

TOWN OF BROOKLINE FY12 – FY17 PRELIMINARY CAPITAL IMPROVEMENT PROGRAM



December 7, 2010

[CAPITAL IMPROVEMENT PROGRAM]

- “Capital planning and budgeting is central to economic development, transportation, communication, delivery of other essential services, and environmental management and quality of life. Much of what is accomplished by local govt’s depends on a sound long-term investment in infrastructure and equipment.” – from ICMA’s *Capital Budgeting: A Guide for Local Governments*

HEADLINES

- \$156.3M Six-Year CIP (FY12 – FY17) conforms with CIP Policies.
- Completes phase-up back to 5.5% from 5% in FY10.
- Devotion School places great pressure on the CIP in FY17-FY18. A Debt Exclusion for Devotion School should be considered.
- Assumes Town funding for Heath School at \$5M and Devotion School at \$50M, or 65% of each project.
- Continues the additional funding for streets and sidewalks included in the 2008 Override.
- Includes funding in out-years for the golf course maintenance shed, a HRIS, and the Gatehouse roof.
- Moves two playground projects (Billy Ward and Clark) to FY12.
- Continues to invest in the Town's infrastructure and in IT.
- Continues to upgrade Public Safety equipment.
- Includes funding for Town/School roofs, masonry repairs, elevators, and generators.
- Incorporates a funding plan for the Village Square project (all outside funding).
- Continues to fund energy conservation efforts.
- Final component of landfill project (capping rear landfill) funded in FY15.

MAJOR PROJECTS

- Devotion School Rehab - \$50M of Town funding + possibility of \$27M of State funding (FY14-FY15)
- Heath School Rehab - \$5M of Town funding + \$2.7M of State funding (FY12)
- Newton St. Landfill (Rear Landfill Closure) - \$4.6M (FY15)
- Village Square - \$4.5M (FY13) - - all outside funding
- Fire Station Renovations - \$3.3M (all years)
- Fisher Hill Reservoir Re-Use - \$3.25M (FY14) - - all outside funding
- Waldstein Playground & Warren Field - \$2.1M (FY12-FY13)
- Baldwin School - \$2M (FY14-FY15)
- Driscoll School HVAC - \$1.65M (FY16-FY17)
- UAB - \$1.4M (FY12-FY13)
- Brookline Reservoir Park - \$1.4M (FY16)
- Pierce School - \$1.1M (FY12-FY14)

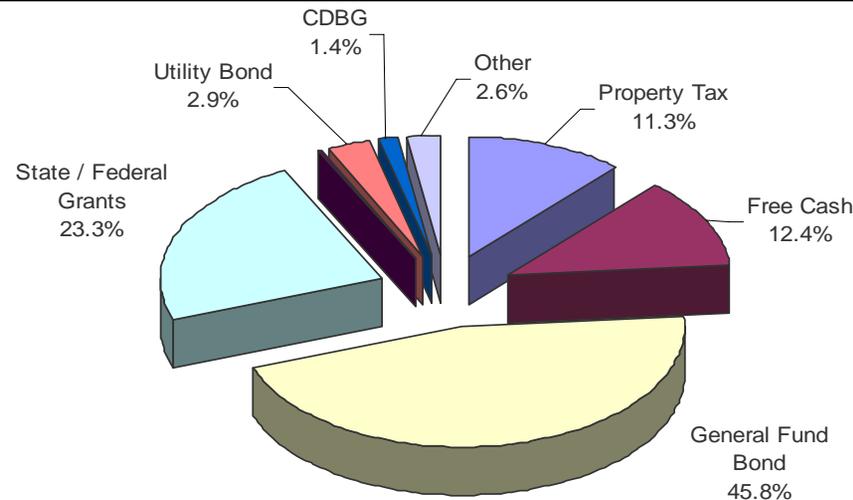
CONTINUED MAJOR INVESTMENT

- Street & Sidewalk Rehab - \$15.8M
- Parks & Open Space - \$14.7M
- General Town/School Bldg. Repairs - \$7.4M
- Water & Sewer Infrastructure - \$4.8M
- Public Safety Equipment - \$3M
- Information Technology - \$2M
- Rec Facilities - \$1.3M
- Tree Replacement - \$1M
- Energy Conservation - \$1M

FINANCING SUMMARY

GRAND TOTAL BY SOURCE (in thousands)

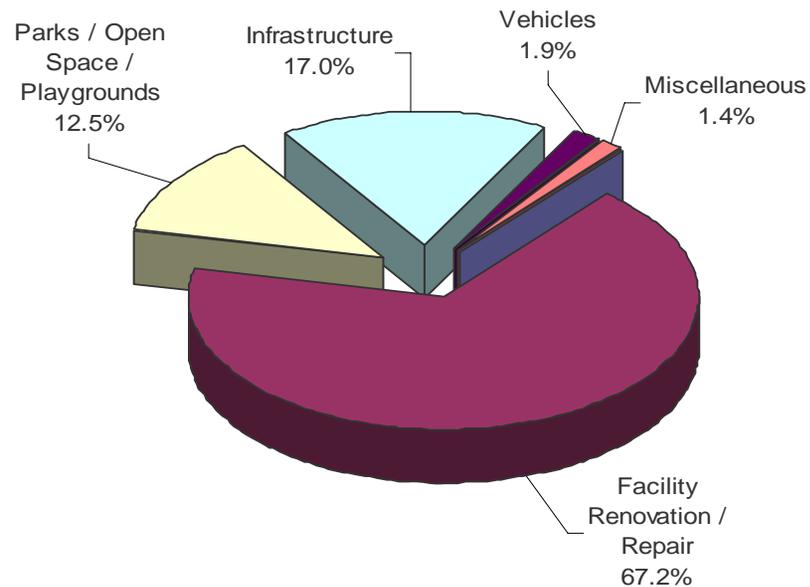
	FY12	FY13	FY14	FY15	FY16	FY17	TOTAL	% OF TOTAL
Property Tax	2,515.2	2,565.9	2,974.8	3,696.1	3,729.1	2,135.0	17,616.1	11.3%
Free Cash	4,413.8	3,035.1	3,018.2	2,998.9	2,967.9	2,954.0	19,387.9	12.4%
General Fund Bond	5,000.0	3,300.0	2,820.0	54,350.0	3,200.0	2,900.0	71,570.0	45.8%
State / Federal Grants	3,420.0	2,220.0	1,975.0	26,970.0	1,120.0	720.0	36,424.8	23.3%
Utility Budget	0.0	280.0	260.0	0.0	0.0	0.0	540.0	0.3%
Utility Bond	1,500.0	0.0	0.0	3,000.0	0.0	0.0	4,500.0	2.9%
CDBG	0.0	2,250.0	0.0	0.0	0.0	0.0	2,250.0	1.4%
Other	0.0	750.0	3,250.0	0.0	0.0	0.0	4,000.0	2.6%
TOTAL	16,849.0	14,401.0	14,298.0	91,015.0	11,017.0	8,709.0	156,288.8	100.0%



CATEGORY SUMMARY

GRAND TOTAL BY CATEGORY (in thousands)

	FY12	FY13	FY14	FY15	FY16	FY17	TOTAL	% OF TOTAL
New Facility Construction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Facility Renovation / Repair	10,215.0	3,410.0	5,800.0	77,520.0	4,755.0	3,265.0	104,965.0	67.2%
Parks / Open Space / Playgrounds	1,935.0	2,845.0	4,375.0	6,510.0	3,085.0	810.0	19,560.0	12.5%
Infrastructure	4,359.0	7,471.0	3,503.0	5,660.0	2,692.0	2,909.0	26,593.8	17.0%
Vehicles	50.0	0.0	320.0	1,000.0	185.0	1,400.0	2,955.0	1.9%
Miscellaneous	290.0	675.0	300.0	325.0	300.0	325.0	2,215.0	1.4%
TOTAL	16,849.0	14,401.0	14,298.0	91,015.0	11,017.0	8,709.0	156,288.8	100%



CIP 5.5% FINANCING – THE CHALLENGE

• CIP as Requested by Departments

	2012	2013	2014	2015	2016	2017	
1. Available Free Cash for CIP	3,215,421	3,038,752	3,013,715	2,987,373	2,973,942	2,960,620	
Available Prop-Tax Supported CIP	1,218,013	1,284,986	1,747,908	2,543,865	2,220,107	531,650	
2008 Override (\$750K in FY09)	807,668	827,860	848,556	869,770	891,514	913,802	
Funds Available for CIP	5,241,102	5,151,598	5,610,179	6,401,008	6,085,563	4,406,072	
Requested Rev.-Financed Proj's	7,600,125	6,116,875	5,533,000	7,130,000	6,052,000	6,996,000	
Balance	(2,359,023)	(965,277)	77,179	(728,992)	33,563	(2,589,928)	
2. Vs. REQUIREMENTS	2012	2013	2014	2015	2016	2017	2018
Debt Financed \$\$	9,106,316	9,306,563	9,169,718	8,753,137	9,442,525	11,485,028	12,854,868
Revenue Financed \$\$	1,218,013	1,284,986	1,747,908	2,543,865	2,220,107	531,650	(494,711)
Debt Financed %	4.85%	4.83%	4.62%	4.26%	4.45%	5.26%	5.72%
Revenue Financed %	0.65%	0.67%	0.88%	1.24%	1.05%	0.24%	-0.22%

What does this mean?

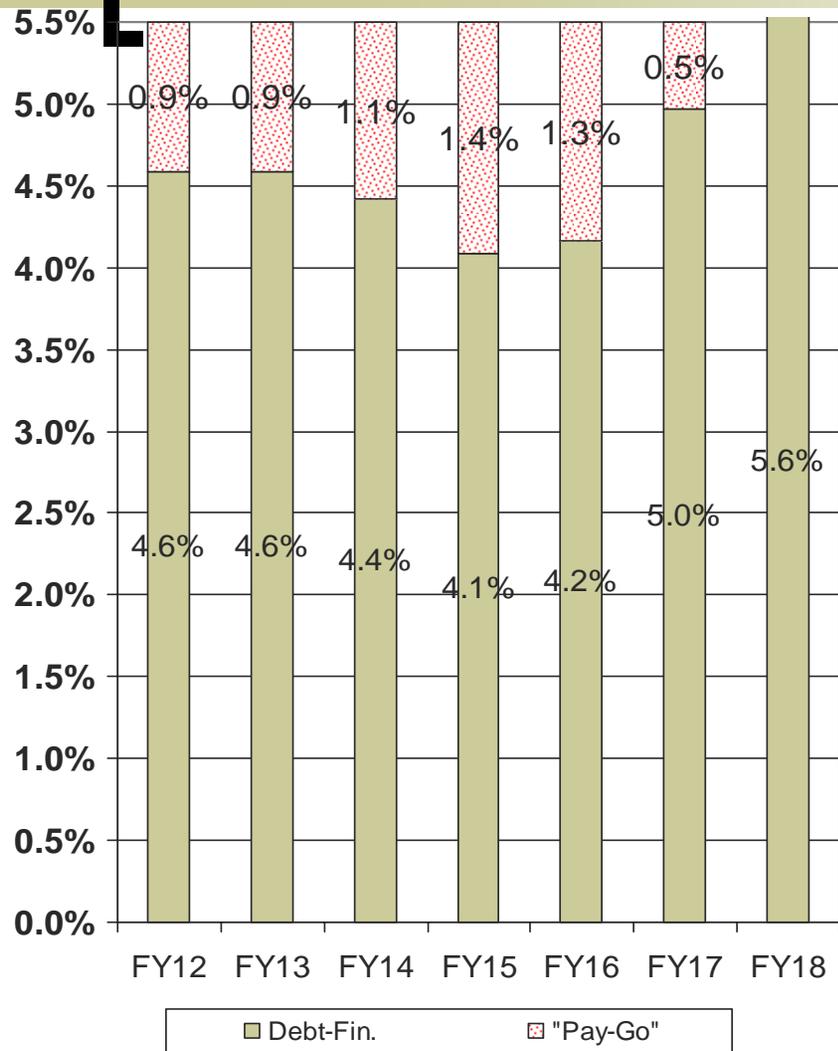
1. Top box shows not enough revenue to fund revenue-financed CIP in 4 of 6 years.
2. If adopted CIP as requested, exceed debt financing policies in FY18 (by \$495K).

CIP 5.5% FINANCING – END RESULT

- The FY12-FY17 Preliminary CIP is balanced and complies with the CIP Financing Policies; however, in FY18 policies exceeded when pressures from Devotion School push it over the 5.5% level
- Gets back to the 5.5% funding level. As part of the budget balancing plan in FY10, reduced the 5.5% funding level:
 - FY10 = 5.0%
 - FY11 = 5.25%
 - FY12 = 5.5%

CIP ACTUAL vs. REQUIREMENTS	2012	2013	2014	2015	2016	2017	2018
Actual Debt Financed \$\$	8,613,504	8,853,278	8,793,316	8,391,249	8,837,433	10,944,879	12,748,888
Actual Revenue Financed \$\$	1,707,580	1,759,023	2,139,514	2,887,187	2,860,145	1,156,167	(286,871)
Actual Debt Financed %	4.59%	4.59%	4.42%	4.09%	4.16%	4.97%	5.63%
Actual Revenue Financed %	0.91%	0.91%	1.08%	1.41%	1.34%	0.53%	-0.13%

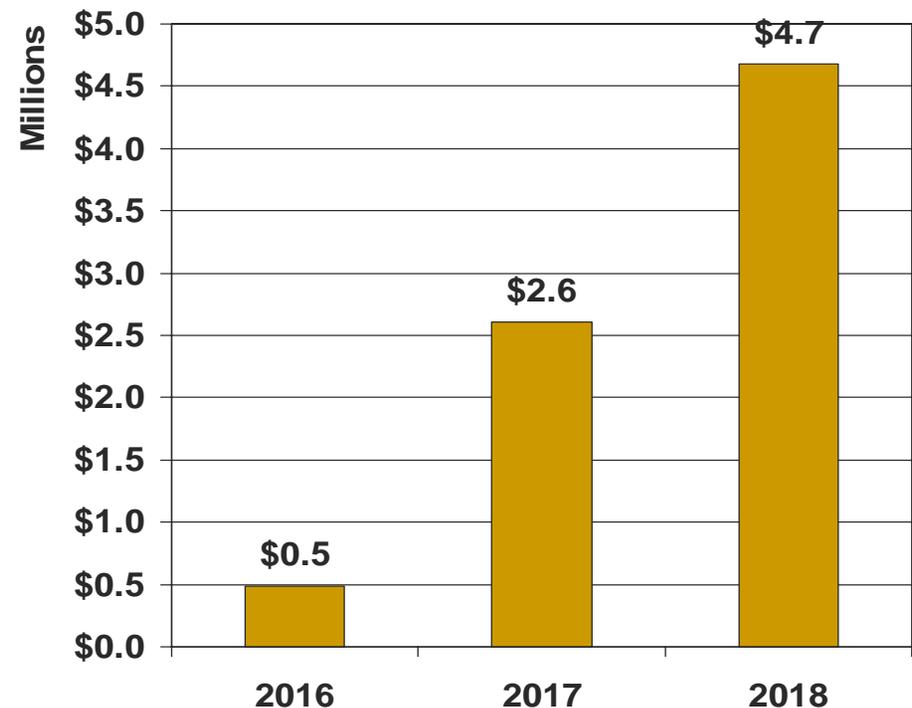
DEBT-FINANCED vs "PAY-AS-YOU-GO"



DEVOTION SCHOOL

- As shown in the previous slide, the 5.5% funding policy is exceeded in FY18. This is due to the debt service from the Devotion School project.
- In addition, in FY17 the portion of the 5.5% funding dedicated to debt service will leave just \$1.1M of revenue-financed CIP for all other projects. This is also due to the debt service from the Devotion School project.
- Because of these facts, should consider a Debt Exclusion for some share of the Town's cost.

ANNUAL DEBT SERVICE



DEBT MANAGEMENT PLAN

General Fund

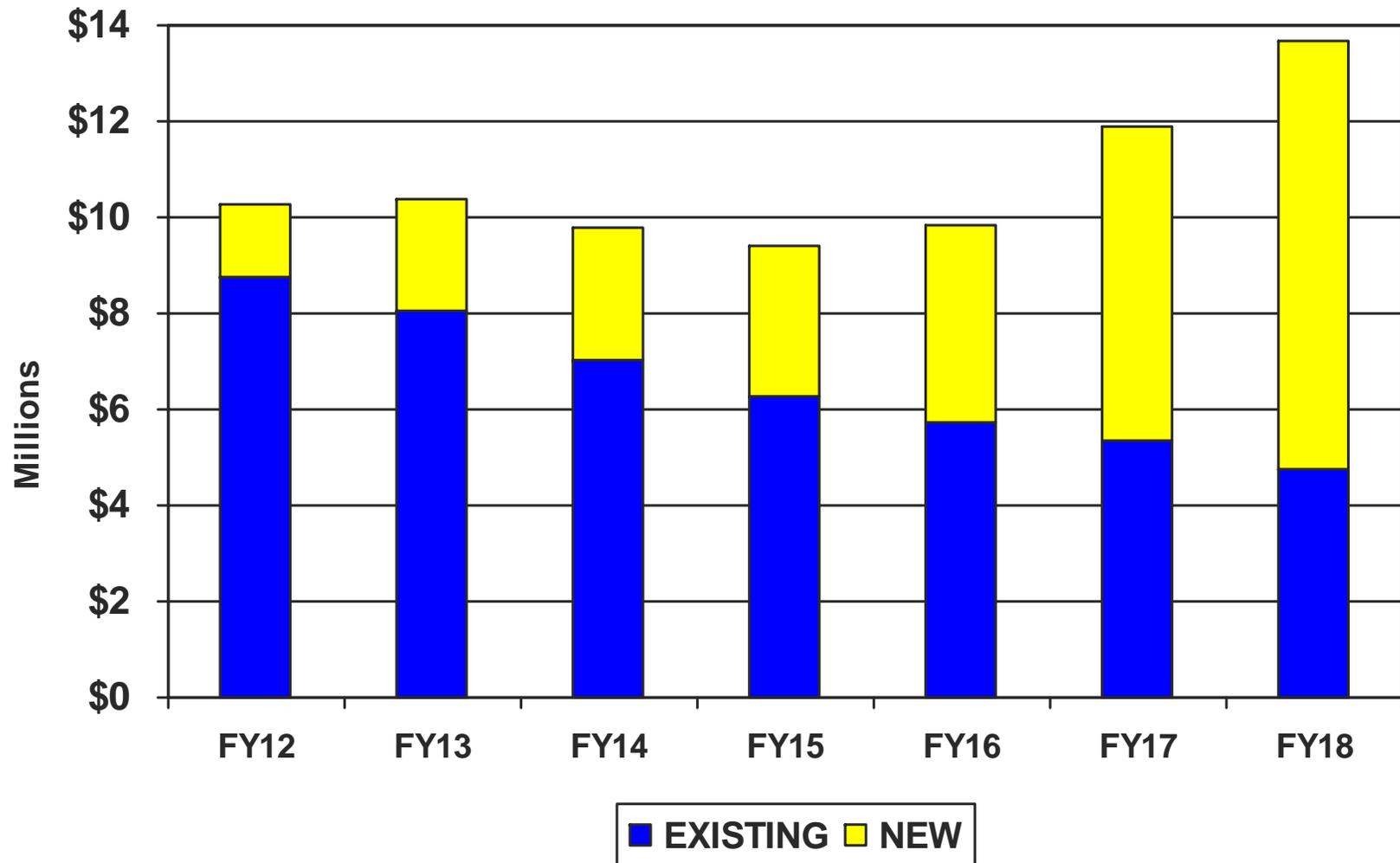
<u>Project</u>	<u>Authorization</u>	<u>Bond Amt</u>	<u>Term</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Runkle School - Constr. (previously authorized)	17,580,000	9,000,000	20	1,480,000	729,937	713,347	696,758	680,168	663,579	646,989
TH/Main Library Garages (previously authorized)	950,000	950,000	10		135,375	131,338	127,300	123,263	119,225	115,188
Landfill Corr Action (previously authorized)	3,275,000	350,000	10		49,875	48,388	46,900	45,413	43,925	42,438
Carlton St. Footbridge (previously authorized)	1,400,000	1,400,000	10		199,500	193,550	187,600	181,650	175,700	169,750
Muddy River (previously authorized)	745,000	745,000	10		106,163	102,996	99,830	96,664	93,498	90,331
Heath School Addition (seeking authorization)	5,000,000	5,000,000	20		487,500	475,625	463,750	451,875	440,000	428,125
Runkle School - Constr. (previously authorized)	17,580,000	7,080,000	20		637,200	623,040	608,880	594,720	580,560	566,400
UAB Roof/Chimney/Gutters & Downspouts (future authorization)	1,275,000	1,275,000	10			185,250	179,725	174,200	168,675	163,150
Waldstein Playground + Warren Field (future authorization)	1,600,000	1,600,000	10			285,000	276,500	268,000	259,500	251,000
Devotion School - Feas. & Sch. Des. (future authorization)	1,218,750	1,218,750	10				173,672	168,492	163,313	158,133
Roof Repairs / Replacements (future authorization)	1,600,000	1,600,000	10				228,000	221,200	214,400	207,600
Devotion School - Design (future authorization)	48,750,000	5,000,000	20					487,500	475,625	463,750
Ladder #2 (future authorization)	1,000,000	1,000,000	10					142,500	138,250	134,000
Rear Landfill (future authorization)	4,600,000	4,600,000	20					448,500	437,575	426,650
Baldwin School (future authorization)	1,780,000	1,780,000	10						256,500	248,850
Devotion School - Constr. (future authorization)	48,750,000	21,875,000	20						2,132,813	2,080,859
Brookline Reservoir Park (future authorization)	1,400,000	1,400,000	10						199,500	193,550
Driscoll School HVAC (future authorization)	1,500,000	1,500,000	10							213,750
Devotion School - Constr. (future authorization)	48,750,000	21,875,000	20							2,132,813
Engine #4 (Quint) (future authorization)	1,400,000	1,400,000	10							199,500
NEW GEN FUND DEBT SERVICE (cumulative)				1,480,000	2,345,549	2,758,534	3,088,915	4,084,144	6,562,636	8,932,825

DEBT MANAGEMENT PLAN

Enterprise Funds

<u>Project</u>	<u>Authorization</u>	<u>Bond Amt</u>	<u>Term</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Wastewater (previously authorized)	5,500,000	1,000,000	10	145,000	140,500	136,000	131,500	127,000	122,500	118,000
Wastewater (previously authorized)	5,500,000	1,000,000	10		145,000	140,500	136,000	131,500	127,000	122,500
Wastewater (previously authorized)	5,500,000	1,000,000	10			145,000	140,500	136,000	131,500	127,000
Wastewater (previously authorized)	5,500,000	1,124,000	10				162,989	157,931	152,873	147,815
Wastewater (future authorization)	3,000,000	1,500,000	10					217,500	210,750	204,000
Wastewater (future authorization)	3,000,000	1,500,000	10							217,500
Water Main Improvements (future authorization)	1,000,000	1,000,000	10		145,000	140,500	136,000	131,500	127,000	122,500
Storm Drain Improvements (future authorization)	500,000	500,000	10		72,500	70,250	68,000	65,750	63,500	61,250
Golf Course (previously authorized)	2,840,000	375,000	20	35,479	34,558	33,638	32,717	31,796	30,875	29,954
Golf Course (previously authorized)	2,840,000	125,000	20		11,875	11,594	11,313	11,031	10,750	10,469
Golf Course (previously authorized)	2,840,000	225,000	20				33,250	32,463	31,675	30,888
Golf Course (previously authorized)	2,840,000	590,000	20							56,050
NEW ENTERPRISE FUND DEBT SERVICE (cumulative)				180,479	549,433	677,481	852,269	1,042,471	1,008,423	1,247,925

DEBT SERVICE – GENERAL FUND



DEBT SERVICE – BREAKDOWN

DEBT SERVICE (PROJECTED)

DESCRIPTION	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Total General Fund Supported Debt Service	10,344,421	10,484,086	9,906,116	9,485,649	9,913,433	11,993,279	13,769,688
a.) Exempt (Debt Exclusion) ¹	1,730,917	1,630,808	1,112,800	1,094,400	1,076,000	1,048,400	1,020,800
b.) Non-Exempt	8,613,504	8,853,278	8,793,316	8,391,249	8,837,433	10,944,879	12,748,888
Minus State (SBA) Reimbursed Debt ²	1,227,634	587,125	587,125	587,125	587,125	587,125	587,125
Net General Fund Debt Service	9,116,787	9,896,961	9,318,991	8,898,524	9,326,308	11,406,154	13,182,563
Water & Sewer Enterprise Fund Supported Debt Svc.	2,225,204	2,455,446	2,485,539	2,269,875	2,409,716	2,062,914	1,923,405
Golf Course Enterprise Fund Supported Debt Svc.	188,458	194,677	183,569	191,017	180,108	174,144	154,079
Enterprise Fund Debt Service	2,413,662	2,650,123	2,669,108	2,460,892	2,589,824	2,237,057	2,077,484
TOTAL Debt Service	12,758,083	13,134,209	12,575,224	11,946,541	12,503,258	14,230,337	15,847,172

¹ The Lincoln School and High School projects were financed via a Debt Exclusion.

² The following school projects are being reimbursed by the State: Lincoln, Heath, and Baker.

DEBT SERVICE – AS A % OF REVENUE

DESCRIPTION	FY08 (Act.)	FY09 (Act.)	FY10 (Act.)	FY11 (Proj.)	FY12 (Proj.)	FY13 (Proj.)	FY14 (Proj.)	FY15 (Proj.)	FY16 (Proj.)	FY17 (Proj.)	FY18 (Proj.)
General Fund Debt Service as a % of General Fund Revenue	5.7%	6.2%	5.9%	4.7%	5.0%	5.0%	4.6%	4.2%	4.3%	5.0%	5.6%
Net General Fund Debt Service as a % of General Fund Revenue 2	3.9%	4.6%	4.3%	4.2%	4.5%	4.7%	4.3%	4.0%	4.0%	4.8%	5.4%
Water & Sewer Enterprise Fund Debt Service as a % of Revenue	11.6%	10.9%	10.5%	10.3%	9.1%	9.4%	9.2%	8.2%	8.3%	6.9%	6.2%
Golf Course Enterprise Fund Debt Service as a % of Revenue	15.4%	15.9%	16.1%	14.9%	15.1%	15.5%	14.5%	14.9%	13.9%	13.3%	11.7%
TOTAL Debt Service as a % of Total Rev. Supporting Debt Svc.	6.4%	6.7%	6.4%	5.4%	5.5%	5.5%	5.1%	4.7%	4.8%	5.3%	5.7%

CIP FINANCING – FREE CASH

- The FY12-FY17 CIP follows the Town’s Free Cash Policy:
 - An amount equivalent to 0.25% of the prior year’s net revenue shall be appropriated as part of the Town’s 1% Appropriated Budget Reserve Fund.
 - To the extent necessary, Free Cash shall be used to fund the Stabilization Fund at a level equivalent to 3% of the prior year’s net revenue.
 - To the extent necessary, Free Cash shall be used to reach the funding target of the Town’s Liability / Catastrophe Fund (1% of the prior year’s net revenue).
 - To support the Affordable Housing Trust Fund, when Certified Free Cash exceeds \$6M.
 - Free Cash may be used to augment the trust funds related to fringe benefits and unfunded liabilities related to employee benefits.
 - Dedicate all remaining funds to the CIP.

- As discussed in the Forecast presentation, it is recommended that \$2M of Certified Free Cash be left unappropriated because of the unreserved fund balance concern.

- The recommended use of \$5.375M of Free Cash for FY12 is \$785K more than last year, and above the \$3.75M est used to build the out-years of the FY11–FY16 CIP.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Free Cash for Use	5,375,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Free Cash appropriated for:						
Capital Improvements	4,413,753	3,164,892	3,126,081	3,095,339	3,026,262	3,023,514
Operating Budget Reserve	469,288	482,356	496,926	512,635	531,687	550,026
Stabilization Fund	0	69,250	88,010	99,066	136,349	124,370
Affordable Housing Trust Fund	350,000	0	0	0	0	0
Liability Reserve	141,959	33,502	38,984	42,960	55,702	52,090

CIP FUNDING SUMMARY (Gen Fund)

	2012	2013	2014	2015	2016	2017
5.5% Policy	10,321,083	10,607,666	10,911,007	11,240,869	11,643,746	12,030,471
Net-Debt *	8,613,504	8,853,278	8,793,316	8,391,249	8,837,433	10,944,879
% of Prior Yr Net Rev	4.59%	4.59%	4.43%	4.11%	4.17%	5.00%
Pay-as-you-Go	1,707,580	1,754,388	2,117,692	2,849,620	2,806,313	1,085,592
% of Prior Yr Net Rev	0.91%	0.91%	1.07%	1.39%	1.33%	0.50%
2008 Override Funds	807,668	827,860	848,556	869,770	891,514	913,802
Free Cash	4,413,753	3,164,892	3,126,081	3,095,339	3,026,262	3,023,514
TOTAL	15,542,504	14,600,417	14,885,644	15,205,978	15,561,522	15,967,787

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

ADDITIONAL REVENUE SOURCES

- CDBG Funds – \$2.25M is used, including utilizing the Section 108 Loan Guarantee Program.
- State / Federal Grants – \$36.4M is anticipated, including the assumption that MSBA funds cover 35% of the Heath School and Devotion School projects, a \$150M statewide Ch. 90 program annually, and the Village Sq project is awarded \$1.5M from the State TIP.
- Proposed Private Development – \$4.2M total, with \$3.25M for Fisher Hill Reservoir Re-Use (FY14) and \$750K from 2 Brookline PI for the Village Square project (FY13).
- 2008 Override Funds – continues the additional funding for streets and sidewalks (\$5.2M over 6 yrs; \$808K in FY12).

CIP/DEBT MANAGEMENT POLICIES

VARIABLE	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Legal Limit for Out. Debt = 5% of Equalized Valuation (EQV)							
EQV for 1/1/10 = \$15.985 billion. Assume 2.5% annual growth. (In millions)	\$15,985.3	\$16,384.9	\$16,794.6	\$17,214.4	\$17,644.8	\$18,085.9	\$18,538.0
Outstanding Debt as a % of EQV	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	0.5%
General Fund Outstanding Debt as a % of EQV	0.4%	0.4%	0.4%	0.3%	0.3%	0.4%	0.5%
Net General Fund Outstanding Debt as a % of EQV	0.4%	0.4%	0.4%	0.3%	0.3%	0.4%	0.5%
Total Outstanding Debt (in millions)	\$75.3	\$82.9	\$78.3	\$71.8	\$73.1	\$89.6	\$103.2
General Fund Outstanding Debt (in millions)	\$62.0	\$69.0	\$65.8	\$60.2	\$62.1	\$80.2	\$94.3
Net General Fund Outstanding Debt (in millions)	\$57.6	\$65.3	\$62.8	\$57.6	\$59.9	\$78.4	\$92.8
Total Debt Service (in millions)	\$12.2	\$12.8	\$13.1	\$12.6	\$11.9	\$12.5	\$14.2
General Fund Debt Service (in millions)	\$9.5	\$10.3	\$10.5	\$9.9	\$9.5	\$9.9	\$12.0
Net General Fund Debt Service (in millions)	\$8.3	\$9.1	\$9.9	\$9.3	\$8.9	\$9.3	\$11.4
Total Debt Service Per Capita	\$221	\$233	\$240	\$230	\$218	\$228	\$260
General Fund Debt Service Per Capita	\$172	\$187	\$189	\$179	\$171	\$179	\$217
Net General Fund Debt Service Per Capita	\$152	\$166	\$181	\$170	\$162	\$170	\$208
Total Debt Service as a % of Revenue	5.4%	5.5%	5.5%	5.1%	4.7%	4.8%	5.3%
General Fund Debt Service as a % of General Fund Revenue	4.7%	5.0%	5.0%	4.6%	4.2%	4.3%	5.0%
Net General Fund Debt Service as a % of General Fund Revenue	4.1%	4.4%	4.7%	4.3%	4.0%	4.0%	4.8%
A. Total Outstanding Debt Per Capita as a % of Per Capita Income	2.1%	2.2%	2.1%	1.8%	1.8%	2.2%	2.5%
General Fund Outstanding Debt Per Capita as a % of Per Capita Income	1.7%	1.9%	1.7%	1.5%	1.6%	2.0%	2.3%
Net General Fund Outstanding Debt Per Capita as a % of Per Capita Income	1.6%	1.8%	1.7%	1.5%	1.5%	1.9%	2.2%
B. Total Outstanding Debt Per Capita	\$1,373	\$1,512	\$1,429	\$1,310	\$1,334	\$1,635	\$1,883
General Fund Outstanding Debt Per Capita	\$1,131	\$1,259	\$1,200	\$1,098	\$1,133	\$1,464	\$1,721
Net General Fund Outstanding Debt Per Capita	\$1,050	\$1,192	\$1,145	\$1,050	\$1,093	\$1,430	\$1,693
C. Total Outstanding Debt as a %age of Assessed Value (AV)	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	0.6%
General Fund Outstanding Debt as a %age of Assessed Value (AV)	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
Net General Fund Outstanding Debt as a %age of Assessed Value (AV)	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
D. Total Debt Maturing Within 10 Years	83%	79%	81%	82%	83%	77%	75%
General Fund Debt Maturing Within 10 Years	80%	75%	77%	79%	80%	75%	73%
E. CIP Financing as a %age of Prior Year's Net Revenue	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Debt-Financed CIP as a %age of Prior Year's Net Revenue	4.11%	4.59%	4.59%	4.43%	4.11%	4.17%	5.00%
Revenue-Financed CIP as a %age of Prior Year's Net Revenue	1.14%	0.91%	0.91%	1.07%	1.39%	1.33%	0.50%

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 \$2,539 (for FY11).
- 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 = 5.5% of Prior Year's Net Revenue, with a goal of 4.25% from Debt-Financed and 1.25% 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, Baker and High School projects.