

# FY17-22 Capital Budget Recommendation

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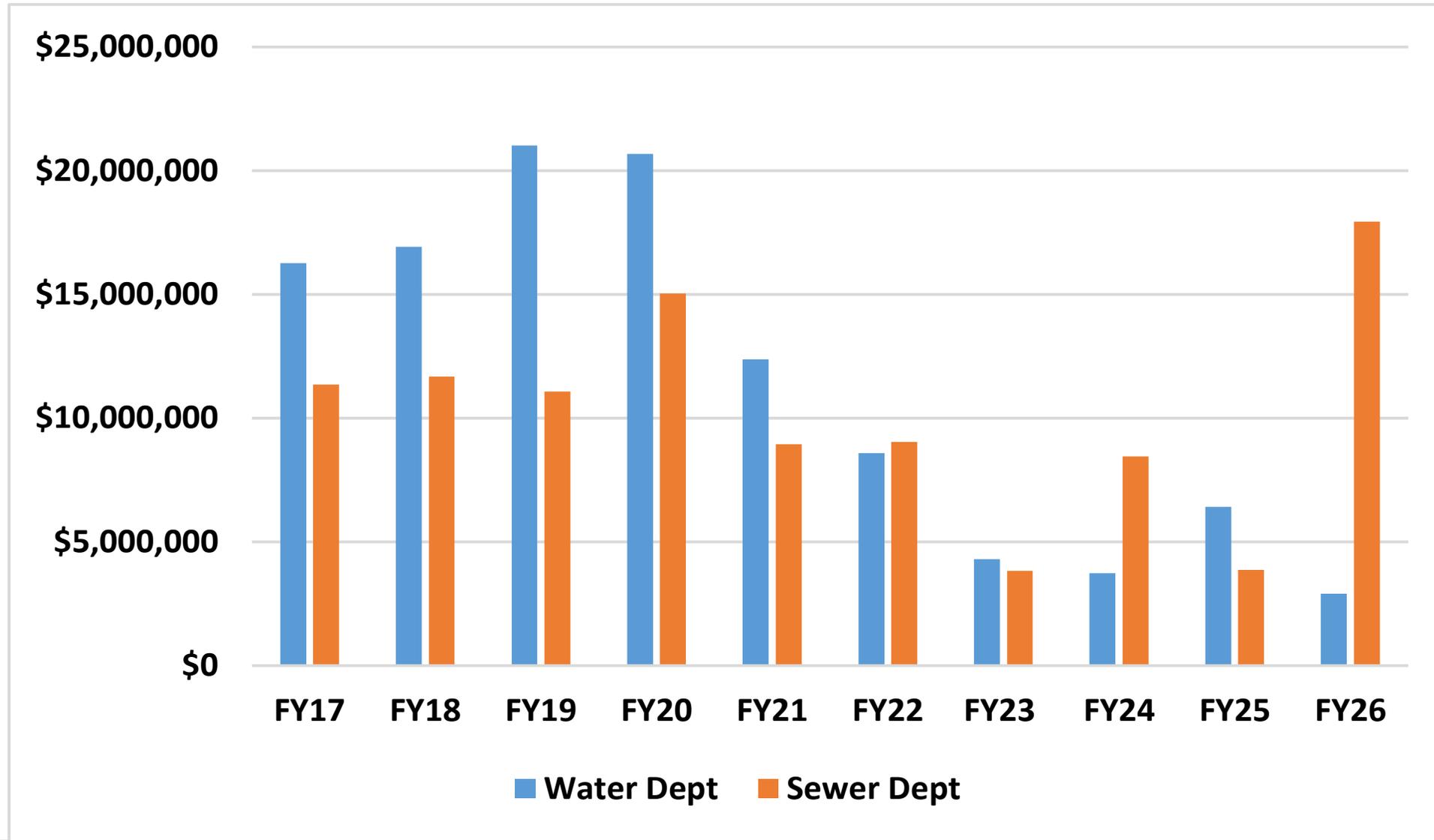
2016

Annual Town Meeting

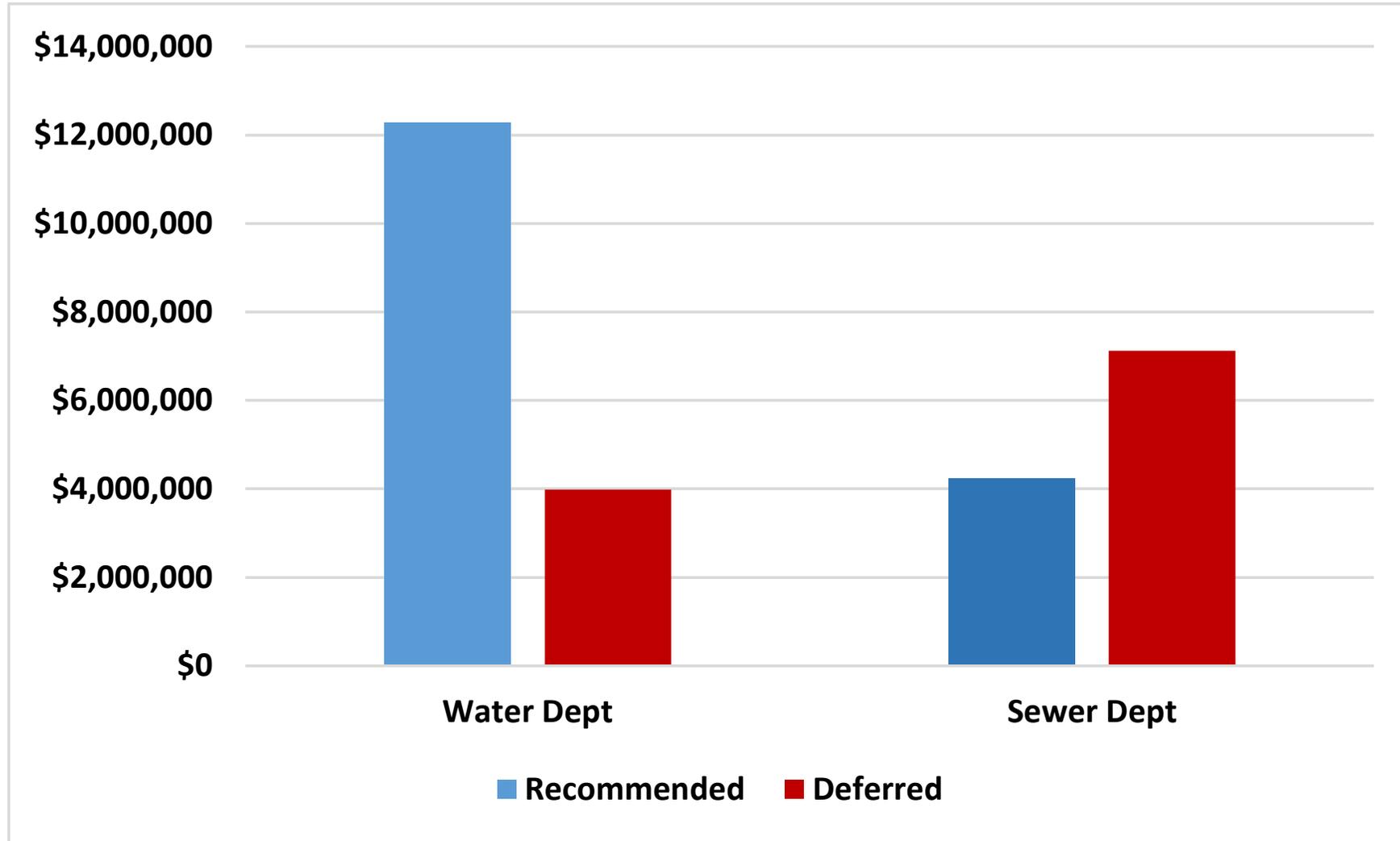
# Decision-making Metrics

- Impact of the debt service on operating budget - 5 year look
  - 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)

# Total Requests by Department FY16-25 (10 Years)



# FY17 Recommended/Deferred by Utility Dept



# FY17 Recomm/Defer by Dept

<b>Utility Enterprise Fund</b>	<b>Requested</b>	<b>Recommended</b>	<b>Deferred</b>	<b>% Rec</b>	<b>% Def</b>
<b>Water Department</b>	<b>\$16,264,270</b>	<b>\$12,279,270</b>	<b>\$3,985,000</b>	<b>75%</b>	<b>25%</b>
<b>Sewer Department</b>	<b>\$11,361,910</b>	<b>\$4,241,910</b>	<b>\$7,120,000</b>	<b>37%</b>	<b>63%</b>

# Notable Recommendations

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- Sewer Department:
  - SSES Sewer Repairs Phase 1 (\$2.1M)
- Water Department:
  - Indian Head Water Tank Replacement (\$9.9M)
  - Water Meter Replacement Phase 2 (\$1.04M)

# Notable Deferrals

- Total Deferred \$11.5 million
- Sewer Department:
  - Woodland Force Main (\$2.18M)
  - Lanewood Siphon Reconstruction(\$2.18M)
  - Fountain St Sewer Phase 1 (\$1.07M)
- Water Department:
  - Fountain St Water Phase 1 (\$1.7M)

# Debt Service

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- The annual amounts needed to “pay down” the bonds
  - Loan payments
- Utilize MWRA no interest loans and grant programs to reduce borrowing costs
- This is an operating budget expense
  - Effects the increase in water and sewer rates

# Water Department Debt Service

		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	
	<b>Total Existing Fund Debt</b>	<b>\$ 5,891,353</b>	<b>\$ 7,751,943</b>	<b>\$ 8,217,055</b>	<b>\$ 7,845,395</b>	<b>\$ 7,561,769</b>	<b>\$ 7,351,074</b>	
	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	
	<b>Subtotal Future Debt Service:</b>		<b>\$ 134,851</b>	<b>\$ 1,074,693</b>	<b>\$ 3,077,054</b>	<b>\$ 4,763,794</b>	<b>\$ 8,708,655</b>	<b>\$ 10,005,674</b>
<b>New Debt Service</b>		<b>\$ 6,026,204</b>	<b>\$ 8,826,636</b>	<b>\$ 11,294,109</b>	<b>\$ 12,609,189</b>	<b>\$ 16,270,424</b>	<b>\$ 17,356,748</b>	

# Sewer Department Debt Service

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	
<b>SEWER DEPARTMENT</b>	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)	
	<b>Total Existing Fund Debt</b>	<b>\$ 8,789,368</b>	<b>\$ 12,085,595</b>	<b>\$ 12,772,136</b>	<b>\$ 12,435,033</b>	<b>\$ 12,039,126</b>	<b>\$ 11,682,727</b>	
	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	
	<b>Subtotal Future Debt Service:</b>	<b>\$ 78,475</b>	<b>\$ 607,440</b>	<b>\$ 1,663,994</b>	<b>\$ 2,748,020</b>	<b>\$ 3,797,927</b>	<b>\$ 4,561,167</b>	
<b>New Debt Service</b>	<b>\$ 8,867,843</b>	<b>\$ 12,693,035</b>	<b>\$ 14,436,130</b>	<b>\$ 15,183,053</b>	<b>\$ 15,837,053</b>	<b>\$ 16,243,894</b>		

# Near Term Debt Service Reduction

<b>Water Dept</b>	FY17	FY18	FY19	FY20	FY21	FY22
Reduced impact on operating budget	-\$166,038	-\$824,460	-\$489,277	-\$482,414	-\$468,165	-\$453,917
<b>Sewer Dept</b>	FY17	FY18	FY19	FY20	FY21	FY22
Reduced impact on operating budget	-\$131,720	-\$685,840	-\$654,583	-\$638,953	-\$623,325	-\$607,696
<b>Total Utility Fund</b>	FY17	FY18	FY19	FY20	FY21	FY22
Reduced impact on operating budget	-\$297,758	-\$1,510,300	-\$1,143,860	-\$1,121,367	-\$1,091,490	-\$1,061,613

Have to balance increasing cost with maintenance and improvement requirements in this vital water and sewer system