

# TOWN OF BROOKLINE CAPITAL IMPROVEMENT PROGRAM (CIP)



January 28, 2013

Presentation to the B-SPACE Committee

# CIP FUNDING POLICIES

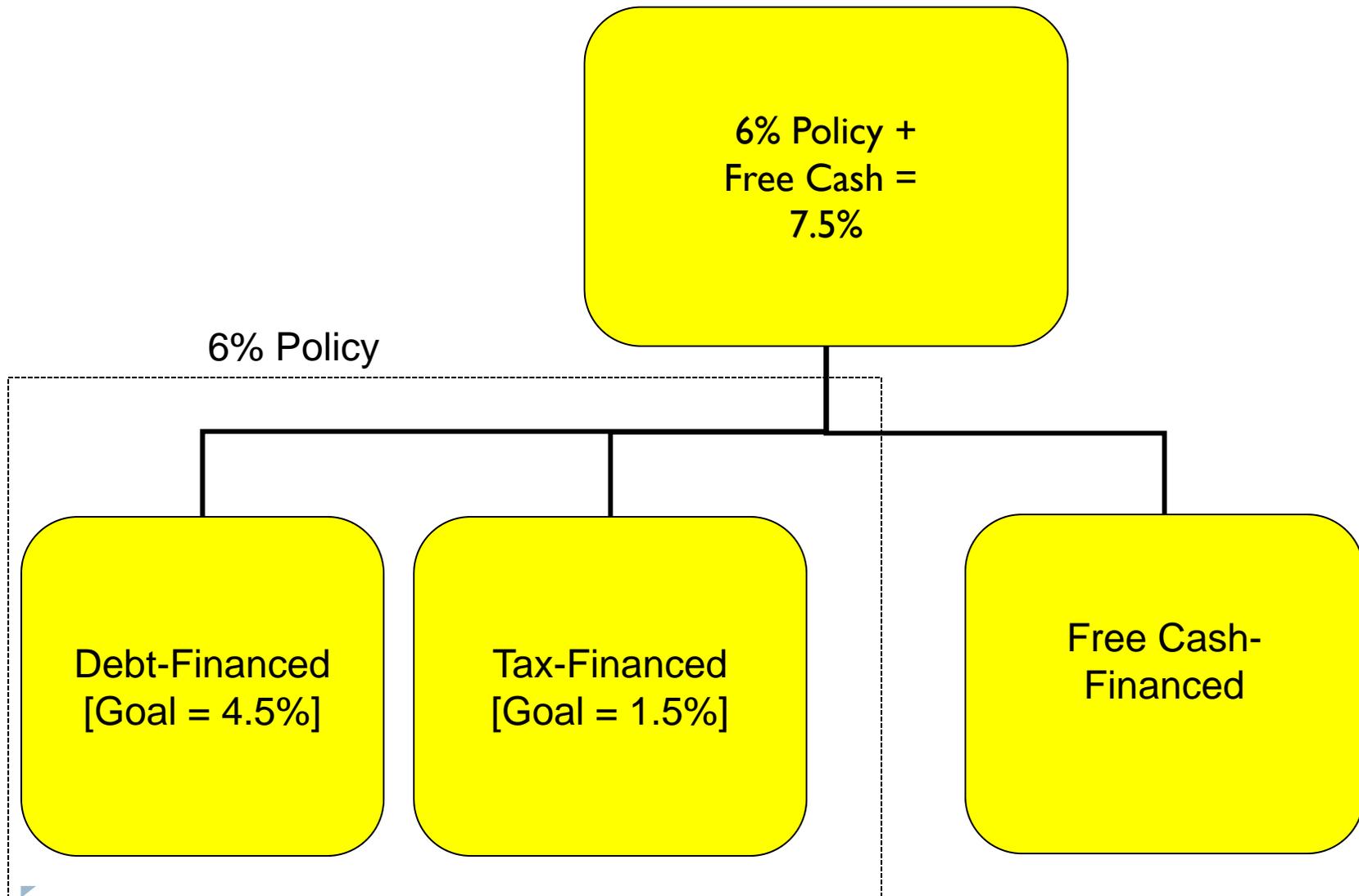
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- ▶ **6% of Prior Year Net Revenue\*** is dedicated to the CIP
  - ▶ Split between debt financing and cash (“pay-as-you-go”)
  - ▶ Goal = 4.5% Debt / 1.5% Cash
  
- ▶ Use *Free Cash* to get to 7.5% of Prior Year Net Revenue

\* Net revenue is defined as gross revenues, less net debt exclusion funds, free cash, transfers from other non-recurring non-general funds, and non-appropriated costs.

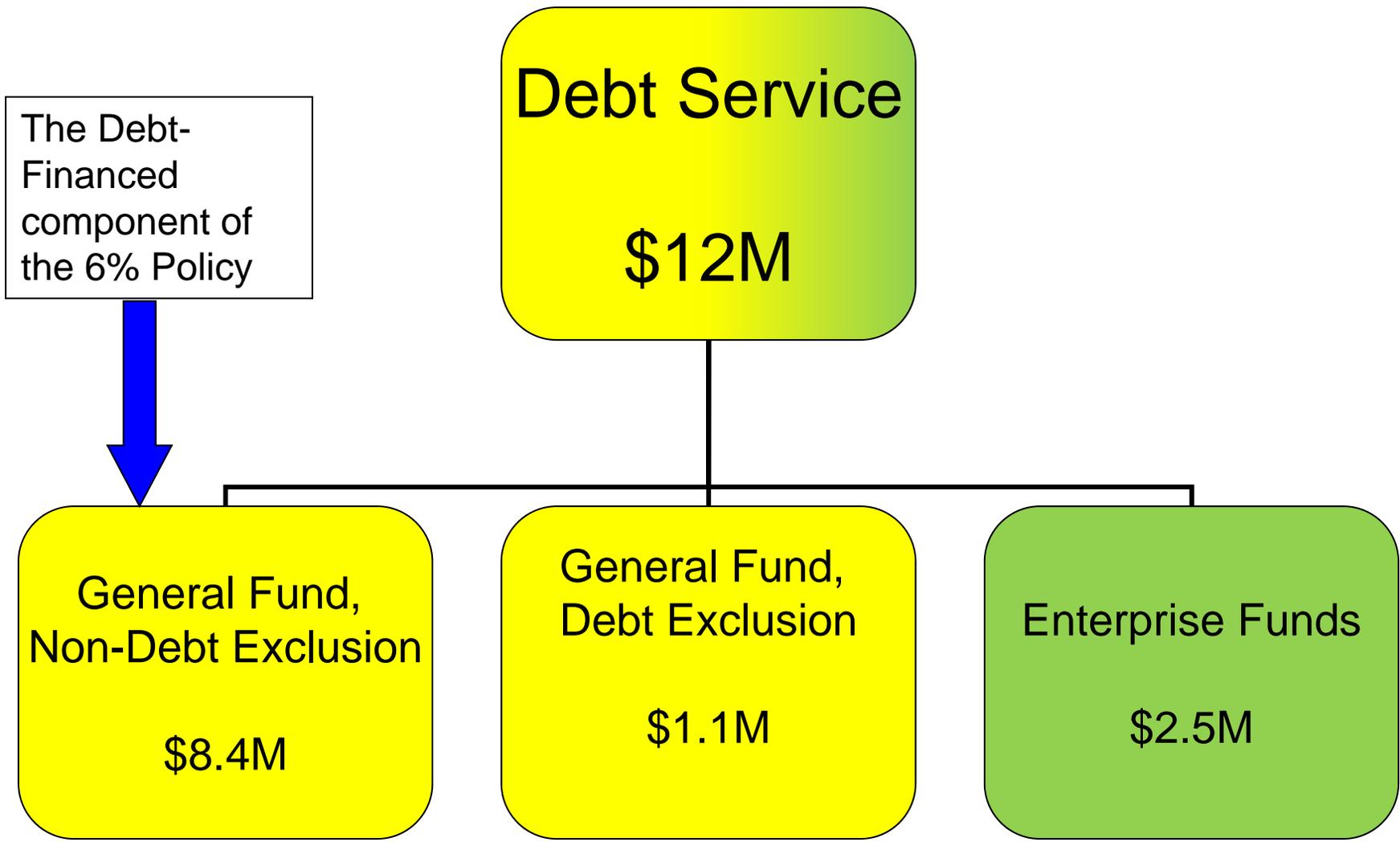
# CIP FUNDING BREAKDOWN

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# FY14 DEBT-FINANCED COMPONENT

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# DEBT MANAGEMENT PLAN - Gen Fund

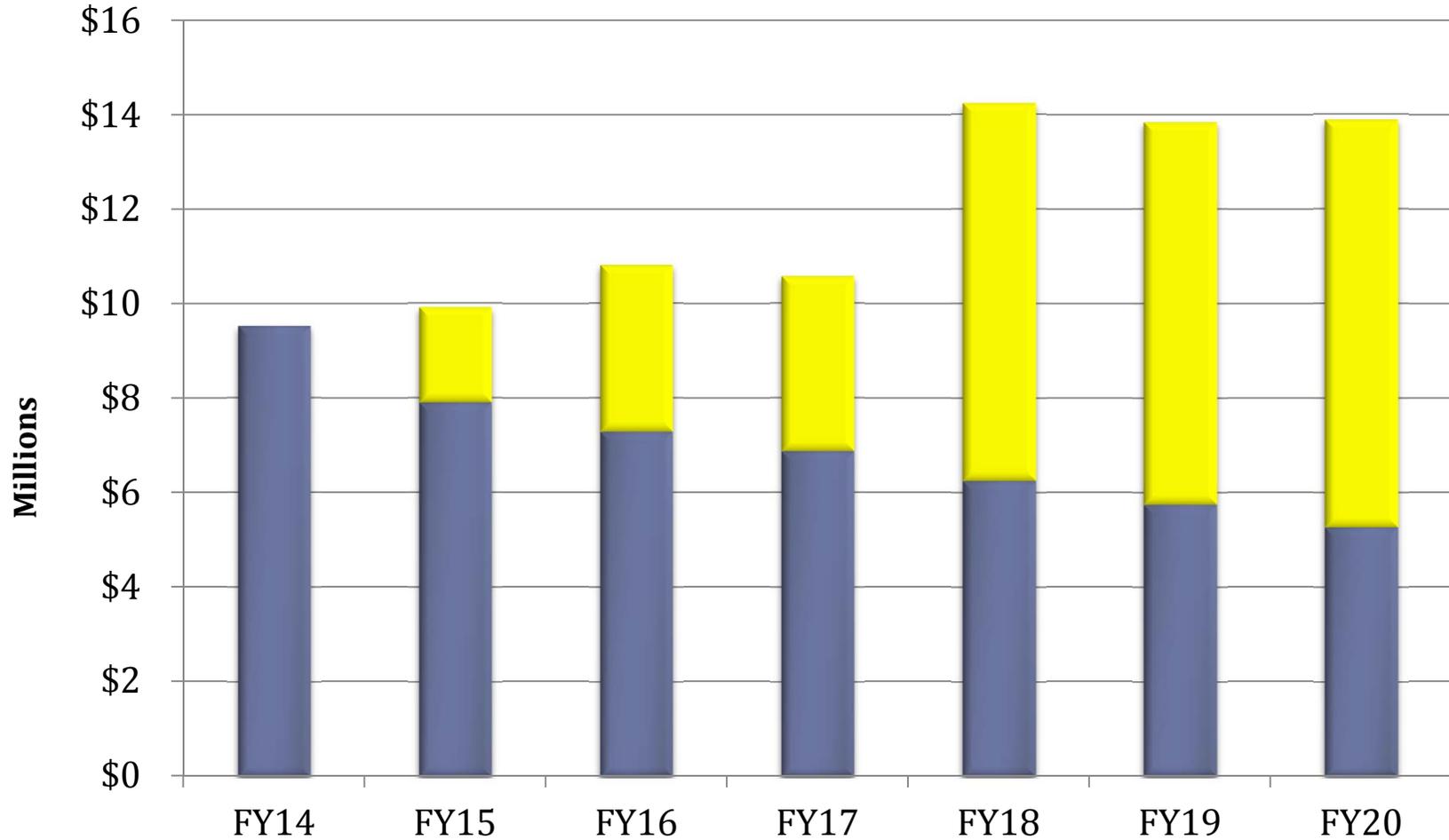
<u>Project</u>	<u>Authorization</u>	<u>Bond Amt</u>	<u>Term</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Runkle School - Constr. (previously authorized)	17,580,000	2,000,000	10	260,000	254,000	248,000	242,000	236,000	230,000	224,000
Carlton St. Footbridge (previously authorized)	1,400,000	155,000	5	34,100	33,480	32,860	32,240	31,620		
Waldstein Playground + Warren Field (previously authorized)	2,150,000	2,150,000	10	279,500	273,050	266,600	260,150	253,700	247,250	240,800
UAB Roof/Chimney/Gutters & Downspouts (previously authorized)	1,300,000	1,300,000	10	169,000	165,100	161,200	157,300	153,400	149,500	145,600
Carlton St. Footbridge (previously authorized)	1,400,000	1,245,000	10		177,413	172,121	166,830	161,539	156,248	150,956
Fisher Hill Park (future authorization)	1,200,000	1,200,000	10		171,000	165,900	160,800	155,700	150,600	145,500
Roof Repairs/Replacements (future authorization)	1,350,000	1,350,000	10		192,375	186,638	180,900	175,163	169,425	163,688
Old Lincoln School (future authorization)	3,000,000	3,000,000	15		335,000	326,000	317,000	308,000	299,000	290,000
MSC Renovations (future authorization)	2,000,000	1,000,000	10		142,500	138,250	134,000	129,750	125,500	121,250
Devotion School (future authorization) - BAN's	54,000,000	5,000,000	1		100,000					
Muddy River (previously authorized)	745,000	745,000	10			104,300	101,320	98,340	95,360	92,380
Ladder #2 (future authorization)	850,000	850,000	10			121,125	117,513	113,900	110,288	106,675
Rear Landfill (future authorization)	4,600,000	4,600,000	20			448,500	437,575	426,650	415,725	404,800
MSC Renovations (future authorization)	2,000,000	1,000,000	10			142,500	138,250	134,000	129,750	125,500
Devotion School (future authorization) - BAN's	54,000,000	42,000,000	1			840,000				
Devotion School (future authorization) - BAN's	54,000,000	54,000,000	1				1,084,080			
Devotion School - Design/Constr. (future authorization)	54,000,000	54,000,000	25					4,884,200	4,771,500	4,663,000
Roof Repairs/Replacements (future authorization)	1,050,000	1,050,000	10					149,625	145,163	140,700
Driscoll School HVAC (future authorization)	2,000,000	2,000,000	10					285,000	276,500	268,000
Pierce Playground (future authorization)	920,000	920,000	10					131,100	127,190	123,280
Brookline Reservoir Park (future authorization)	1,500,000	1,500,000	10						213,750	207,375
Harry Downes (future authorization)	800,000	800,000	10						114,000	110,600
Murphy Playground (future authorization)	720,000	720,000	10							102,600
Larz Anderson Park (future authorization)	2,700,000	2,700,000	15							301,500
Roof Repairs/Replacements (future authorization)	3,000,000	3,000,000	15							335,000
<b>NEW GEN FUND DEBT SERVICE (cumulative)</b>				<b>742,600</b>	<b>1,843,918</b>	<b>3,353,994</b>	<b>3,529,958</b>	<b>7,827,686</b>	<b>7,926,748</b>	<b>8,463,204</b>

# DEBT MANAGEMENT PLAN

## Enterprise Funds

<u>Project</u>	<u>Authorization</u>	<u>Bond Amt</u>	<u>Term</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Storm Drain Improvements (previously authorized)	500,000	500,000	10	70,000	68,000	66,000	64,000	62,000	60,000	58,000
Wastewater (previously authorized)	5,500,000	1,000,000	10		142,500	138,250	134,000	129,750	125,500	121,250
Wastewater (previously authorized)	5,500,000	1,000,000	10			142,500	138,250	134,000	129,750	125,500
Wastewater (previously authorized)	5,500,000	914,065	10				130,254	126,369	122,485	118,600
Wastewater (future authorization)	3,000,000	1,500,000	10					213,750	207,375	201,000
Wastewater (future authorization)	3,000,000	1,500,000	10							213,750
Golf Course (previously authorized)	2,840,000	225,000	20		21,375	20,869	20,363	19,856	19,350	18,844
Golf Course (previously authorized)	2,840,000	590,000	20					56,050	54,723	53,395
<b>NEW ENTERPRISE FUND DEBT SERVICE (cumulative)</b>				<b>70,000</b>	<b>231,875</b>	<b>367,619</b>	<b>486,867</b>	<b>741,776</b>	<b>719,182</b>	<b>910,339</b>

# DEBT SERVICE – GENERAL FUND



# DEBT SERVICE – BREAKDOWN

## DEBT SERVICE (PROJECTED)

DESCRIPTION	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total General Fund Supported Debt Service	9,523,111	9,919,936	10,813,946	10,575,589	14,248,068	13,843,664	13,895,245
a.) Exempt (Debt Exclusion) <sup>1</sup>	1,112,800	1,094,400	1,076,000	1,048,400	1,020,800	988,200	951,600
b.) Non-Exempt	8,410,311	8,825,536	9,737,946	9,527,189	13,227,268	12,855,464	12,943,645
Minus State (SBA) Reimbursed Debt <sup>2</sup>	556,757	556,757	556,757	556,757	556,757	556,757	434,662
Net General Fund Debt Service	8,966,354	9,363,179	10,257,189	10,018,832	13,691,311	13,286,907	13,460,583
Water & Sewer Enterprise Fund Supported Debt Svc.	2,330,324	2,101,871	2,177,355	1,978,715	1,809,960	1,463,341	1,498,469
Golf Course Enterprise Fund Supported Debt Svc.	179,374	176,174	165,274	157,588	139,231	120,679	117,745
<b>Enterprise Fund Debt Service</b>	<b>2,509,698</b>	<b>2,278,045</b>	<b>2,342,629</b>	<b>2,136,303</b>	<b>1,949,191</b>	<b>1,584,020</b>	<b>1,616,214</b>
<b>TOTAL Debt Service</b>	<b>12,032,809</b>	<b>12,197,980</b>	<b>13,156,575</b>	<b>12,711,892</b>	<b>16,197,259</b>	<b>15,427,683</b>	<b>15,511,459</b>

<sup>1</sup> The High School project is financed via a Debt Exclusion.

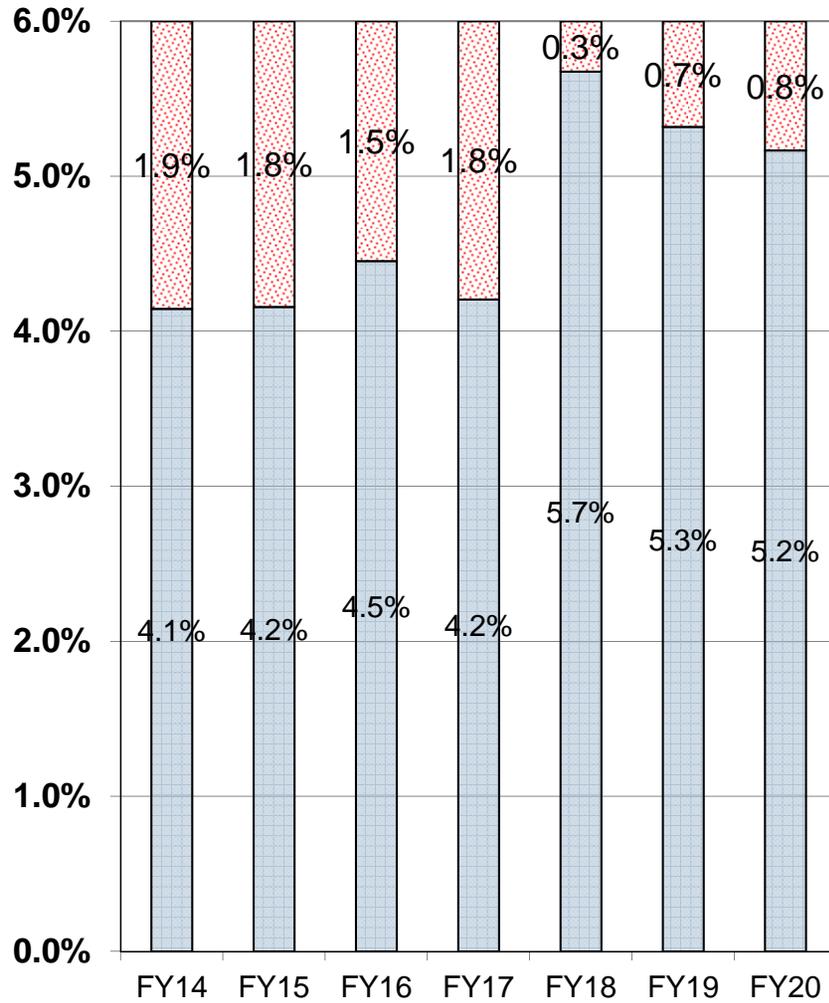
<sup>2</sup> The following school projects are being reimbursed by the State: Heath, and Baker.

# DEBT SERVICE – AS A % OF REVENUE

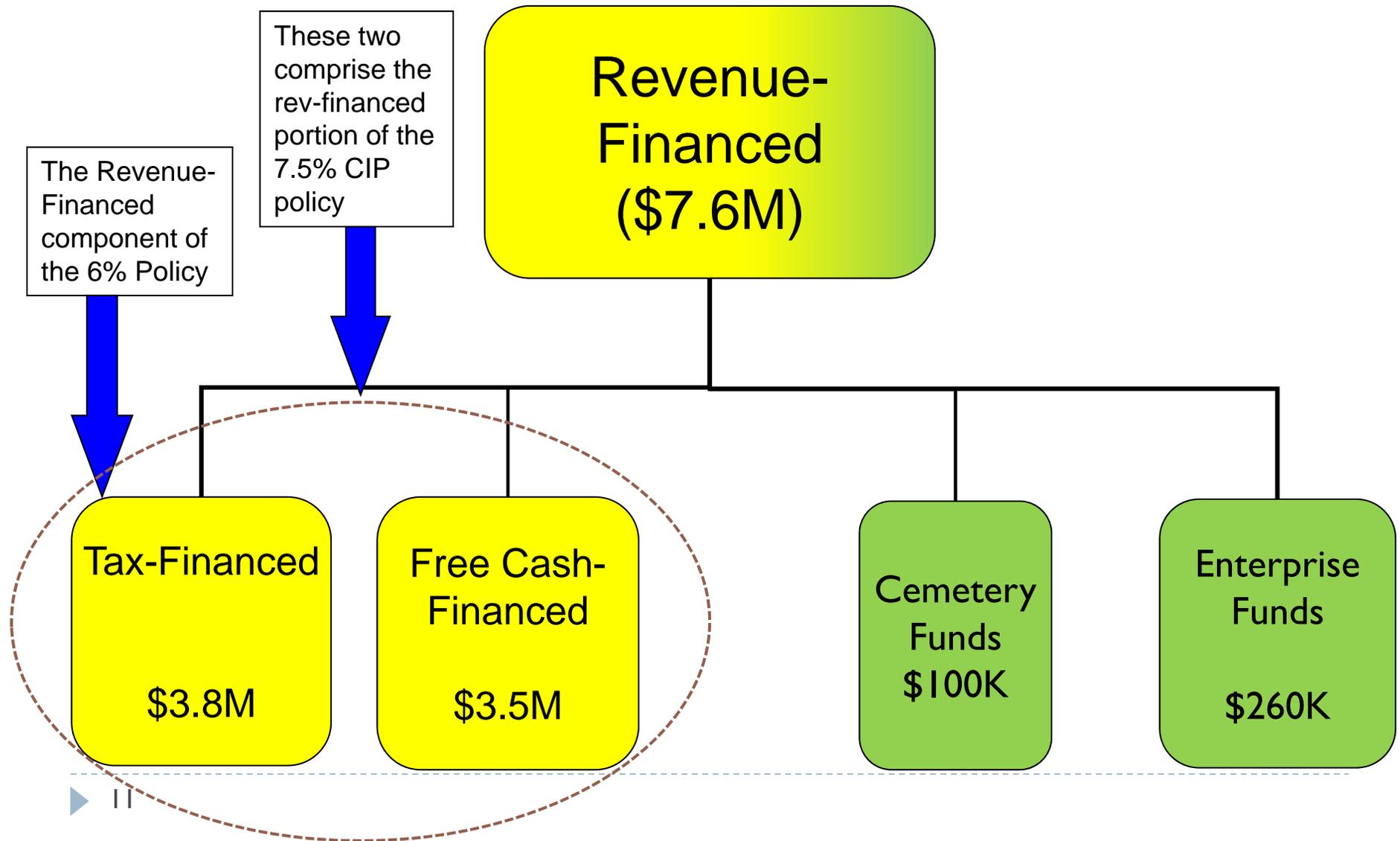
DESCRIPTION	FY11 (Act.)	FY12 (Act.)	FY13 (Proj.)	FY14 (Proj.)	FY15 (Proj.)	FY16 (Proj.)	FY17 (Proj.)	FY18 (Proj.)	FY19 (Proj.)	FY20 (Proj.)
General Fund Debt Service as a % of General Fund Revenue	4.7%	4.8%	4.4%	4.2%	4.3%	4.5%	4.3%	5.6%	5.3%	5.1%
Net General Fund Debt Service as a % of General Fund Revenue <sup>1</sup>	4.1%	4.2%	4.2%	3.9%	4.1%	4.3%	4.1%	5.4%	5.1%	5.0%
Water & Sewer Enterprise Fund Debt Service as a % of Revenue	10.3%	9.3%	9.0%	8.6%	7.6%	7.6%	6.6%	5.8%	4.6%	4.5%
Golf Course Enterprise Fund Debt Service as a % of Revenue	16.8%	15.5%	15.9%	14.8%	14.4%	13.4%	12.7%	11.1%	9.5%	9.2%
<b>TOTAL Debt Service as a % of Total Rev. Supporting Debt Svc.</b>	<b>5.3%</b>	<b>5.3%</b>	<b>5.0%</b>	<b>4.7%</b>	<b>4.7%</b>	<b>4.9%</b>	<b>4.6%</b>	<b>5.7%</b>	<b>5.2%</b>	<b>5.1%</b>

<sup>1</sup> Excludes both the debt service (expense) reimbursed by the State for school projects and the reimbursement from the State (revenue).

# 6% POLICY – DEBT-FINANCED vs “PAY-AS-YOU-GO”



# FY14 REVENUE-FINANCED COMPONENT



# CIP FINANCING – FREE CASH

- ▶ The FY14-FY19 CIP follows the Town’s Free Cash Policy:
  1. Appropriated Budget Reserve – ¼ of the annual budget reserve fund (“reserve fund”)
  2. Unreserved Fund Balance / Stabilization Fund– maintain at minimum of 10% of rev
  3. Liability / Catastrophe Fund – maintain at 1% of net revenue
  4. CIP – bring CIP funding up to 7.5% from the 6% CIP Policy
  5. Affordable Housing Trust Fund – deposit if the fund balance is less than \$5M
  6. Special Use – augment funds related to fringe benefits, go toward unfunded employee benefit liabilities, and other one-time uses, including add’l funding for the CIP and AHTF

Certification (est.)	\$7,500,000	
1. Operating Budget Reserve	\$507,190	
2. Unreserved Fund Balance/Stabilization Fund	\$1,750,000	
3. Liability Reserve	\$154,115	
4. Capital Improvements	\$3,043,142	
<u>5. Affordable Housing Trust Fund</u>	<u>\$306,833</u>	
Sub-Total	\$5,761,280	
 Amt available for Special Use (#6)	 \$1,738,720	
 <u>USE:</u>		
Additional CIP	\$476,220	
OPEB's	\$500,000	
Pension Fund	\$500,000	
Worker's Comp	\$262,500	

**\$3.52M**

# MULTI-YEAR CIP FUNDING SUMMARY (Gen Fund)

	2014	2015	2016	2017	2018	2019
6% Policy	12,172,566	12,634,771	13,028,017	13,495,090	13,915,256	14,431,253
Net-Debt *	8,410,311	8,754,286	9,668,821	9,460,189	13,162,393	12,792,714
% of Prior Yr Net Rev	4.15%	4.16%	4.45%	4.21%	5.68%	5.32%
Pay-as-you-Go	3,762,255	3,880,486	3,359,196	4,034,901	752,863	1,638,539
% of Prior Yr Net Rev	1.85%	1.84%	1.55%	1.79%	0.32%	0.68%
Free Cash	3,519,362	3,146,070	3,262,528	3,373,847	3,472,324	3,582,880
<b>TOTAL</b>	<b>15,691,928</b>	<b>15,780,841</b>	<b>16,290,545</b>	<b>16,868,936</b>	<b>17,387,580</b>	<b>18,014,133</b>

CIP as a % of Prior Yr Net Rev      7.7%      7.5%      7.5%      7.5%      7.5%      7.5%

\* Defined as General Fund debt less debt supported by a debt exclusion.

# “TIGHTNESS” OF THE CIP

- ▶ As shown on slide #10, very little “pay-as-you-go” CIP available in FY18 and FY19:
  - ▶ \$753K in FY18 + \$1.6M in FY19 compared with \$3.3M - \$4M in other FY’s
  
- ▶ This is due primarily to the large amount of debt coming on-line in FY18 for the Devotion School project combined with the debt service for the three projects that were not in the current FY13 – FY18 CIP: Old Lincoln School (\$3M), MSC Renovations (\$2M), and Fisher Hill Park (\$1.2M).
  - ▶ Devotion at \$54M, Town cost is approx. \$615K more in FY18
  - ▶ Old Lincoln, MSC, FH Park add approx. \$600K of debt service in FY18
  - ▶ In addition, the need for \$1.75M of Classroom Capacity in FY14 consumes funding that would have otherwise been available to pull projects forward and/or to pay for a project with cash instead of with debt (either action would take pressure off FY18 + FY19)
  
- ▶ In order to balance those years, must make adjustments, including the elimination of some “annual CIP items” in FY19:
  - ▶ Parks/Playgrounds Rehab/Upgrade (\$305K)
  - ▶ Technology Applications (\$280K)
  - ▶ Tree Removal/Replacement (\$180K)
  - ▶ Town/School Energy Conservation Projects (\$180K)
  
- ▶ Problem exacerbated when funding for work at the BHS is included:
  - ▶ No funding is included in this CIP; study underway to determine options and costs
  - ▶ For perspective: a \$7.5M project would result in approx. \$730K in debt service, an amount nearly equivalent to the amount of revenue-financed CIP available in FY18

# ADDITIONAL REVENUE SOURCES

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- ▶ State / Federal Grants – 28% (\$47.8M) of CIP is anticipated to be funded with grants, including the assumption that MSBA funds 40% of the Devotion School project, the State adopts an annual \$200M statewide Ch. 90 program, and the Village Sq. project is awarded \$4.6M from the State TIP.
- ▶ Proposed Private Development – \$750K from 2 Brookline Pl. for the Village Square project.
- ▶ CDBG Funds – \$250K is used for the Village Sq. project.
- ▶ Cemetery Funds – a total of \$1M is included to support roadwork and lot expansion.

# CIP/DEBT MANAGEMENT POLICIES

VARIABLE	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Legal Limit for Outstanding Debt = 5% of Equalized Valuation (EQV) EQV for 1/1/12 = \$16.227 billion. Assume 2.5% annual growth. (In billions)	\$16.632	\$17.048	\$17.474	\$17.911	\$18.359	\$18.818	\$19.288
Outstanding Debt as a % of EQV	0.5%	0.4%	0.4%	0.4%	0.6%	0.6%	0.5%
General Fund Outstanding Debt as a % of EQV	0.4%	0.4%	0.4%	0.3%	0.6%	0.5%	0.5%
Net General Fund Outstanding Debt as a % of EQV	0.4%	0.4%	0.4%	0.3%	0.6%	0.5%	0.5%
Total Outstanding Debt (in millions)	\$75.1	\$74.7	\$73.7	\$65.2	\$116.5	\$107.9	\$105.3
General Fund Outstanding Debt (in millions)	\$64.1	\$64.7	\$64.6	\$57.2	\$108.3	\$101.3	\$98.6
Net General Fund Outstanding Debt (in millions)	\$61.3	\$62.3	\$62.6	\$55.5	\$106.8	\$100.1	\$97.7
Total Debt Service (in millions)	\$12.5	\$12.0	\$12.1	\$13.1	\$12.6	\$16.1	\$15.4
General Fund Debt Service (in millions)	\$9.9	\$9.5	\$9.8	\$10.7	\$10.5	\$14.2	\$13.8
Net General Fund Debt Service (in millions)	\$9.3	\$9.0	\$9.3	\$10.2	\$10.0	\$13.6	\$13.2
Total Debt Service Per Capita	\$212	\$205	\$206	\$223	\$215	\$275	\$262
General Fund Debt Service Per Capita	\$169	\$162	\$168	\$183	\$179	\$241	\$235
Net General Fund Debt Service Per Capita	\$159	\$153	\$158	\$173	\$169	\$232	\$225
Total Debt Service as a % of Revenue	5.0%	4.7%	4.7%	4.9%	4.6%	5.6%	5.2%
General Fund Debt Service as a % of General Fund Revenue	4.4%	4.2%	4.3%	4.5%	4.3%	5.6%	5.2%
Net General Fund Debt Service as a % of General Fund Revenue	4.2%	4.0%	4.0%	4.3%	4.1%	5.4%	5.0%
A. Total Outstanding Debt Per Capita as a % of Per Capita Income	1.9%	1.8%	1.7%	1.5%	2.6%	2.4%	2.2%
General Fund Outstanding Debt Per Capita as a % of Per Capita Income	1.6%	1.6%	1.5%	1.3%	2.4%	2.2%	2.1%
Net General Fund Outstanding Debt Per Capita as a % of Per Capita Income	1.5%	1.5%	1.5%	1.3%	2.4%	2.2%	2.1%
B. Total Outstanding Debt Per Capita	\$1,278	\$1,272	\$1,255	\$1,110	\$1,983	\$1,836	\$1,793
General Fund Outstanding Debt Per Capita	\$1,092	\$1,102	\$1,100	\$975	\$1,844	\$1,725	\$1,679
Net General Fund Outstanding Debt Per Capita	\$1,044	\$1,060	\$1,065	\$945	\$1,819	\$1,705	\$1,664
C. Total Outstanding Debt as a % of Assessed Value (AV)	0.5%	0.5%	0.5%	0.4%	0.7%	0.6%	0.6%
General Fund Outstanding Debt as a % of Assessed Value (AV)	0.4%	0.4%	0.4%	0.3%	0.6%	0.6%	0.6%
Net General Fund Outstanding Debt as a % of Assessed Value (AV)	0.4%	0.4%	0.4%	0.3%	0.6%	0.6%	0.6%
D. Total Debt Maturing Within 10 Years	82%	84%	87%	89%	69%	70%	71%
General Fund Debt Maturing Within 10 Years	80%	82%	85%	87%	67%	68%	69%
E. CIP Financing as a % of Prior Year's Net Revenue	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Debt-Financed CIP as a % of Prior Year's Net Revenue	4.26%	4.15%	4.16%	4.45%	4.21%	5.68%	5.32%
Revenue-Financed CIP as a % of Prior Year's Net Revenue	1.73%	1.85%	1.84%	1.55%	1.79%	0.32%	0.68%

## Town Policies

- A. Total Outstanding Debt Per Capita = shall not exceed 6% of Per Capita Income.
- B. Total Outstanding Debt Per Capita = shall not exceed \$2,499 (for FY13).
- C. Total Outstanding Debt = shall not exceed 2.5% of Assessed Value (AV).
- D. Bond Maturities = 60% of General Fund principal shall mature within 10 years.
- E. CIP Financing = 6% of Prior Year's Net Revenue, with a goal of 4.5% from Debt-Financed and 1.5% from Revenue-Financed.

NOTE: "Net General Fund Debt" is total General Fund Debt less the share paid for by the State for the Lincoln, Heath, and Baker projects.