CAPITAL IMPROVEMENT PLANNING COMMITTEE

REPORT TO TOWN MEETING

MAY 7, 2018
OVERVIEW

- Review proposed capital projects and improvements over $25K with useful life of 5+ years
- Consider need, impact, timing, cost and effect on the financial position of the town
- Oversee 5-year Capital Improvement Program
- Set capital spending policies of the Committee for recommendation purposes
OVERVIEW

• Total Town assets have an estimated value in excess of $500M
• Capital assets include:
  • Buildings
  • Vehicles
  • Technology and equipment
  • Roads, sidewalks
  • Public Spaces
  • Utilities and underground infrastructure
OPPORTUNITIES

• Forward planning on capital investments across all municipal departments, establish predictability
• Creative approaches such as phasing projects over multiple years
• Maximize utilization of all capital funding sources and identify opportunities to leverage non-Town funding for out-year projects
• Coordinate capital planning among departments and support sharing of assets
CHALLENGES

- Prioritize capital demands while maintaining strong financial footing
- Understand range of needs, anticipated costs and project schedules
- Establish consistent and manageable data collection and project monitoring procedures
- Manage large out-year funding requests, including the depreciation of assets in common years
COMMITTEE GUIDELINES

- Annual capital expenditure 4% of the annual operating budget
- Annual debt service levels 2.5% of the estimated tax levy
- Capital requests leverage all non-Town sources possible (i.e. grants, state funds, other)
- Diligent and deliberate management of 5-year Capital Plan
- Recommendation: Portion of one-time funds including free cash should be set aside in the Capital Stabilization Fund
COMMITTEE PROJECT FUNDING PRIORITIES

• Correct threats to public health & safety
• Implement government mandate or correct federal or state violations
• Restore assets to operating condition, prevent deterioration, extend the useful life of capital item
• Reduce current operating costs or increase operating revenue
• Expand the quality and quantity of services delivered and improve quality of life of residents
**5 Year Capital Plan: FY19-FY23**

- Total Recommended Spending: $80,720,168
- Financing sources:
  - Bonding: $16,915,178
  - Debt Exclusion Override*: $59,500,000
  - Operations/One Time Funds: $4,352,990
  - Grants/Other: $85,000

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**NOTE:** Not including enterprise funds
5 YEAR CAPITAL PLAN: FY19-FY23

Projected Debt Service as % of Operating Budget

FY19: 3.75%
FY20: 4.17%
FY21: 3.93%
FY22: 4.15%
FY23: 4.07%

NOTE: Plan does not include fire stations
FY19 Snapshot by Department

- Total Capital Spending: $4,973,846

- Financing Sources:
  - Bonding $3,590,676
  - One Time Funds $1,330,170
  - Grants $85,000

Note: Not including enterprise funds

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<th>Town Department</th>
<th>FY19</th>
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<tr>
<td>Cemetery</td>
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<tr>
<td>Fire</td>
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<td>Total Capital Plan</td>
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## Capital Plan Five Years Ended 2023

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<th>Department</th>
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<th>Bonded</th>
<th>Current Operating Funds</th>
<th>Debt Exclusion</th>
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Recent Accomplishments

- Increased annual town road expenditures from $0 to $500k to $1M
- Created fleet management plan
- More than $700k in Green Communities Grants
- Improve disability accommodations at major intersections
- Provided match for Milton Playground Planners to leverage Copeland Foundation Grant and private donations to improve town playgrounds
- LED street light conversion leveraging $210k utility reimbursement and enabling future cost savings of approximately $110k/year
UPCOMING FUNDING CHALLENGES

• Capital demands far exceed available funds for every department
• Schools built in same year will require significant improvements at same time
• Improved fire stations
• Improved DPW yard
• Future unfunded mandates
• Investments to keep up with new technology
POLICIES UNDER CONSIDERATION

• Increase annual capital expenditure to 5% of the annual operating budget (best practice)
• Include maintenance costs in department operating budgets
• Seek dedicated percent of free cash for capital investments
• Improved procedures for collecting data and monitoring projects
• Need for Debt Service Stabilization Fund
• Community Preservation Act funding opportunities
THANK YOU!

CAPITAL IMPROVEMENT COMMITTEE MEMBERS

Tom Hurley, Co-Chair, Warrant Committee
Amy Dexter, Co-Chair, Town Accountant
John Folcarelli, Library Trustees
April Lamoureux, Planning Board
Kevin Donahue, School Committee

David Burnes, Selectman
Lorraine Dee, Resident
Michael Hale, Resident
Bill Ritchie, Consolidated Facilities