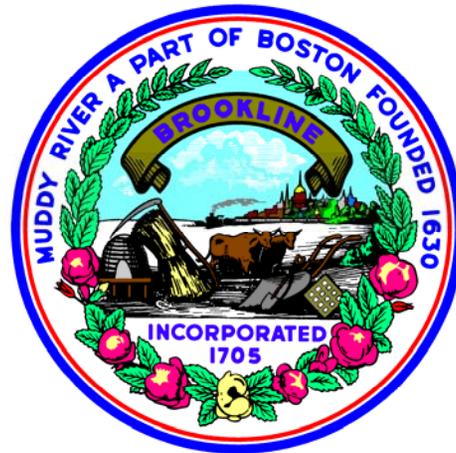


TOWN OF BROOKLINE FY10 – FY15 PRELIMINARY CAPITAL IMPROVEMENT PROGRAM



December 9, 2008

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*

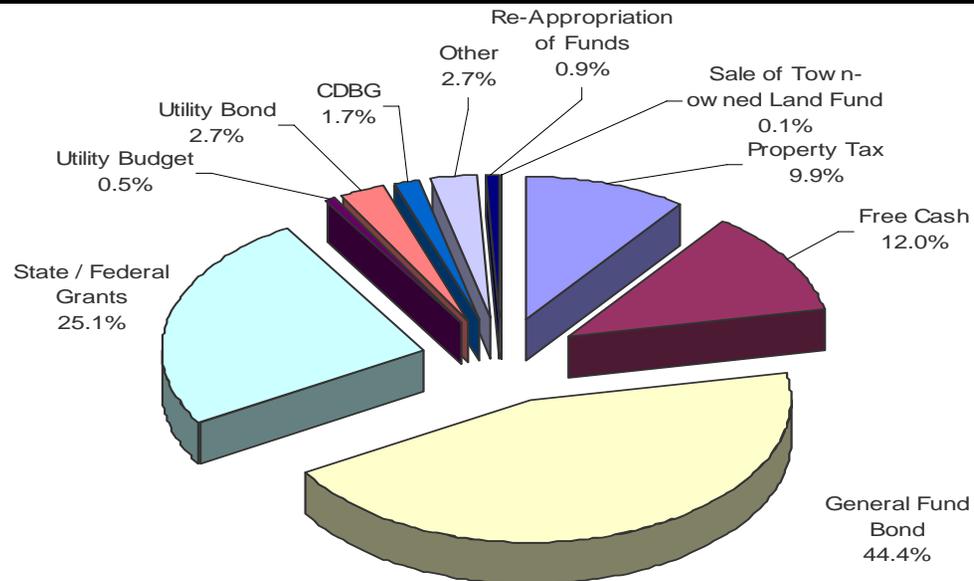
HEADLINES

- ❑ \$149.5M Six-Year CIP (FY10 – FY15).
- ❑ Conforms with the Town's CIP Policies.
- ❑ Major challenges posed due to infrastructure needs, uncertainty about School Building Assistance, and landfill requirements.
- ❑ Continues the additional funding for streets and sidewalks included in the 2008 Override.
- ❑ Cost pressures required pushing back a number of projects.
- ❑ Undertakes major (Runkle School, Devotion School) and minor (UAB, Baldwin School, Pierce) School renovation projects.
- ❑ Assumes Town funding for Runkle School at \$15.8M and Devotion School at \$33M, or 60% of each project.
- ❑ Includes funding to increase classroom capacity.
- ❑ Continues to upgrade Public Safety equipment.
- ❑ Continues to invest in the Town's infrastructure (streets, sidewalks, water/sewer system, parks/playgrounds) and in IT.
- ❑ Includes funding for implementation of the Roof Study.
- ❑ Includes a funding plan for the roll-out of multi-space meters in Town-owned parking lots.
- ❑ Incorporates a funding plan for the Village Square project.
- ❑ Re-allocates a \$500K surplus from the Town Hall project.

SUMMARIES

GRAND TOTAL BY SOURCE (in thousands)

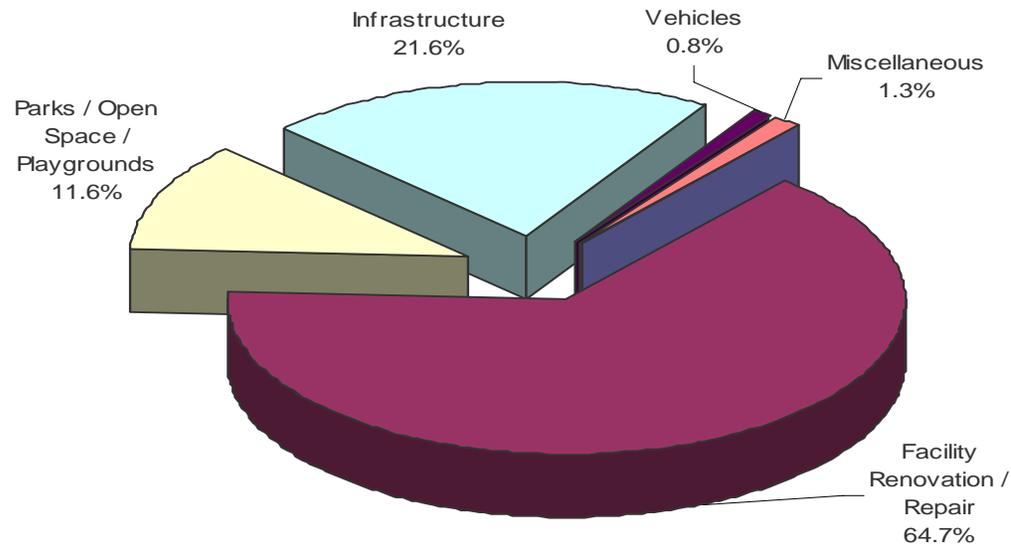
	FY10	FY11	FY12	FY13	FY14	FY15	TOTAL	% OF TOTAL
Property Tax	2,691.3	2,685.7	2,075.7	3,152.9	3,211.9	1,055.2	14,872.7	9.9%
Free Cash	2,768.7	3,071.3	3,049.8	3,033.1	3,031.1	3,009.8	17,963.8	12.0%
General Fund Bond	21,315.0	0.0	0.0	5,900.0	31,600.0	7,580.0	66,395.0	44.4%
State / Federal Grants	11,259.4	819.4	1,299.4	2,699.4	20,699.4	699.4	37,476.1	25.1%
Utility Budget	0.0	0.0	500.0	0.0	255.0	0.0	755.0	0.5%
Utility Bond	0.0	0.0	1,000.0	0.0	3,000.0	0.0	4,000.0	2.7%
CDBG	0.0	2,250.0	0.0	270.0	0.0	0.0	2,520.0	1.7%
Other	0.0	4,000.0	100.0	0.0	0.0	0.0	4,100.0	2.7%
Re-Appropriation of Funds	1,350.0	0.0	0.0	0.0	0.0	0.0	1,350.0	0.9%
Sale of Town-owned Land Fund	85.0	0.0	0.0	0.0	0.0	0.0	85.0	0.1%
TOTAL	39,469.4	12,826.4	8,024.9	15,055.4	61,797.4	12,344.4	149,517.6	100.0%



SUMMARIES II

GRAND TOTAL BY CATEGORY (in thousands)

	FY10	FY11	FY12	FY13	FY14	FY15	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	29,980.0	1,505.0	1,391.5	7,890.0	53,090.0	2,835.0	96,691.5	64.7%
Parks / Open Space / Playgrounds	530.0	3,995.0	1,010.0	2,935.0	2,435.0	6,405.0	17,310.0	11.6%
Infrastructure	8,345.4	6,431.4	5,203.4	3,710.4	5,847.4	2,829.4	32,367.1	21.6%
Vehicles	350.0	550.0	50.0	150.0	150.0	0.0	1,250.0	0.8%
Miscellaneous	264.0	345.0	370.0	370.0	275.0	275.0	1,899.0	1.3%
TOTAL	39,469.4	12,826.4	8,024.9	15,055.4	61,797.4	12,344.4	149,517.6	100%



MAJOR PROJECTS

- ❑ Devotion School Rehab - \$33.2M of Town funding + possibility of \$22.1M of State funding in FY11-FY14 for feasibility, design, and construction
- ❑ Runkle School Rehab - \$15.8M of Town funding + possibility of \$10.6M of State funding in FY10-FY11 for design and construction
- ❑ Newton St. Landfill - \$5.1M (FY10) + \$4.4M (FY15)
- ❑ Fisher Hill Reservoir Re-Use - \$3.25M (FY11)
- ❑ Village Square - \$3M (FY11)
- ❑ Wastewater System - \$3M (FY14)
- ❑ Baldwin School - \$2M (FY14-FY15)
- ❑ UAB - \$1.4M (FY12-FY13)
- ❑ Brookline Reservoir Park - \$1.4M (FY15)
- ❑ Parking Meters - \$1.3M (FY10-FY13)
- ❑ Town Hall/Main Libr. Garages + Driveway - \$1.2M (FY10)

CONTINUED MAJOR INVESTMENT

- Street & Sidewalk Rehab - \$15.6M
- Parks & Open Space - \$11.9M
- Water & Sewer Infrastructure - \$5M
- General Town/School Bldg. Repairs - \$4.3M
- Town/School Roof Repairs/Repl. - \$2.6M
- Information Technology - \$1.5M
- Public Safety Equipment - \$1.3M
- Pierce School Auditorium - \$825K
- Branch Libraries - \$585K
- Classroom Capacity - \$400K

CIP 5.5% FINANCING – THE CHALLENGE

- CIP as Requested by Departments

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Free Cash for CIP	3,278,040	3,077,054	3,061,148	3,044,651	3,030,573	3,014,627
Tax-Supported CIP	<u>2,714,369</u>	<u>2,468,261</u>	<u>1,905,834</u>	<u>2,529,724</u>	<u>2,827,772</u>	<u>(419,844)</u>
TOTAL FUNDS FOR CIP	5,994,419	5,547,326	4,968,994	5,576,388	5,860,359	2,596,798
Requested Projects	8,271,000	6,622,000	5,245,500	6,053,500	6,005,500	6,155,000
BALANCE	(2,276,581)	(1,074,674)	(276,506)	(477,112)	(145,141)	(3,558,202)

CIP ACTUAL vs. REQUIREMENTS	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actual Debt Financed \$\$	8,142,407	8,747,561	9,678,830	9,437,922	9,469,956	13,089,178
Actual Revenue Financed \$\$	<u>1,945,580</u>	<u>1,680,292</u>	<u>1,098,166</u>	<u>1,701,865</u>	<u>1,979,216</u>	<u>(1,289,614)</u>
5.5% Total Dedicated to CIP	10,087,987	10,427,853	10,776,996	11,139,787	11,449,171	11,799,565
Actual Debt Financed %	4.44%	4.61%	4.94%	4.66%	4.55%	6.10%
Actual Revenue Financed %	1.06%	0.89%	0.56%	0.84%	0.95%	-0.60%

What does this mean?

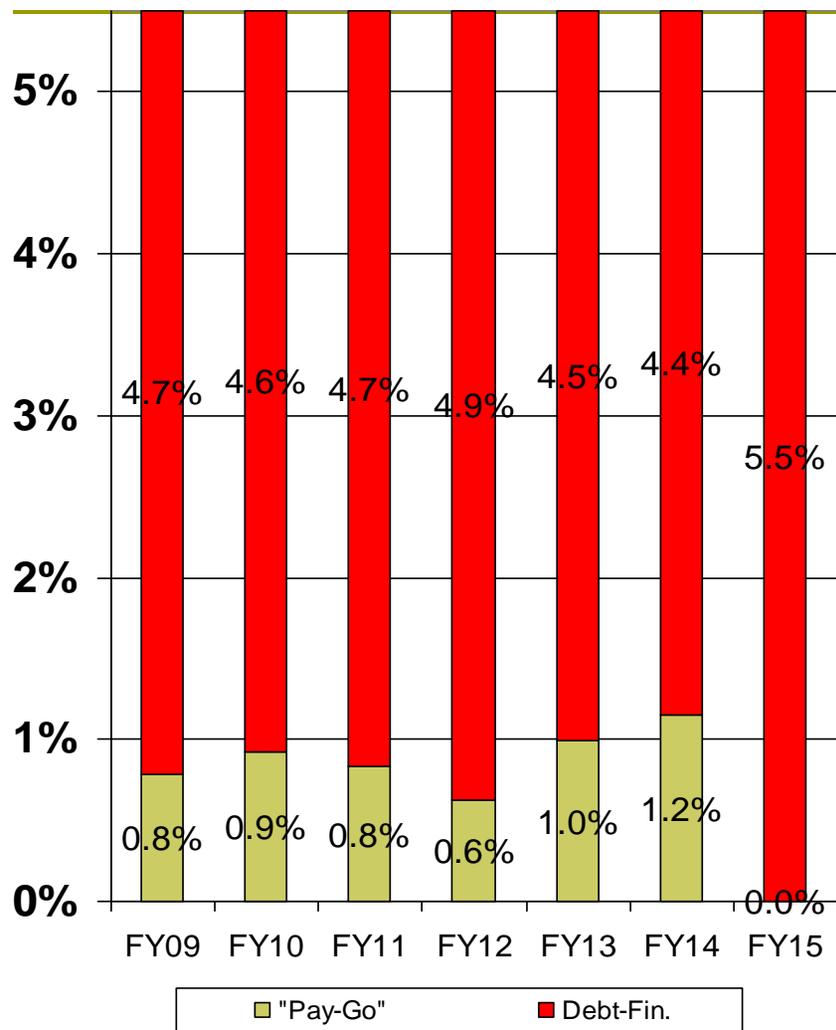
1. Top box shows not enough rev to support pay-go CIP in any year.
2. If adopted CIP as requested, would have to reduce the Operating Budget in FY15 (by \$1.3M).

CIP 5.5% FINANCING – END RESULT

- The FY10-FY15 CIP complies with the CIP Policy that 5.5% of the prior year's net revenue be dedicated to the CIP.

CIP ACTUAL vs. REQUIREMENTS	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actual Debt Financed \$\$	8,164,895	8,410,850	9,353,485	8,644,570	8,961,533	11,429,531
Actual Revenue Financed \$\$	1,922,564	1,902,228	1,273,528	2,314,754	2,286,032	151,194
Total 5.5% Dedicated to CIP	10,087,459	10,312,099	10,626,026	10,958,326	11,246,556	11,579,705
Actual Debt Financed %	4.45%	4.49%	4.84%	4.34%	4.38%	5.43%
Actual Revenue Financed %	1.05%	1.01%	0.66%	1.16%	1.12%	0.07%

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



CIP FINANCING – FREE CASH

- The FY10-FY15 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 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.
- The \$7M est of Free Cash for FY10 use is \$1.1M more than last year and is above the \$3.75M est used to build the out-years of the FY09–FY14 CIP.

FREE CASH	2010	2011	2012	2013	2014	2015
Certified Free Cash for Use in:	7,053,295	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Free Cash appropriated for:						
Capital Improvements	2,768,686	2,003,565	3,231,423	3,203,422	3,228,413	3,185,843
Operating Budget Reserve (0.25% of Prior Yr Net Rev)	458,547	468,732	483,001	498,106	511,207	526,350
Stabilization Fund	0	?	?	?	?	?
Affordable Housing Trust Fund	352,665	0	0	0	0	0
Liability Reserve	123,397	0	4,963	12,118	2,595	9,452
Other Spec. Approp.	3,350,000					
TOTAL FREE CASH	7,053,295	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
\$\$ Increase	1,098,332	(3,303,295)	0	0	0	0
% Increase	18.4%	-46.8%	0.0%	0.0%	0.0%	0.0%

CIP GENERAL FUND FUNDING SUMMARY

	2010	2011	2012	2013	2014	2015
5.5% Policy	10,087,459	10,312,099	10,626,026	10,958,326	11,246,556	11,579,705
Net-Debt *	8,164,895	8,410,850	9,353,485	8,644,570	8,961,533	11,429,531
Pay-as-you-Go	1,922,564	1,901,250	1,272,541	2,313,756	2,285,024	150,174
2008 Override Funds	768,750	787,969	807,668	827,860	848,556	869,770
Free Cash	2,768,686	3,071,314	3,049,818	3,033,105	3,031,074	3,009,769
Re-Approp.	1,350,000	0	0	0	0	0
Town-Owned Land Fund	85,000	0	0	0	0	0
TOTAL	15,059,895	14,171,382	14,483,512	14,819,291	15,126,186	15,459,244

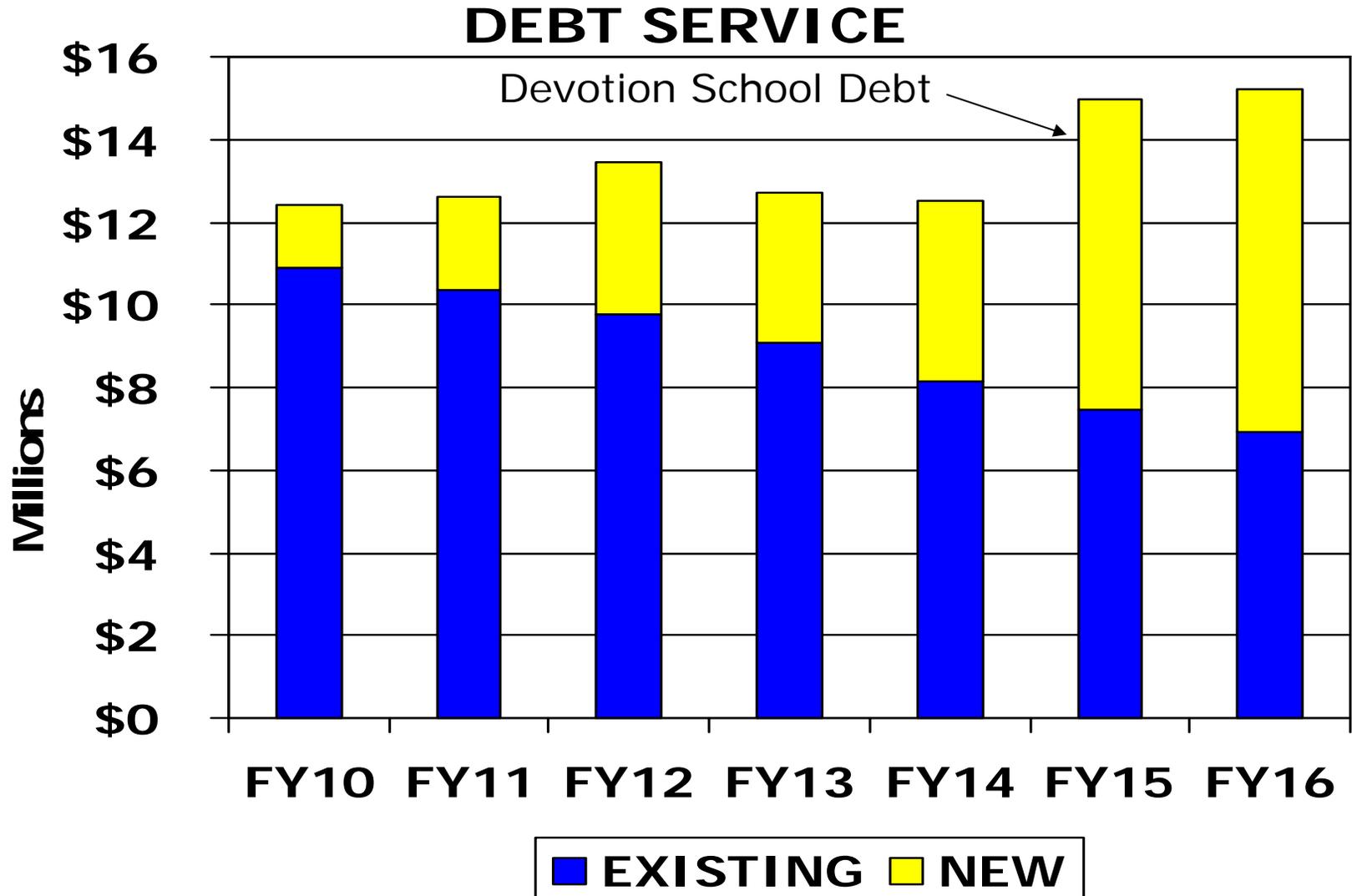
* Defined as General Fund debt less debt supported by a debt exclusion.

DEBT MANAGEMENT PLAN

<u>Project</u>	<u>Yrs</u>	<u>Authorization</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Landfill / Transfer Station (previously authorized) - borrow final \$740K of the \$2M	10	2,000,000	109,150	105,635	102,120	98,605	95,090	91,575	88,060
Town Hall (previously authorized) - borrow final \$6.9M of the \$13.8M	20	13,800,000	707,250	689,138	671,025	652,913	634,800	616,688	598,575
Fisher Hill (previously authorized)	10	1,350,000	199,125	192,713	186,300	179,888	173,475	167,063	160,650
Muddy River (previously authorized)	10	745,000	109,888	106,349	102,810	99,271	95,733	92,194	88,655
High School Roof/Pointing (previously authorized)	10	2,600,000	383,500	371,150	358,800	346,450	334,100	321,750	309,400
Runkle School Design - TOWN @ 60% (seeking authorization)	10	1,440,000		212,400	205,560	198,720	191,880	185,040	178,200
Garages/Driveway @ Town Hall/Main Libr. (seeking authorization)	10	1,200,000		177,000	171,300	165,600	159,900	154,200	148,500
Landfill Corrective Action (seeking authorization)	20	4,275,000		438,188	426,966	415,744	404,522	393,300	382,078
Runkle School - TOWN @ 60% (seeking authorization)	20	14,400,000			1,476,000	1,438,200	1,400,400	1,362,600	1,324,800
UAB Roof/Chimney/Gutters & Downspouts (seeking authorization)	10	1,275,000					188,063	182,006	175,950
Devotion School Design - TOWN @ 60%(seeking authorization)	10	3,000,000					442,500	428,250	414,000
Waldstein Playground + Warren Field (seeking authorization)	10	1,600,000					236,000	228,400	220,800
Roof Repairs / Replacements (seeking authorization)	10	1,600,000						236,000	228,400
Devotion School - TOWN @ 50%(seeking authorization)	20	30,000,000						3,075,000	2,996,250
Baldwin School (seeking authorization)	10	1,780,000							262,550
Rear Landfill (seeking authorization)	15	4,400,000							513,333
Brookline Reservoir Park (seeking authorization)	10	1,400,000							206,500
NEW GEN FUND DEBT SERVICE (cumulative)			1,508,913	2,292,571	3,700,881	3,595,390	4,356,462	7,534,065	8,296,701
Singletree Tank Interior Painting (previously authorized)	10	250,000	36,875	35,688	34,500	33,313	32,125	30,938	29,750
Wastewater (previously authorized) *	10	6,000,000	145,000	285,500	421,500	553,000	680,000	820,489	792,931
Wastewater (seeking authorization) *	10	3,000,000							217,500
Water Main Improvements (seeking authorization)	10	1,000,000				145,000	140,500	136,000	131,500
NEW ENTERPRISE FUND DEBT SERVICE (cumulative)			181,875	321,188	456,000	731,313	852,625	987,427	1,171,681
TOTAL NEW DEBT SERVICE (cumulative)			1,690,788	2,613,759	4,156,881	4,326,703	5,209,087	8,521,492	9,468,383

* Borrowings phased over multiple years.

DEBT SERVICE – GENERAL FUND



DEBT SERVICE – BREAKDOWN

DEBT SERVICE (PROJECTED)

DESCRIPTION	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Total General Fund Supported Debt Service (not incl Debt reimbursed by Enterprise Funds)	11,944,827	12,512,214	12,728,382	13,565,799	12,793,859	12,612,989	15,976,087
a.) Exempt (Debt Exclusion) ¹	4,372,943	4,347,320	4,317,532	4,212,313	4,149,289	3,651,456	3,646,556
b.) Non-Exempt	7,571,884	8,164,895	8,410,850	9,353,485	8,644,570	8,961,533	12,329,531
Minus State (SBA) Reimbursed Debt ²	3,267,372	3,267,371	3,267,371	3,267,371	2,626,862	2,626,862	2,626,863
Net General Fund Debt Service	8,677,455	9,244,843	9,461,011	10,298,428	10,166,997	9,986,127	13,349,224
Water & Sewer Enterprise Fund Supported Debt Svc.	2,511,192	2,493,915	2,557,937	2,419,164	2,569,464	2,591,694	2,372,750
Golf Course Enterprise Fund Supported Debt Svc.	190,037	184,484	170,176	134,779	130,494	121,038	96,738
Enterprise Fund Debt Service	2,701,229	2,678,398	2,728,113	2,553,943	2,699,957	2,712,732	2,469,488
TOTAL Debt Service	14,646,056	15,190,613	15,456,495	16,119,742	15,493,816	15,325,721	18,445,575

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, High School, and Baker.

DEBT SERVICE – AS A % OF REVENUE

DESCRIPTION	FY03	FY04	FY05	FY06	FY07	FY08
Total General Fund Debt Service as a % of General Fund Operating Revenue	6.2%	6.5%	6.0%	6.5%	6.4%	5.8%
Non-SBA Supported General Fund Debt Service as a % of General Fund Operating Revenue (less SBA Reimbursement)	4.0%	4.4%	4.1%	4.6%	4.6%	4.0%
Water & Sewer Enterprise Fund Debt Service as a % of Revenue	16.3%	13.5%	12.8%	11.6%	12.1%	11.2%
Golf Course Enterprise Fund Debt Service as a % of Revenue	17.6%	18.4%	17.7%	17.5%	17.0%	15.4%
TOTAL Debt Service as a % of Total Rev. Supporting Debt Svc.	7.4%	7.4%	6.9%	7.1%	7.1%	6.5%

ADDITIONAL REVENUE SOURCES

- ❑ **CDBG Funds** – \$2.25M is used, including utilizing the Section 108 Loan Guarantee Program.
- ❑ **State / Federal Grants** – \$38.2M is anticipated, including the assumption that SBA funds cover 40% of the Runkle School and Devotion School projects.
- ❑ **Proposed Private Development** - \$4.2M total, with \$3.25M for Fisher Hill Reservoir Re-Use (FY11) and \$750K from 2 Brookline PI for Gateway East (FY11).
- ❑ **Cemetery Trust Funds** - \$200K for Old Burial Ground projects.
- ❑ **Re-Appropriation of Funds** - \$1.35M of existing CIP project accounts will be re-appropriated in FY10 to help balance the CIP, \$500K of which is from the Town Hall proj.

DEBT MANAGEMENT POLICIES

VARIABLE	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Legal Limit for Out. Debt = 5% of Equalized Valuation (EQV) EQV for 1/1/08 = \$15.524 billion. Assume 2.5% annual growth. (In millions)	\$15,524.0	\$15,912.1	\$16,309.9	\$16,717.6	\$17,135.5	\$17,563.9	\$18,003.0
Outstanding Debt as a % of EQV	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.6%
Total Outstanding Debt (in millions)	\$100.2	\$97.5	\$102.0	\$92.8	\$89.0	\$110.8	\$107.9
General Fund Outstanding Debt (in millions)	\$85.3	\$83.7	\$89.3	\$80.1	\$77.2	\$100.0	\$97.6
Total Debt Service (in millions)	\$14.5	\$15.1	\$15.4	\$16.0	\$15.4	\$15.3	\$17.5
General Fund Debt Service (in millions)	\$11.8	\$12.4	\$12.6	\$13.4	\$12.7	\$12.5	\$15.0
Total Debt Service Per Capita	\$265	\$275	\$280	\$292	\$281	\$278	\$319
General Fund Debt Service Per Capita	\$215	\$226	\$230	\$245	\$231	\$228	\$273
A. Total Outstanding Debt Per Capita as a % of Per Capita Income	2.9%	2.7%	2.8%	2.5%	2.3%	2.8%	2.7%
General Fund Outstanding Debt Per Capita as a % of Per Capita Income	2.5%	2.3%	2.4%	2.1%	2.0%	2.5%	2.4%
B. Total Outstanding Debt Per Capita	\$1,828	\$1,779	\$1,861	\$1,694	\$1,624	\$2,021	\$1,968
General Fund Outstanding Debt Per Capita	\$1,557	\$1,527	\$1,630	\$1,462	\$1,408	\$1,825	\$1,781
C. Total Outstanding Debt as a %age of Assessed Value (AV)	0.7%	0.6%	0.6%	0.6%	0.5%	0.7%	0.6%
General Fund Outstanding Debt as a %age of Assessed Value (AV)	0.6%	0.5%	0.6%	0.5%	0.5%	0.6%	0.6%
D. Total Debt Maturing Within 10 Years	83%	87%	83%	85%	84%	78%	83%
General Fund Debt Maturing Within 10 Years	82%	86%	81%	82%	84%	75%	80%
E. CIP Financing as a %age of Prior Year's Net Revenue	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Debt-Financed CIP as a %age of Prior Year's Net Revenue	4.34%	4.45%	4.48%	4.83%	4.32%	4.36%	5.41%
Revenue-Financed CIP as a %age of Prior Year's Net Revenue	1.16%	1.05%	1.02%	0.67%	1.18%	1.14%	0.09%

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 \$2,334 (for FY09).
- 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.