



Capital Improvement Plan FY20-FY24

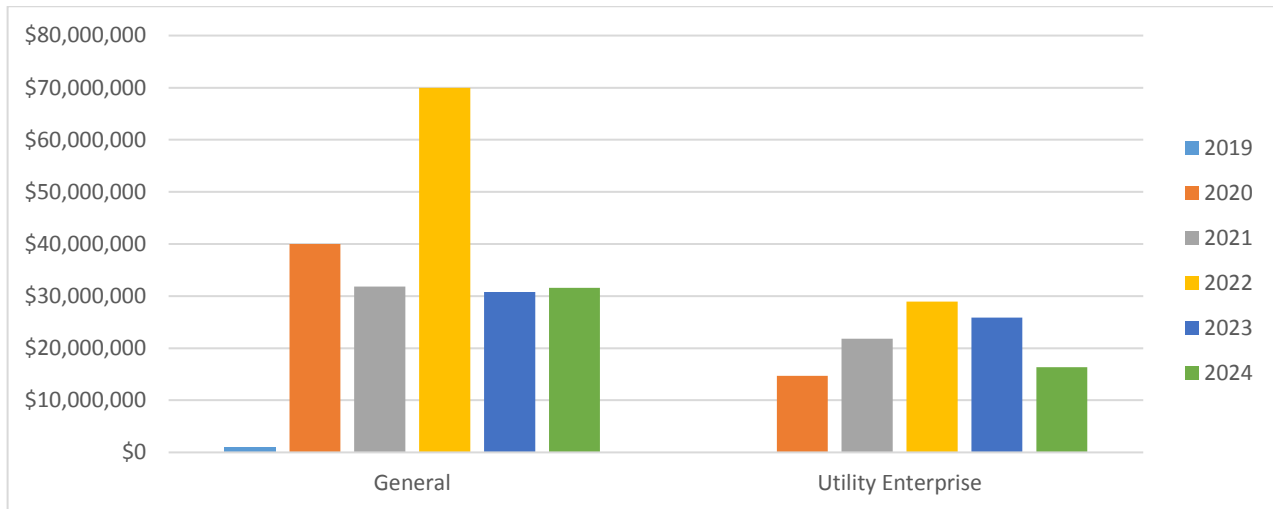
Overview



Investing in our capital infrastructure is essential to the efficient operation of the City. Whether the investment is in our water and sewer pipes and pump stations, or our roads and bridges, or our government and school

buildings, and all the equipment that helps us complete our work, an effective maintenance, repair and replacement plan is critical. The capital needs of the City total for the five year period FY20 - FY24 total \$312.9 million. The dollars broken down by fund is illustrated in the chart and graph below:

CIP Requests by Fund and Fiscal Year							
	2019	2020	2021	2022	2023	2024	Grand Total
General	\$1,065,923	\$39,998,034	\$31,836,859	\$69,960,385	\$30,768,850	\$31,592,380	\$205,222,431
Utility Enterprise		\$14,703,810	\$21,808,775	\$28,945,246	\$25,870,404	\$16,368,001	\$107,696,236
Grand Total	\$1,065,923	\$54,701,844	\$53,645,634	\$98,905,631	\$56,639,254	\$47,960,381	\$312,918,667

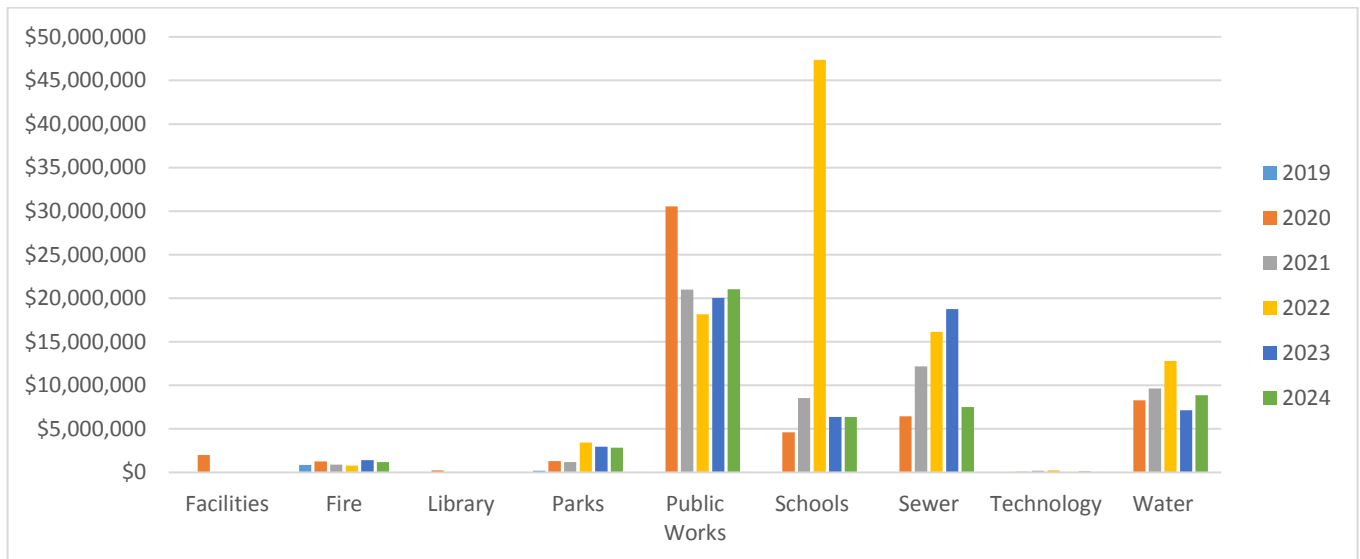


The Capital Improvement Plan covers many types of capital projects that replace, repair and maintain different assets. The chart below lists the CIP by asset type.

CIP Requests by Asset Type by FY							
	2019	2020	2021	2022	2023	2024	Grand Total
Building Mechanical		\$2,028,277	\$2,258,000	\$1,445,000	\$1,595,000	\$1,430,000	\$8,756,277
Building Structure		\$7,872,490	\$5,528,147	\$45,261,776	\$3,869,844	\$4,344,628	\$66,876,885
Infrastructure		\$177,000					\$177,000
Land/Open Space	\$201,190	\$90,000		\$1,360,001		\$5,000,001	\$6,651,192
Non-Rolling Equipment		\$721,850	\$579,079	\$300,000	\$300,000	\$1,500,000	\$3,400,929
Park Facilities		\$964,837	\$1,026,194	\$3,072,000	\$2,750,000	\$2,623,300	\$10,436,331
Pump Station Mechanical			\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000
Pump Station Structure		\$6,310,000		\$7,020,001	\$3,210,400	\$600,000	\$17,140,401
Roadway Infrastructure		\$19,555,500	\$17,160,000	\$12,610,002	\$12,635,000	\$14,260,000	\$76,220,502
Rolling Equipment	\$864,733	\$2,597,880	\$3,389,338	\$3,879,606	\$4,592,004	\$1,845,450	\$17,169,011
Sewer Piping		\$4,150,000	\$11,400,001	\$8,090,001	\$15,600,002	\$6,418,001	\$45,658,005
Stormwater Improvement		\$2,598,400	\$2,095,002	\$1,782,000	\$5,082,002	\$459,001	\$12,016,405
Technology Hardware		\$117,800	\$206,000	\$250,000		\$130,000	\$703,800
Utility Non-Rolling Equipment		\$3,534,000	\$250,000	\$250,000	\$250,000	\$250,000	\$4,534,000
Utility Rolling Equipment		\$643,810	\$303,872	\$668,242			\$1,615,924
Water Piping		\$3,265,000	\$6,950,001	\$12,417,002	\$6,255,002	\$8,600,000	\$37,487,005
Water Tank/Tower Structure		\$75,000	\$2,000,000				\$2,075,000
Grand Total	\$1,065,923	\$54,701,844	\$53,645,634	\$98,905,631	\$56,639,254	\$47,960,381	\$312,918,667

The Capital Improvement Plan includes all the major Framingham Departments. The requests by year by Division/Department is listed in the chart and illustrated in the bar graph below:

CIP Requests by Dept by FY							
	2019	2020	2021	2022	2023	2024	Grand Total
Facilities		\$2,005,490					\$2,005,490
Fire	\$864,733	\$1,257,756	\$900,000	\$780,000	\$1,400,000	\$1,200,000	\$6,402,489
Library		\$227,000					\$227,000
Parks	\$201,190	\$1,283,111	\$1,200,181	\$3,422,358	\$2,964,496	\$2,849,750	\$11,921,086
Public Works		\$30,546,600	\$20,989,531	\$18,154,251	\$20,042,510	\$21,039,002	\$110,771,894
Schools		\$4,610,277	\$8,541,147	\$47,353,776	\$6,361,844	\$6,373,628	\$73,240,672
Sewer		\$6,428,921	\$12,176,373	\$16,150,093	\$18,737,902	\$7,518,001	\$61,011,290
Technology		\$67,800	\$206,000	\$250,000		\$130,000	\$653,800
Water		\$8,274,889	\$9,632,402	\$12,795,153	\$7,132,502	\$8,850,000	\$46,684,946
Grand Total	\$1,065,923	\$54,701,844	\$53,645,634	\$98,905,631	\$56,639,254	\$47,960,381	\$312,918,667



The general parameters for decision-making was to hit the highest departmental priorities within a budget value that would stay within our debt service goal and be successfully managed by departments. Many projects are restricted by the weather, by location, by the construction season demand for contractors and materials. The financial impact on the annual operating budget is also an important factor, since every dollar we use for support the debt associated with this plan is a dollar we don't have for service operations. However, financing is the majority of this plan is a cost effective way of fulfilling our responsibility to maintain our capital infrastructure. Since we are financing a majority of this plan, it is also important to look at that impact over a five year period and not one year at a time. Our financial capacity to borrow requires this extended view of the finances (debt service costs) associated with the Capital Improvement Plan. More detail on debt service is included further on in this overview.

One very important component of the CIP is equipment. Properly working equipment is absolutely necessary to the successful execution and completion of a daily operations, in house capital maintenance and improvements. It is critical to the removal of trash and recycling from our neighborhoods, plowing and removal of snow from roads and sidewalks which allows for safe passage of vehicles, school buses and children to school and work. The CIP includes much needed rolling (sidewalk tractors, dump trucks, fire engines) and non-rolling (firefighter

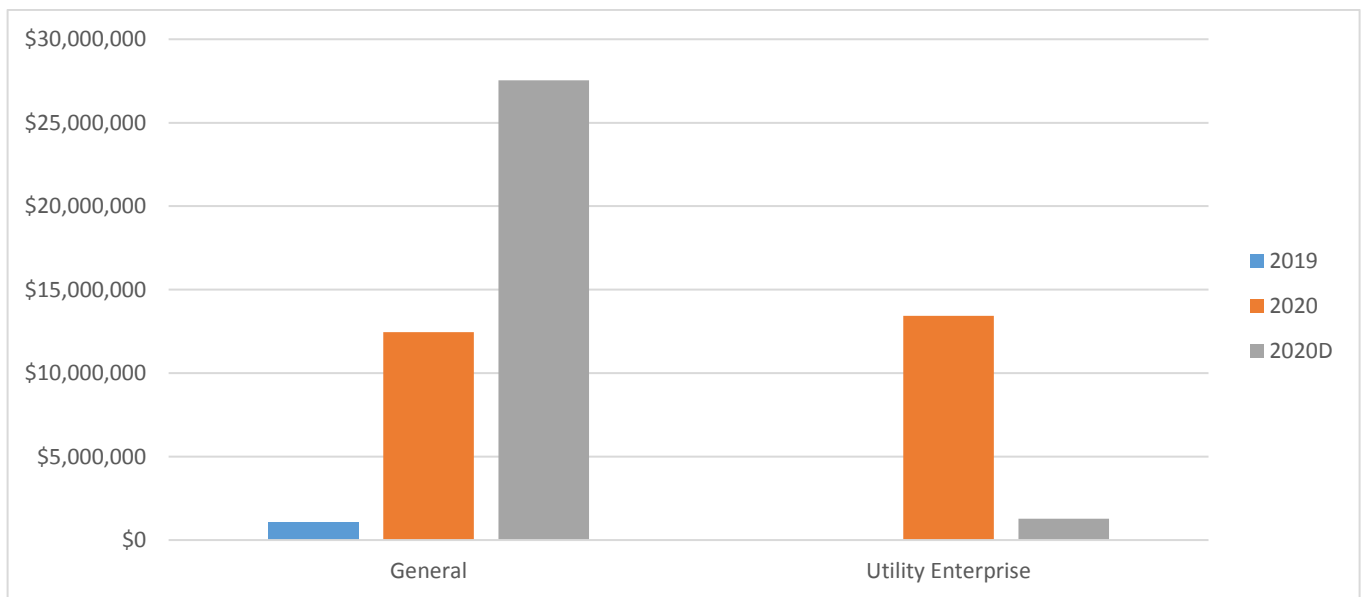
air packs, pump station equipment) equipment replacement for assets ranging in age from 10 years old to 22 years old. Requests for rolling and non-rolling equipment totals \$26 million in both General and Utility Funds over the course of this five year span. If FY20 alone these categories total \$8.3 million.

The second most significant part of the CIP is the investment in buildings. The Plan calls for \$75.6 million in building structure and building mechanical repairs, replacements and renovations. In FY20, these requests total \$9.9 million.

One reason the CIP is as expensive as it is, is because Framingham deferred action on regular capital investment for maintenance and repair and equipment replacement for many years. We are at a point now where some buildings are uninhabitable, equipment has failed and is unsafe and cannot be used. However, the backlog is so daunting and expensive, we cannot do it all. We make progress in an affordable manner.

The Capital Improvement Plan recommends authorizing projects for FY20 in both the General fund and Utility Enterprise fund. The General fund recommendation is 33% of the \$41 million requested. The Utility Enterprise Fund recommendation is 91% of the \$14.7 million requested. The total recommended is \$13.4 million for the combined water and Sewer Departments in the Utility Enterprise Fund and \$13.4 million for nine Divisions in the General Fund.

FY20 Recommended and Deferred by Fund	2019	2020	2020D	Grand Total	%	%
					Recomm	Defer
General	\$1,065,923	\$12,456,870	\$27,541,164	\$41,063,957	33%	67%
Utility Enterprise		\$13,433,810	\$1,270,000	\$14,703,810	91%	9%
Grand Total	\$1,065,923	\$25,890,680	\$28,811,164	\$55,767,767	48%	52%

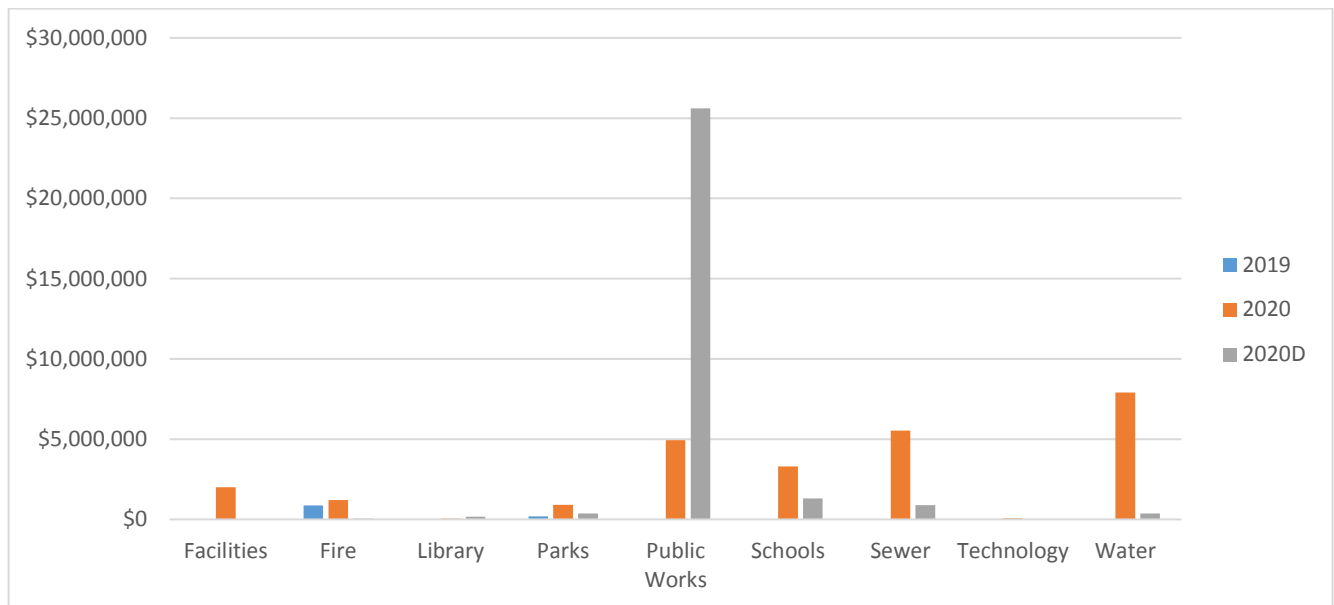


* D in the Fiscal Year 2020 (2020D) means deferred

The CIP need is high in all Divisions – the goal was to allocate funds fairly to address as many Divisions/Departments as possible, as equitably as we could. Some Division responsibilities are significant, for example Public Works. They manage roads, storm water mitigation, intersection design, sidewalks, trash and recycling removal and snow plowing and removal; overseen by the Engineering, Highway, Sanitation and Fleet

Departments. The total request for this division was more than \$30.5 million, based on multiple master plans for roads and storm water, industry standards for equipment repair and replacement.

Recommended/Deferred by Department					%	%
	2019	2020	2020D	Grand Total	Recomm	Defer
Facilities		\$2,005,490		\$2,005,490	100%	0%
Fire	\$864,733	\$1,200,457	\$57,299	\$2,122,489	97%	3%
Library		\$50,000	\$177,000	\$227,000	22%	78%
Parks	\$201,190	\$906,226	\$376,885	\$1,484,301	75%	25%
Public Works		\$4,931,620	\$25,614,980	\$30,546,600	16%	84%
Schools		\$3,295,277	\$1,315,000	\$4,610,277	71%	29%
Sewer		\$5,533,921	\$895,000	\$6,428,921	86%	14%
Technology		\$67,800		\$67,800	100%	0%
Water		\$7,899,889	\$375,000	\$8,274,889	95%	5%
Grand Total	\$1,065,923	\$25,890,680	\$28,811,164	\$55,767,767	48%	52%



Debt Service Impact on the Estimated Operating Budget

Debt service is the annual payment required to satisfy the bonds we issue to pay for the CIP. We generally borrow twice a year: in June for short term cash (BANS) to cover the summer construction schedule; and December to permanently borrow (bonds) once we have permanently expended for projects and purchases during the year. The estimate for debt service for the CIP will have to be updated once the final borrowing cycle is completed in mid-December. The extended projection assumes that there is some deferral projects – not everything can be authorized, same as any year. The General fund worksheet is in green and is followed by a similar debt service worksheet for the Utility Enterprise fund, broken down by water and sewer. There is no policy cap for debt service for the Enterprise fund. We have watched over the last ten years how much we have

been required by the state to invest in the water and sewer systems. Now that some of the ACO enforcement as eased up, we have moved from CIP budgets of \$20-\$30 million to CIP budgets of \$14-\$16 million.

Note that we can reduce incurring debt service by using cash to pay directly for projects and purchases rather than finance them. In this CIP for FY20 we use \$484,800 in free cash to fund four projects. They are highlighted as free cash in the “Funding Source” field in the database.

As a Town we had a policy the capped debt service spending to 5% of the total budget. The Department of Revenue advises a cap of 15%, so our policy is very conservative. Still, we need to stick to it if we also want to have an adequate level of operating budget resources to fund taxpayer services such as public health, public safety, trash, recycling and snow removal, permitting and zoning enforcement, library services, veterans’ services human resources and financial management and, finally, education of our children.

Note, that in these worksheet we take into consideration all borrowing: what has been bonded already and an estimate for what is authorized but hasn’t been borrowed yet. This is called “authorized and unissued”. This number is an estimate based on the progress of existing capital projects. We are trying to determine an amount we will actually *spend* in the year designated, and not over budget.

FY2020-2024 General Fund Debt Service (excludes FY19 Fuller School)					
and Debt Service Policy Limit Calculation FY20 Recommendations/Deferrals					
General Fund	FY2020	FY2021	FY2022	FY2023	FY2024
General Fund Estimated Revenue	\$ 294,283,210	\$ 300,861,078	\$ 310,416,555	\$ 320,087,866	\$ 329,157,144
Debt Service Policy Limit of 5%	\$ 14,714,161	\$ 15,043,054	\$ 15,520,828	\$ 16,004,393	\$ 16,457,857
Existing General Fund Debt Service Total	\$ 13,481,494	\$ 10,669,239	\$ 9,360,048	\$ 8,251,308	\$ 7,597,248
Authorized but Unissued Total	\$ 281,853	\$ 1,850,210	\$ 1,773,017	\$ 1,734,426	\$ 1,695,831
Total Debt Service on Existing General Fund Debt	\$ 13,763,347	\$ 12,519,449	\$ 11,133,065	\$ 9,985,734	\$ 9,293,079
LESS State Debt Service Reimbursements	\$ (1,306,975)	\$ -	\$ -	\$ -	\$ -
Net Available Debt Service	\$ 12,456,372	\$ 12,519,449	\$ 11,133,065	\$ 9,985,734	\$ 9,293,079
Debt Service for FY2020 Capital Plan Projects*	\$ 200,542	\$ 1,361,354	\$ 1,301,819	\$ 1,272,050	\$ 1,242,281
Debt Service for FY2021 Capital Plan Projects*		\$ 357,529	\$ 2,545,657	\$ 2,428,498	\$ 2,369,918
Debt Service for FY2022 Capital Plan Projects*			\$ 716,305	\$ 4,420,289	\$ 4,229,076
Debt Service for FY2023 Capital Plan Projects*				\$ 298,087	\$ 1,995,344
Debt Service for FY2024 Capital Plan Projects*					\$ 339,745
Subtotal Future Debt Service:	\$ 200,542	\$ 1,718,883	\$ 4,563,781	\$ 8,418,924	\$ 10,176,364
New (Gross) Debt Service	\$ 13,963,889	\$ 14,238,332	\$ 15,696,846	\$ 18,404,658	\$ 19,469,443
LESS State Debt Service Reimbursements	\$ (1,306,975)	\$ -	\$ -	\$ -	\$ -
Net Debt Service Calculation for Policy Limit	\$ 12,656,914	\$ 14,238,332	\$ 15,696,846	\$ 18,404,658	\$ 19,469,443
Percentage of Operating Budget	4.3%	4.7%	5.1%	5.7%	5.9%

*Assumes 1/3 to 1/2 of projects requested in FY21 to FY24 are authorized and debt service is calculated. Assumes MA School Building Funding one School in FY22 and roofs in FY23 and FY24.

FY2020-2024 Utility Enterprise Fund Debt Impact (Recommended CIP)

		FY2020	FY2021	FY2022	FY2023	FY2024
WATER DEPARTMENT	Estimated Water Department Budget Excluding Indirect Costs	\$22,048,727	\$ 22,930,676	\$ 23,847,903	\$ 24,801,819	\$ 25,793,892
	Existing Fund Debt	\$ 8,009,395	\$ 7,637,936	\$ 7,323,501	\$ 6,791,812	\$ 5,929,173
	Authorized but Unissued	\$ 327,276	\$ 2,494,901	\$ 2,384,482	\$ 2,329,272	\$ 2,274,060
	Total Existing Fund Debt	\$ 8,336,671	\$ 10,132,837	\$ 9,707,983	\$ 9,121,084	\$ 8,203,233
	Debt Service for FY2020 Capital Plan Projects	\$ 122,450	\$ 780,385	\$ 747,185	\$ 730,586	\$ 713,985
	Debt Service for FY2021 Capital Plan Projects		\$ 124,182	\$ 644,505	\$ 619,152	\$ 606,476
	Debt Service for FY2022 Capital Plan Projects			\$ 103,682	\$ 648,374	\$ 620,150
	Debt Service for FY2023 Capital Plan Projects				\$ 64,728	\$ 500,955
	Debt Service for FY2024 Capital Plan Projects					\$ 146,200
	Subtotal Future Debt Service:	\$ 122,450	\$ 904,567	\$ 1,495,372	\$ 2,062,840	\$ 2,587,766
New Debt Service	\$ 8,459,121	\$ 11,037,404	\$ 11,203,355	\$ 11,183,924	\$ 10,790,999	

		FY2020	FY2021	FY2022	FY2023	FY2024
SEWER DEPARTMENT	Estimated Sewer Department Budget Excluding Indirect Costs	\$28,728,234	\$ 30,164,645	\$ 31,672,878	\$ 33,256,522	\$ 34,919,348
	Existing Fund Debt	\$10,978,213	\$ 10,476,544	\$ 9,834,711	\$ 8,917,105	\$ 8,602,405
	Authorized but Unissued	\$ 327,632	\$ 1,853,563	\$ 1,781,665	\$1,745,717	\$1,709,767
	Herbert St Debt Service Pmnt from Ashland	(\$94,523)	(\$94,407)	(\$94,289)	(\$94,170)	(\$94,060)
	Total Existing Fund Debt	\$11,211,322	\$ 12,235,700	\$ 11,522,087	\$ 10,568,652	\$ 10,218,112
	Debt Service for FY2020 Capital Plan Projects	\$ 85,776	\$ 908,444	\$ 862,756	\$ 839,914	\$ 817,069
	Debt Service for FY2021 Capital Plan Projects		\$ 154,582	\$ 891,547	\$ 854,274	\$ 835,637
	Debt Service for FY2022 Capital Plan Projects			\$ 148,799	\$ 988,842	\$ 944,602
	Debt Service for FY2023 Capital Plan Projects				\$ 245,013	\$ 1,312,275
	Debt Service for FY2024 Capital Plan Projects					\$ 98,175
Subtotal Future Debt Service:	\$ 85,776	\$ 1,063,026	\$ 1,903,102	\$ 2,928,043	\$ 4,007,758	
New Debt Service	\$11,297,098	\$ 13,298,726	\$ 13,425,189	\$ 13,496,695	\$ 14,225,870	

Because we try to map out the debt service costs not by the year authorized but in the year we would actually be required to spend it; the annual debt service projection is reduced. The charts below indicate the difference between what the CIP 5 year requests incur for debt service and the more realistic recommendations for FY20 and the period FY21-24.

Reduction in Debt Service Obligation by limiting requests both in FY20 and FY21-24					
General Fund	FY20	FY21	FY22	FY23	FY24
Debt Service for all requests	\$636,496	\$4,378,148	\$7,806,262	\$12,269,519	\$14,979,514
Debt Service for recommended current year/more likely overall plan	\$200,542	\$1,718,883	\$4,563,781	\$8,418,924	\$10,176,364
Reduced impact on operating budget	-\$435,954	-\$2,659,265	-\$3,242,481	-\$3,850,595	-\$4,803,150
Total Utility Fund	FY19	FY20	FY21	FY22	FY23
Reduced impact on operating budget	-\$19,686	-\$459,229	-\$1,668,927	-\$2,739,279	-\$3,973,424

Closing

While this is a comprehensive Capital Improvement Plan, don't be lulled into a sense that we are making major progress with our capital plan. We defer much more than we should, but cannot afford to do much more within the limitations of the general fund tax levy and pressure on the utility rates. We should be investing more, and certainly the needs/condition of our buildings, all buildings, will force us to make some critical decisions within the next year. We are providing resources to prepare for that – but it doesn't make the decision any easier knowing all the data.

Accessing the CIP

The Capital Improvement Plan documents are provided in electronic format only. The capital project data is actually housed in a Smartsheet database “in the cloud”. All the supporting documentation is attached within the database. Access to the database will be via a link emailed to you by the Assistant CFO, Jennifer Pratt. The debt service information, including the worksheets included in this narrative, will be emailed directly to you by the CFO, Mary Ellen Kelley. The CFO and Assistant CFO are available to provide additional information or help you access Smartsheet or the other files.