

# FY14-18 Capital Budget Recommendation

---

Presentation to Capital Budget  
Committee

February 14, 2013

*Choose*  
**FRAMINGHAM**

# Capital Budget Process

---

- Departments requests projects
  - in most cases based on a long term capital plan
  - Addresses all three funds: General, Water, Sewer
- Evaluate via financial/cost, legal, maintenance, division priority and customer service criteria
- Review with Division Heads for final input regarding logistics and capacity
- Town Manager makes final decision

# Major Decision Parameters

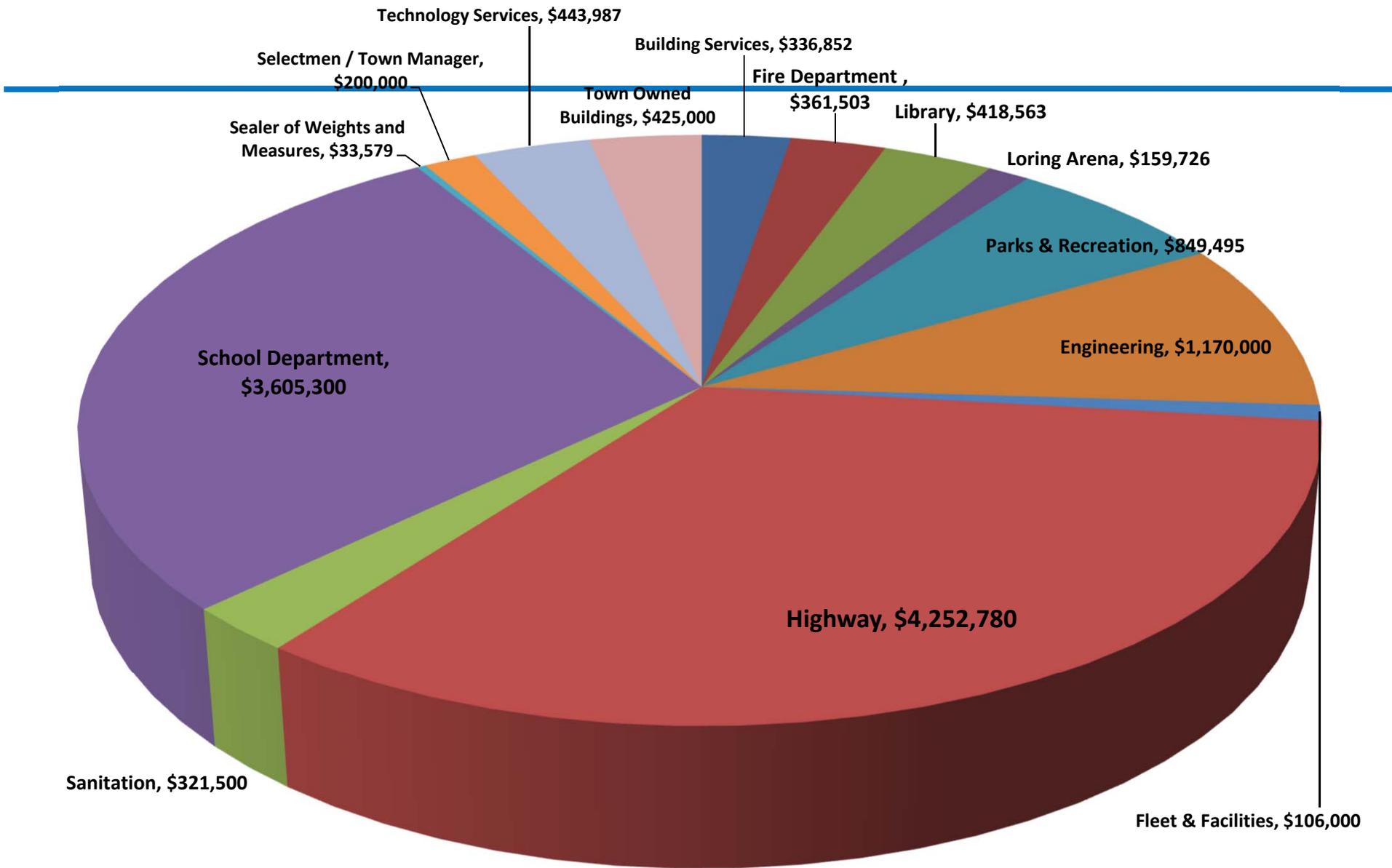
---

- Increase debt service amounts, near term
  - Effect on incremental increase on FY15 and FY16
  - Moderate the increased cost to reduce pressure for tax and utility rate increases
  - Long term there are three school buildings, a fire station, a major bridge, multiple school roofs, Loring Arena renovations, two major pump station eliminations and two major water main replacements
    - FY16 and FY19 schools are \$48 million and \$20 million

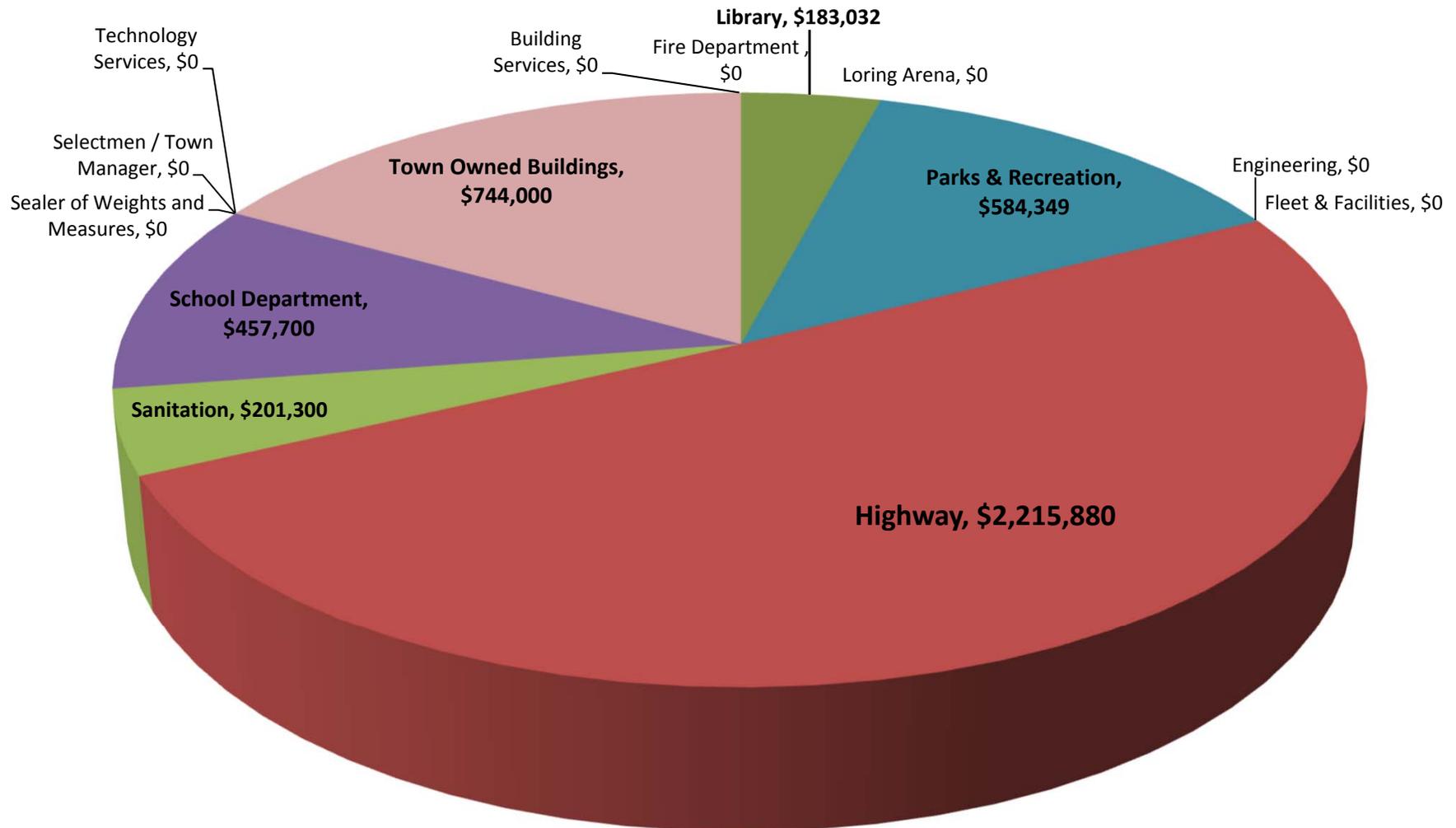
# FY14 Capital Budget Recommendations

	Approved	Deferred	Requested
Building Services	\$336,852	\$0	\$336,852
Fire Department	\$361,503	\$0	\$361,503
Library	\$0	\$601,595	\$601,595
Loring Arena	\$159,726	\$0	\$159,726
Parks & Recreation	\$849,495	\$584,349	\$1,433,844
Engineering	\$1,170,000	\$0	\$1,170,000
Fleet & Facilities	\$106,000	\$0	\$106,000
Highway	\$4,252,780	\$2,215,880	\$6,468,660
Sanitation	\$321,500	\$201,300	\$522,800
School Department	\$3,605,300	\$457,700	\$4,063,000
Sealer of Weights and Measures	\$33,579	\$0	\$33,579
Selectmen / Town Manager	\$200,000	\$0	\$200,000
Technology Services	\$443,987	\$0	\$443,987
Town Owned Buildings	\$425,000	\$744,000	\$1,169,000
	\$12,265,722	\$4,804,824	\$17,070,546
	72%	28%	





# Deferred Requests by Department



# Recommended for FY14

Energy Management Software Upgrade, Phase 2	Building Services	\$28,975
Downtown Parking Meter Implementation Project	Building Services	\$89,877
Pearl Street Garage Repairs	Building Services	\$218,000
Replace Aerial Bucket Truck	Fire	\$198,553
Phase 1 - Protective Clothing Replacement	Fire	\$113,360
Replace Facilities Pick-Up	Fire	\$49,590
Pearl Street Handicap Ramp	Library	\$418,563
Loring Arena Zamboni	Loring Arena	\$124,609
Design Development-Loring Arena Renovations	Loring Arena	\$35,117
Toro Groundmaster 580-D 4x4	Parks and Recreation	\$101,223
F350 4x4 Crew Cab Pickup 10,000 GVW	Parks and Recreation	\$42,640
F250 4x4 Ext Cab Pickup 8,800 GVW	Parks and Recreation	\$40,632
Cushing Memorial Park Phase 5-Childrens Grove Play Area	Parks and Recreation	\$665,000

# Recommended for FY14

Water Street Retaining Wall Construction Project	Public Works - Engineering	\$610,000
Saxonville Levee Pump Station Improvements - Design	Public Works - Engineering	\$150,000
Campello Road Drain Relief System and Cherry Street Headwall Repair	Public Works - Engineering	\$360,000
NPDES Permit - Planning/Preparation	Public Works - Engineering	\$50,000
Repair Shop Make-Up Air Unit	Public Works - Garage	\$26,000
Transfer Station Demolition Conceptual Design	Public Works - Garage	\$80,000
Replacement of a Log Loader Attachment	Public Works - Highway	\$68,000
Replacement of a 68,000 GVW Cab & Chassis with Rolloff Frame	Public Works - Highway	\$201,300
Replacement of a Sidewalk Tractor with Snow Plow - DPW Unit #463	Public Works - Highway	\$156,100
Replacement of a Front End Loader 3CY with Snow Plow # 453	Public Works - Highway	\$86,900
Sander Body with Compuspread and Calcium Controls #421a	Public Works - Highway	\$40,480
Roadway Improvements 2014	Public Works - Highway	\$3,200,000
Sidewalk/Accessibility Improvements 2014	Public Works - Highway	\$200,000
Beaver Dam Brook/High Risk Structures Phase 2	Public Works - Highway	\$300,000
Replacement of a 2005 72,000 GVW Cab and Chassis with 31 CY Refuse Packer and Snow Plow #514	Public Works - Sanitation	\$321,500

# Recommended for FY14

MSBA Feasibility Study	School Department	\$400,000
Technology Upgrades Throughout District - Phased Project	School Department	\$500,000
DDC Energy Conservation Program - Phased Project	School Department	\$225,000
ADA Upgrades to Curbs, Sidewalks, Handicap Ramps, Railings, Door Hardware, Signage - Multiple Schools - Phased Project	School Department	\$300,000
Paving Replacement/Storm Water All Schools - Phased Project	School Department	\$740,000
Heating Ventilation Air Conditioning (HVAC) - Replace Rooftop Air Handling Units (AHU's) and Ventilation	School Department	\$340,000
Mechanical, Electrical, Plumbing Upgrades - All Schools - Multiple Systems - Phased Project	School Department	\$150,000
Grounds Equipment Replacement - Mower	School Department	\$96,000
Dump Truck With Plow - Vehicle Replacement	School Department	\$59,300
Replace Deteriorated Floor Tile in Main Areas and in Corridors - Multiple Schools	School Department	\$745,000
Generator Replacement	School Department	\$50,000

# Recommended for FY14

---

Sealer of Weights and Measures Vehicle	Sealer of Weights and Measures	\$33,579
Traffic Calming Program	Selectmen / Town Manager	\$200,000
Public Safety Server Replacement	Technology Services	\$88,900
Network Data Storage and Connectivity	Technology Services	\$117,949
Archived Document Scanning - 2nd Phase	Technology Services	\$237,138
Service Delivery and Space Utilization Study - Memorial Building	Town Owned Buildings	\$45,000
Renovate Athenaeum Hall - Concord St. - Phase 1	Town Owned Buildings	\$180,000
Village Hall Base Building Improvements	Town Owned Buildings	\$200,000

# Deferred

RFID and Collection Security	Library	\$183,032
Park & School Fence Replacement Phase 3	Parks and Recreation	\$427,785
Furber Park Retaining Wall and Irrigation	Parks and Recreation	\$126,875
Park Signage Phase I	Parks and Recreation	\$29,689
Roadway Improvements 2014	Public Works - Highway	\$2,000,000
Replacement of a 68,000 GVW Cab and Chassis with Rolloff Frame # 519	Public Works - Sanitation	\$201,300
Replacement of a Sidewalk Tractor with Snow Plow - DPW Unit #464	Public Works - Highway	\$175,400
Sander Body with Compuspread and Calcium Controls #426a	Public Works - Highway	\$40,480
Stake Body Truck with Liftgate - Vehicle Replacement	School Department	\$43,600
Utility Body Truck - Vehicle Replacement	School Department	\$39,100
Furnish New and Replace Outdated Furniture – Phased Project	School Department	\$300,000
Kitchen and Cafeteria Upgrades - Phased Project	School Department	\$46,000
Athletic Equipment	School Department	\$29,000
Stabilize Memorial Building - Exterior	Town Owned Buildings	\$225,000
Fire Station #5 (Concord St.) - Base Building Upgrades	Town Owned Buildings	\$519,000

# FY14 Sewer Enterprise Fund

Recommended		
Water/Sewer Inventory Control Center	Wastewater - DPW Sewer	\$740,000
Repair Shop Make-Up Air Unit	Wastewater - DPW Sewer	\$26,000
Trailer Mounted Generators	Wastewater - DPW Sewer	\$131,000
Worcester Road Pumping Station Elimination Project - Construction	Wastewater - DPW Sewer	\$17,220,000
Baiting Brook Sewer Improvements	Wastewater - DPW Sewer	\$6,563,000
Bethany Road and Winthrop/Waverly Intersection Sewer Improvements	Wastewater - DPW Sewer	\$1,240,000
Sewer Main Replacement Various Locations 2014	Wastewater - DPW Sewer	\$300,000
Speen Street Force Main Decommissioning Project – Design	Wastewater - DPW Sewer	\$150,000
Total FY14 Recommended Wastewater Projects		\$26,370,000
Recommended to be Deferred		
Hemenway Gravity Sewer and Hop Brook / Railroad Sewer Crossing Project Construction	Wastewater - DPW Sewer	\$3,100,000
Brownlea Pump Station Elimination Project	Wastewater - DPW Sewer	\$1,245,000
Total FY14 Deferred Wastewater Projects		\$4,345,000

# FY14 Water Enterprise Fund

Recommended		
Water/Sewer Inventory Control Center	Water - DPW Water	\$740,000
Repair Shop Make-Up Air Unit	Water - DPW Water	\$26,000
Replacement of a 15,000 GVW Two-Wheel Drive with Utility Body #607	Water - DPW Water	\$48,630
Bethany Road and Winthrop/Waverly Intersection Improvements	Water - DPW Water	\$855,000
Warren Road and Prindiville Water Main	Water - DPW Water	\$2,990,000
Central Street Bridge Water Main Installation	Water - DPW Water	\$110,000
Water Main Replacement Various Locations 2014	Water - DPW Water	\$300,000
Water Hydrant and Gate Valve Replacements 2014	Water - DPW Water	\$200,000
Total FY14 Recommended Water Projects		\$5,269,630
Recommended to be Deferred		
Evergreen, Learned, Myrtle Streets Water Main Replacement	Water - DPW Water	\$970,000

# Use of Free Cash and Retained Earnings

---

- Policy allocation ranged from \$53,164 to \$362,687
- FY14 Policy Allocation would be \$393,710
- If phase out of free cash use in operating budget annual capital allocation would grow to \$500,000 by FY19
  - Setting aside to a capital reserve will have more impact when we hit the large school projects of \$30M to \$48M magnitude

# Use of Free Cash and Retained Earnings

---

- While borrowing costs are low, reserve the capital allocation
  - Fund would grow to \$2.3M by FY19
  - Creates flexibility for extraordinary changes in other drivers of budget costs and taxation factors such as state aid cuts and extraordinary changes in property valuation
- Retained earnings should be set aside to mitigate rates while borrowing costs are low
  - Creates flexibility not just for increases in debt service but drop in usage or increases in MWRA assessment

# McAuliffe Branch Library

---

- Total Project Cost: \$8.6 million
- MBLC Grant Amount: \$4.2 million
- Library Foundation Fundraising Commitment: \$600,000
- Net Cost to the Town: \$3.8 million
- Average Cost per Taxpayer: \$250
- Estimated Debt Service Stream

	FY14	FY15	FY16	FY17	FY18	FY19	FY20
<i>Branch Library</i>	10,650	49,920	174,400	93,295	375,576	359,413	351,178

# Debt Service Impact on General Fund

## FY2014-2019 General Fund Debt Service Impact

General Fund	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund Estimated Revenue	\$ 235,372,312	\$ 243,147,831	\$ 251,348,378	\$ 260,152,409	\$ 268,603,565	\$ 279,079,104
Debt Service Policy Limit of 5%	\$ 11,768,616	\$ 12,157,392	\$ 12,567,419	\$ 13,007,620	\$ 13,430,178	\$ 13,953,955
Existing General Fund Debt Service Total	\$ 10,181,758	\$ 8,960,099	\$ 7,000,962	\$ 6,268,036	\$ 5,388,556	\$ 5,041,873
Authorized but Unissued Total	\$ 291,118	\$ 1,968,802	\$ 1,981,893	\$ 1,920,802	\$ 1,863,121	\$ 1,805,437
<b>Total Debt Service on Existing General Fund Debt</b>	<b>\$ 10,472,876</b>	<b>\$ 10,928,901</b>	<b>\$ 8,982,855</b>	<b>\$ 8,188,838</b>	<b>\$ 7,251,677</b>	<b>\$ 6,847,310</b>
<b>LESS State Debt Service Reimbursements</b>	<b>\$ (2,510,995)</b>					
<b>Net Available Debt Service</b>	<b>\$ 7,961,881</b>	<b>\$ 8,417,906</b>	<b>\$ 6,471,860</b>	<b>\$ 5,677,843</b>	<b>\$ 4,740,682</b>	<b>\$ 4,336,315</b>
Debt Service for FY2014 Capital Plan Projects	\$ 244,421	\$ 1,687,269	\$ 1,722,846	\$ 1,597,287	\$ 1,835,114	\$ 1,774,499
Debt Service for FY2015 Capital Plan Projects*		\$ 444,837	\$ 2,635,962	\$ 2,557,720	\$ 2,487,152	\$ 2,416,742
Debt Service for FY2016 Capital Plan Projects*			\$ 937,101	\$ 4,683,804	\$ 4,464,655	\$ 4,355,082
Debt Service for FY2017 Capital Plan Projects*				\$ 387,722	\$ 2,522,339	\$ 2,382,588
Debt Service for FY2018 Capital Plan Projects*					\$ 605,333	\$ 3,213,188
Debt Service for FY2019 Capital Plan Projects*						\$ 490,674
<b>Subtotal Future Debt Service:</b>	<b>\$ 244,421</b>	<b>\$ 2,132,106</b>	<b>\$ 5,295,909</b>	<b>\$ 9,226,533</b>	<b>\$ 11,914,593</b>	<b>\$ 14,142,099</b>
<b>New (Gross) Debt Service</b>	<b>\$ 10,717,297</b>	<b>\$ 13,061,007</b>	<b>\$ 14,278,764</b>	<b>\$ 17,415,371</b>	<b>\$ 19,166,270</b>	<b>\$ 20,989,409</b>
<b>LESS State Debt Service Reimbursements</b>	<b>\$ (2,510,995)</b>					
<b>Net Debt Service Calculation for Policy Limit</b>	<b>\$ 8,206,302</b>	<b>\$ 10,550,012</b>	<b>\$ 11,767,769</b>	<b>\$ 14,904,376</b>	<b>\$ 16,655,275</b>	<b>\$ 18,478,414</b>
Percentage of Operating Budget	3.5%	4.3%	4.7%	5.7%	6.2%	6.6%

# Water Enterprise Fund Debt Service

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Recommended Water Enterprise Budget							
Excluding Indirect Costs		\$ 16,864,776	\$ 18,213,958	\$ 19,671,074	\$ 21,244,760	\$ 22,944,341	\$ 24,779,888
<i>Uniform increase assumed per year:</i>	8%						
Debt Target*	10%	\$ 1,686,478	\$ 1,821,396	\$ 1,967,107	\$ 2,124,476	\$ 2,294,434	\$ 2,477,989
Existing Fund Debt		\$ 4,914,999	\$ 4,764,112	\$ 3,831,745	\$ 3,831,745	\$ 3,713,690	\$ 3,594,116
Authorized but Unissued		\$ 434,873	\$ 2,242,720	\$ 2,149,336	\$ 2,102,663	\$ 2,055,989	\$ 2,009,315
Total Existing Fund Debt		<b>\$ 5,349,872</b>	<b>\$ 7,006,832</b>	<b>\$ 5,981,081</b>	<b>\$ 5,934,408</b>	<b>\$ 5,769,679</b>	<b>\$ 5,603,431</b>
Current Available Debt within Debt Target*		<b>\$ (3,663,395)</b>	<b>\$ (5,185,436)</b>	<b>\$ (4,013,974)</b>	<b>\$ (3,809,932)</b>	<b>\$ (3,475,245)</b>	<b>\$ (3,125,443)</b>
Debt Service for FY2014 Capital Budget Projects		\$ 100,123	\$ 443,406	\$ 424,925	\$ 415,686	\$ 406,445	\$ 397,205
Debt Service for FY2015 Capital Budget Projects			\$ 346,105	\$ 1,723,154	\$ 1,642,739	\$ 1,602,532	\$ 1,562,324
Debt Service for FY2016 Capital Budget Projects				\$ 235,333	\$ 1,176,196	\$ 1,121,168	\$ 1,093,649
Debt Service for FY2017 Capital Budget Projects					\$ 147,189	\$ 675,549	\$ 645,054
Debt Service for FY2018 Capital Budget Projects						\$ 253,908	\$ 1,174,341
Debt Service for FY2019 Capital Budget Projects							\$ 129,754
<b>Subtotal Future Debt Service:</b>		<b>\$ 100,123</b>	<b>\$ 789,511</b>	<b>\$ 2,383,412</b>	<b>\$ 3,381,810</b>	<b>\$ 4,059,602</b>	<b>\$ 5,002,327</b>
<b>New Debt Service</b>		<b>\$ 5,449,995</b>	<b>\$ 7,796,343</b>	<b>\$ 8,364,493</b>	<b>\$ 9,316,218</b>	<b>\$ 9,829,281</b>	<b>\$ 10,605,758</b>

# Sewer Enterprise Fund Debt Service

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	
SEWER ENTERPRISE FUND	Recommended Sewer Enterprise Budget							
	Excluding Indirect Costs	\$ 21,087,990	\$ 22,775,029	\$ 24,597,032	\$ 26,564,794	\$ 28,689,978	\$ 30,985,176	
	<i>Uniform increase assumed per year:</i>	8%						
	Debt Target*	10%	\$ 2,108,799	\$ 2,277,503	\$ 2,459,703	\$ 2,656,479	\$ 2,868,998	\$ 3,098,518
	Existing Fund Debt	\$ 5,408,369	\$ 5,055,298	\$ 4,496,712	\$ 4,496,712	\$ 4,373,399	\$ 4,338,546	
	Authorized but Unissued	\$ 1,043,453	\$ 5,139,123	\$ 4,907,246	\$ 4,791,308	\$ 4,675,371	\$ 4,559,435	
	Herbert St Debt Service Payment from Ashland	(\$94,747)	(\$94,636)	(\$94,523)	(\$94,407)	(\$94,289)	(\$94,170)	
	<b>Total Existing Fund Debt</b>	<b>\$ 6,357,075</b>	<b>\$ 10,099,785</b>	<b>\$ 9,309,435</b>	<b>\$ 9,193,613</b>	<b>\$ 8,954,481</b>	<b>\$ 8,803,811</b>	
	Current Available Debt within Debt Target*	<b>\$ (4,248,276)</b>	<b>\$ (7,822,282)</b>	<b>\$ (6,849,731)</b>	<b>\$ (6,537,133)</b>	<b>\$ (6,085,483)</b>	<b>\$ (5,705,294)</b>	
	Debt Service for FY2014 Capital Budget Projects	\$ 501,030	\$ 1,948,360	\$ 1,876,440	\$ 1,840,482	\$ 1,804,523	\$ 1,768,563	
	Debt Service for FY2015 Capital Budget Projects		\$ 566,335	\$ 2,708,427	\$ 2,585,518	\$ 2,524,065	\$ 2,462,610	
	Debt Service for FY2016 Capital Budget Projects			\$ 95,840	\$ 518,166	\$ 492,700	\$ 479,967	
	Debt Service for FY2017 Capital Budget Projects				\$ 28,018	\$ 163,402	\$ 154,811	
	Debt Service for FY2018 Capital Budget Projects					\$ 321,000	\$ 1,444,500	
	Debt Service for FY2019 Capital Budget Projects						\$ 242,000	
<b>Subtotal Future Debt Service:</b>	<b>\$ 501,030</b>	<b>\$ 2,514,695</b>	<b>\$ 4,680,707</b>	<b>\$ 4,972,184</b>	<b>\$ 5,305,690</b>	<b>\$ 6,552,451</b>		
<b>New Debt Service</b>	<b>\$ 6,858,105</b>	<b>\$ 12,614,480</b>	<b>\$ 13,990,142</b>	<b>\$ 14,165,797</b>	<b>\$ 14,260,171</b>	<b>\$ 15,356,262</b>		

# Recommendation Effect on Debt Service

<b>General Fund</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
<b>Debt Service for all requests</b>	\$305,068	\$2,099,520	\$1,986,330	\$1,929,733	\$1,873,134	\$1,816,538
<b>Debt Service for recommended</b>	\$244,421	\$1,687,269	\$1,722,846	\$1,597,287	\$1,835,114	\$1,774,499
<b>Reduced impact on operating budget</b>	<b>-\$60,647</b>	<b>-\$412,251</b>	<b>-\$263,484</b>	<b>-\$332,446</b>	<b>-\$38,020</b>	<b>-\$42,039</b>

<b>Water Fund</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
<b>Debt Service for all requests</b>	\$118,553	\$594,682	\$567,506	\$553,919	\$540,331	\$526,743
<b>Debt Service for recommended</b>	\$100,123	\$509,322	\$485,832	\$474,088	\$462,343	\$450,598
<b>Reduced impact on operating budget</b>	<b>-\$18,430</b>	<b>-\$85,360</b>	<b>-\$81,674</b>	<b>-\$79,831</b>	<b>-\$77,988</b>	<b>-\$76,145</b>

<b>Sewer Fund</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
<b>Debt Service for all requests</b>	\$618,260	\$2,908,370	\$2,781,309	\$2,717,781	\$2,654,249	\$2,590,720
<b>Debt Service for recommended</b>	\$501,030	\$2,365,410	\$2,261,795	\$2,209,989	\$2,158,181	\$2,106,374
<b>Reduced impact on operating budget</b>	<b>-\$117,230</b>	<b>-\$542,960</b>	<b>-\$519,514</b>	<b>-\$507,792</b>	<b>-\$496,068</b>	<b>-\$484,346</b>

# Longer term borrowing

---

- Water pipe/treatment plant construction costs can be borrowed for up to 40 years (Ch 44 Sec 8 (5)(6))
- Sewer pipe/treatment plant construction costs can be borrowed for up to 30 years (Ch 44 Sec 8 (15))
- Longer borrowing has a mitigating effect on the annual incremental increase but increases the overall cost of the project

# Longer term borrowing

## FY14 Recommended Capital Project Debt Service

	FY14	FY15	FY16	FY17	FY18	FY19
Water 20	\$100,123	\$509,322	\$485,832	\$474,088	\$462,343	\$450,598
Water 30	\$100,123	\$443,406	\$424,925	\$415,686	\$406,445	\$397,205
Reduced Annual payments	\$0	-\$65,916	-\$60,907	-\$58,402	-\$55,898	-\$53,393

	FY14	FY15	FY16	FY17	FY18	FY19
Sewer 20	\$501,030	\$2,365,410	\$2,261,795	\$2,209,989	\$2,158,181	\$2,106,374
Sewer 30	\$501,030	\$1,948,360	\$1,876,440	\$1,840,482	\$1,804,523	\$1,768,563
Reduced Annual Payments	\$0	-\$417,050	-\$385,355	-\$369,507	-\$353,658	-\$337,811