\$ 2,390,061	\$ 2,256,214	\$ 2,206,729	\$ 2,157,245	\$ 2,107,765
Total Debt Service on Existing General Fund Debt	\$ 11,418,138	\$ 11,183,991	\$ 10,179,842	\$ 9,022,778	\$ 7,742,887	\$ 6,322,347
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	\$ 8,907,143	\$ 8,672,996	\$ 8,050,171	\$ 6,893,107	\$ 5,613,216	\$ 4,192,680
Debt Service for FY2015 Capital Plan Projects*	\$ 368,775	\$ 2,284,720	\$ 2,158,403	\$ 2,098,254	\$ 2,038,113	\$ 1,977,973
Debt Service for FY2016 Capital Plan Projects*		\$ 1,403,503	\$ 6,730,499	\$ 6,424,462	\$ 6,271,452	\$ 6,118,433
Debt Service for FY2017 Capital Plan Projects*			\$ 325,367	\$ 1,996,049	\$ 1,888,423	\$ 1,834,611
Debt Service for FY2018 Capital Plan Projects*				\$ 499,891	\$ 2,594,033	\$ 2,382,588
Debt Service for FY2019 Capital Plan Projects*					\$ 330,378	\$ 1,672,060
Debt Service for FY2020 Capital Plan Projects*						\$ 280,875
Subtotal Future Debt Service:	\$ 368,775	\$ 3,688,223	\$ 9,214,269	\$ 11,018,656	\$ 13,122,399	\$ 13,985,665
New (Gross) Debt Service	\$ 11,786,913	\$ 14,872,214	\$ 19,394,111	\$ 20,041,434	\$ 20,865,286	\$ 20,308,012
LESS State Debt Service Reimbursements	\$ (2,510,995)	\$ (2,510,995)	\$ (2,129,671)	\$ (2,129,671)	\$ (2,129,671)	\$ (2,129,667)
Net Debt Service Calculation for Policy Limit	\$ 9,275,918	\$ 12,361,219	\$ 17,264,440	\$ 17,911,763	\$ 18,735,615	\$ 18,178,345
Percentage of Operating Budget	3.7%	4.8%	6.6%	6.6%	6.7%	6.2%

*Assumes all projects requested in FY16 to FY20 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.



General Fund Debt Service

- Assumes all project request for FY16-20 are approved
 - We generally approve 60-80%
 - This projections is \$1.2 million less than what was built into the long range forecast for FY15
 - However, the out years are higher - significantly in FY16, FY19 and FY20 because the debt service schedule assumed MSBA funding - now it does not

Water Fund Debt Service Projection

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	
WATER ENTERPRISE FUND	Estimated Water Enterprise Budget							
	Excluding Indirect Costs	\$ 17,346,626	\$ 18,734,356	\$ 20,233,105	\$ 21,851,753	\$ 23,599,894	\$ 25,487,885	
	<i>Uniform increase assumed per year:</i>	8%						
	Debt Service Benchmark*	10%	\$ 1,734,663	\$ 1,873,436	\$ 2,023,310	\$ 2,185,175	\$ 2,359,989	\$ 2,548,789
	Existing Fund Debt							
	Existing Fund Debt		\$ 5,198,132	\$ 4,565,253	\$ 4,224,533	\$ 4,084,728	\$ 3,948,779	\$ 3,715,341
	Authorized but Unissued		\$ 673,575	\$ 2,552,573	\$ 3,492,751	\$ 4,357,564	\$ 4,994,792	\$ 4,813,283
	Total Existing Fund Debt		\$ 5,871,707	\$ 7,117,826	\$ 7,717,284	\$ 8,442,292	\$ 8,943,571	\$ 8,528,624
	Current Available Debt within Debt Target*		\$ (4,137,045)	\$ (5,244,391)	\$ (5,693,973)	\$ (6,257,117)	\$ (6,583,582)	\$ (5,979,836)
	Debt Service for FY2015 Capital Budget Projects		\$ 400,188	\$ 1,731,335	\$ 1,658,720	\$ 1,622,412	\$ 1,586,103	\$ 1,549,797
	Debt Service for FY2016 Capital Budget Projects			\$ 78,839	\$ 396,432	\$ 377,809	\$ 368,500	\$ 359,186
	Debt Service for FY2017 Capital Budget Projects				\$ 295,855	\$ 1,480,984	\$ 1,409,842	\$ 1,374,271
	Debt Service for FY2018 Capital Budget Projects					\$ 228,134	\$ 1,029,374	\$ 983,525
	Debt Service for FY2019 Capital Budget Projects						\$ 187,208	\$ 979,257
	Debt Service for FY2020 Capital Budget Projects							\$ 150,491
	Subtotal Future Debt Service:		\$ 400,188	\$ 1,810,174	\$ 2,351,007	\$ 3,709,339	\$ 4,581,027	\$ 5,396,527
	New Debt Service		\$ 6,271,895	\$ 8,928,000	\$ 10,068,291	\$ 12,151,631	\$ 13,524,598	\$ 13,925,151



Sewer Fund Debt Service Projection

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	
SEWER ENTERPRISE FUND	Estimated Sewer Enterprise Budget							
	Excluding Indirect Costs	\$ 21,690,504	\$ 23,425,744	\$ 25,299,804	\$ 27,323,788	\$ 29,509,691	\$ 31,870,467	
	<i>Uniform increase assumed per year:</i>	8%						
	Debt Service Benchmark*	10%	\$ 2,169,050	\$ 2,342,574	\$ 2,529,980	\$ 2,732,379	\$ 2,950,969	\$ 3,187,047
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	Existing Fund Debt	\$ 5,923,412	\$ 5,411,051	\$ 5,294,955	\$ 5,146,410	\$ 5,091,699	\$ 5,049,023	
	Authorized but Unissued	\$ 2,369,883	\$ 5,929,517	\$ 5,766,595	\$ 5,685,134	\$5,603,675	\$5,522,213	
	Herbert St Debt Service Pmnt from Ashland	(\$94,747)	(\$94,636)	(\$94,523)	(\$94,407)	(\$94,289)	(\$94,170)	
	Total Existing Fund Debt	\$ 8,198,548	\$ 11,245,932	\$ 10,967,027	\$ 10,737,137	\$ 10,601,085	\$ 10,477,066	
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	Current Available Debt within Debt Target*	\$ (6,029,498)	\$ (8,903,357)	\$ (8,437,047)	\$ (8,004,758)	\$ (7,650,116)	\$ (7,290,019)	
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	Debt Service for FY2015 Capital Budget Projects	\$ 209,933	\$ 1,072,642	\$ 1,021,725	\$ 996,267	\$ 970,809	\$ 945,350	
	Debt Service for FY2016 Capital Budget Projects		\$ 176,893	\$ 890,061	\$ 848,231	\$ 827,318	\$ 806,401	
	Debt Service for FY2017 Capital Budget Projects			\$ 143,501	\$ 795,952	\$ 755,236	\$ 734,878	
Debt Service for FY2018 Capital Budget Projects				\$ 168,737	\$ 724,848	\$ 693,858		
Debt Service for FY2019 Capital Budget Projects					\$ 157,760	\$ 702,004		
Debt Service for FY2020 Capital Budget Projects						\$ 105,459		
Subtotal Future Debt Service:	\$ 209,933	\$ 1,249,535	\$ 2,055,287	\$ 2,809,187	\$ 3,435,971	\$ 3,987,950		
New Debt Service	\$ 8,408,481	\$ 12,495,467	\$ 13,022,314	\$ 13,546,324	\$ 14,037,056	\$ 14,465,016		

Enterprise Fund Debt Service

- Debt Service projection for water and sewer assumes 25 year financing for all applicable projects
- The Capital Budget plan for Water and Sewer Depts had been smoothed out which lessens the sharp annual increases in debt service
 - Forecast for Water and Sewer coming this month

Additional Discussion Points

- Amended debt service detail chart
 - Water fund future borrowing phased over more realistic schedule
- Still fine tuning the phasing of borrowing for projects not yet borrowed which can mitigate the annual increase in debt service for all three funds