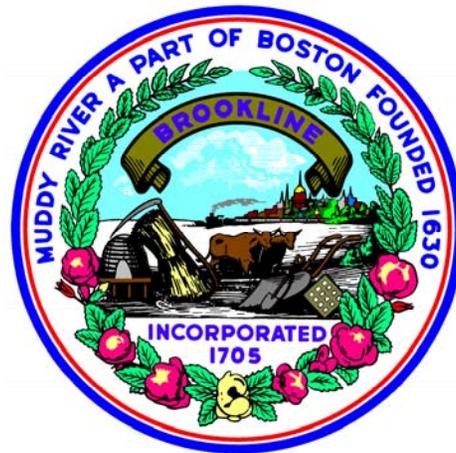


TOWN OF BROOKLINE FY09 – FY14 PRELIMINARY CAPITAL IMPROVEMENT PROGRAM



December 4, 2007

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*

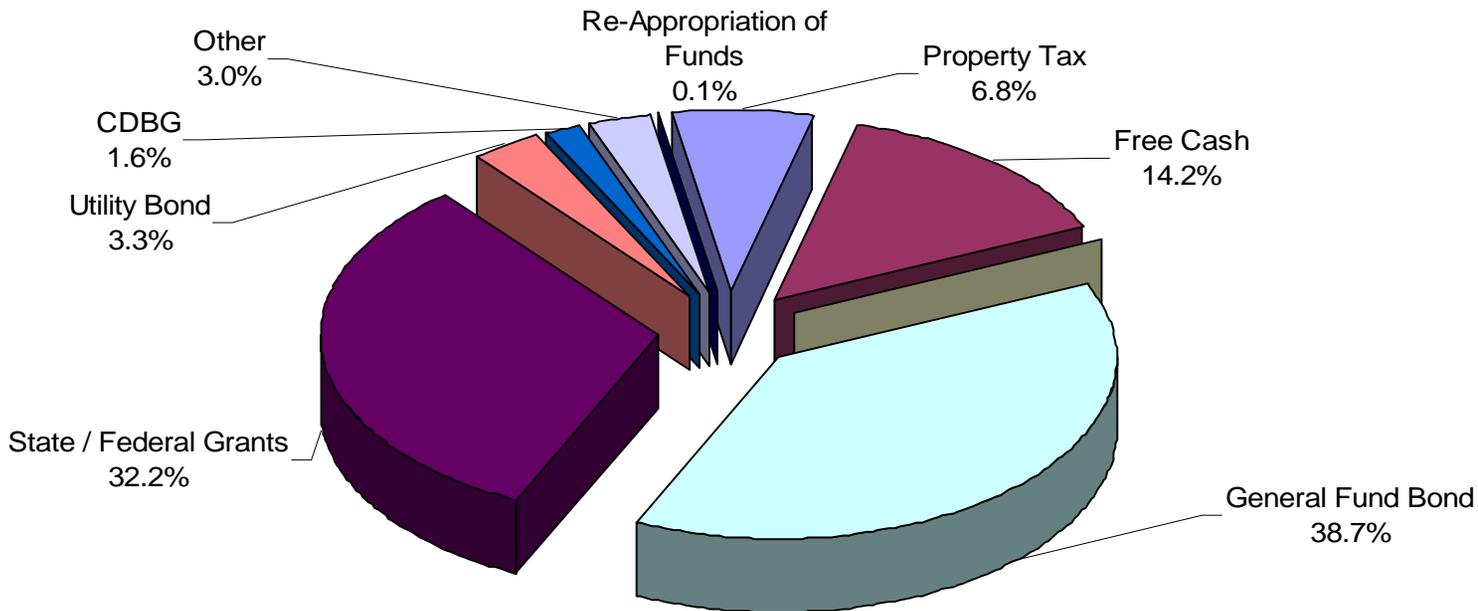
HEADLINES

- ❑ \$141.9M Six-Year CIP (FY09 – FY14).
- ❑ **Conforms with the Town's CIP Policies.**
- ❑ Major challenges posed due to infrastructure needs, uncertainty about School Building Assistance, and landfill requirements.
- ❑ **Undertakes major (Runkle School, Devotion School) and minor (High School, UAB, Baldwin School) School renovation projects.**
- ❑ Includes funding for facility studies (Fire Sta's, Parks Facil, Bldg Craftsmen Garage).
- ❑ **New infrastructure maintenance needs to be funded (Town Hall/Main Library Garage & Driveway, masonry, elevators, emergency generators, HS Quad).**
- ❑ Continues to upgrade Public Safety equipment and funds furniture replacement at all Fire Sta's.
- ❑ **Continues to investment in the Town's infrastructure (streets, sidewalks, water/sewer system, parks/playgrounds) and in IT.**
- ❑ Incorporates a funding plan for the Village Square project.
- ❑ **Includes funding for RFID at Libraries (in coordination with neighboring cmty's).**
- ❑ Assumes Town funding for Runkle School at \$13.2M and Devotion School at \$27.7M, or 50% of each project. (Pushed both back 1 yr.)

SUMMARIES

GRAND TOTAL BY SOURCE (in thousands)

	FY09	FY10	FY11	FY12	FY13	FY14	TOTAL	% OF TOTAL
Property Tax	1,339.6	1,645.6	1,459.6	1,134.9	1,795.9	2,248.2	9,623.8	6.8%
Free Cash	5,240.9	2,949.4	2,985.4	3,021.1	3,006.6	2,991.8	20,195.2	14.2%
Overlay Reserve Surplus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
General Fund Bond	4,000.0	7,615.0	12,000.0	2,075.0	2,500.0	26,780.0	54,970.0	38.7%
State / Federal Grants	701.2	1,901.2	13,451.2	701.2	3,201.2	25,701.2	45,657.2	32.2%
Utility Bond	0.0	500.0	0.0	1,000.0	250.0	3,000.0	4,750.0	3.3%
CDBG	0.0	2,250.0	0.0	0.0	0.0	0.0	2,250.0	1.6%
Other	150.0	4,000.0	0.0	100.0	0.0	0.0	4,250.0	3.0%
Re-Appropriation of Funds	195.0	0.0	0.0	0.0	0.0	0.0	195.0	0.1%
TOTAL	11,626.7	20,861.2	29,896.2	8,032.2	10,753.7	60,721.2	141,891.2	100.0%

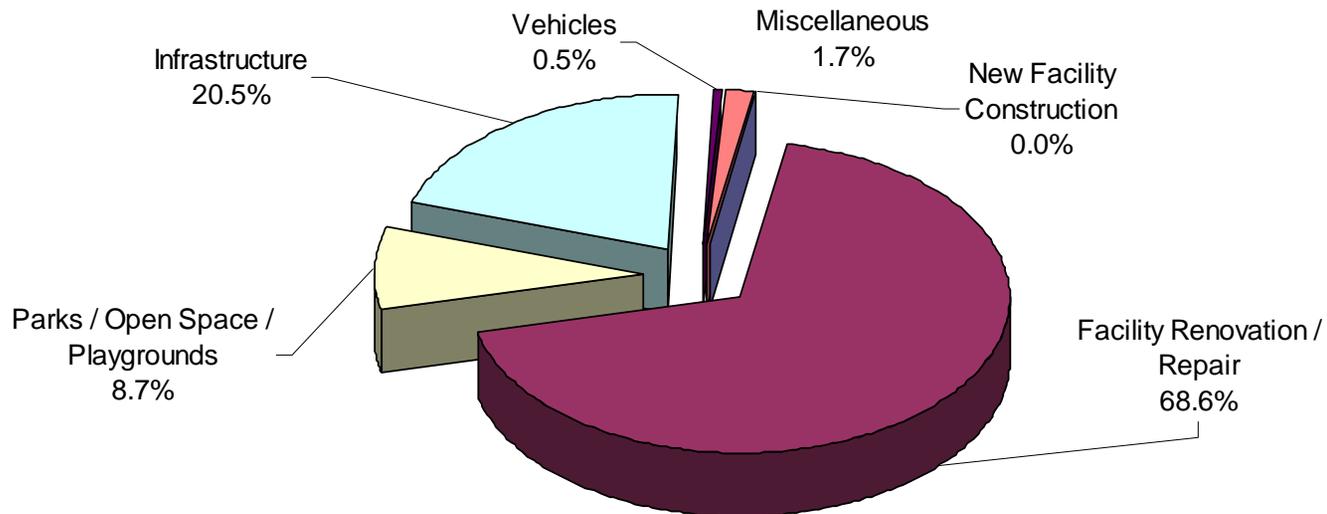


SUMMARIES II

GRAND TOTAL BY CATEGORY (in thousands)

	FY09	FY10	FY11	FY12	FY13	FY14	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	5,290.5	4,910.0	25,460.0	2,341.0	6,332.5	52,990.0	97,324.0	68.6%
Parks / Open Space / Playgrounds	970.0	4,030.0	1,410.0	2,220.0	1,600.0	2,140.0	12,370.0	8.7%
Infrastructure	4,526.2	11,301.2	2,681.2	3,001.2	2,396.2	5,191.2	29,097.2	20.5%
Vehicles	0.0	300.0	0.0	150.0	150.0	150.0	750.0	0.5%
Miscellaneous	840.0	320.0	345.0	320.0	275.0	250.0	2,350.0	1.7%
TOTAL	11,626.7	20,861.2	29,896.2	8,032.2	10,753.7	60,721.2	141,891.2	100%

CIP BY CATEGORY - 6 YR. TOTAL



MAJOR PROJECTS

- Devotion School Rehab - \$27.7M of Town funding + possibility of \$27.7M of State funding in FY11-FY14 for feasibility, design, and construction
- Runkle School Rehab - \$13.2M of Town funding + possibility of \$13.2M of State funding in FY10-FY11 for design and construction
- Newton St. Landfill - \$2.5M (FY09) + 3.9M (FY10)
- High School- \$4M (FY09)
- Fisher Hill Reservoir Re-Use - \$3.25M (FY10)
- Village Square - \$3M (FY10)
- Baldwin School - \$2M (FY13-FY14)
- UAB - \$1.4M (FY11-FY12)
- Parking Meters - \$1.3M (FY10)
- Town Hall/Main Libr. Garages+Driveway - \$1.3M (FY09-FY10)

CONTINUED MAJOR INVESTMENT

- Street & Sidewalk Rehab - \$11.8M
- Parks & Open Space - \$9.2M
- Water & Sewer Infrastructure - \$4.75M
- General Town/School Bldg. Repairs -- ADA, Security, Roof, Masonry, Elevators, Emer Generators, Energy Mgmt/Conserv. - \$3.6M
- Information Technology - \$1.35M
- Public Safety Equipment - \$875K
- RFID Tech. in Libraries - \$675K
- Branch Libraries - \$770K

CIP FINANCING – THE CHALLENGE

- CIP as Requested by Departments

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Free Cash for CIP	2,815,826	2,949,395	2,985,420	3,021,130	3,006,598	2,991,788
Tax-Supported CIP	<u>1,267,111</u>	<u>866,656</u>	<u>(278,540)</u>	<u>629,120</u>	<u>(210,739)</u>	<u>(2,232,513)</u>
TOTAL FUNDS FOR CIP	4,084,946	3,818,061	2,708,891	3,652,262	2,797,872	761,289
Requested Projects	6,414,050	6,283,230	7,769,220	6,342,900	6,462,200	6,012,200
BALANCE	(2,329,104)	(2,465,169)	(5,060,329)	(2,690,638)	(3,664,328)	(5,250,911)

CIP ACTUAL vs. REQUIREMENTS	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actual Debt Financed \$\$	8,338,893	9,046,651	10,499,289	9,906,013	11,065,581	13,413,172
Actual Revenue Financed \$\$	1,267,111	866,656	(278,540)	629,120	(210,739)	(2,232,513)
5.5% Total Dedicated to CIP	9,608,013	9,915,316	10,222,760	10,537,146	10,856,855	11,182,673
Actual Debt Financed %	4.77%	5.02%	5.65%	5.17%	5.61%	6.60%
Actual Revenue Financed %	0.73%	0.48%	-0.15%	0.33%	-0.11%	-1.10%

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 FY11 (by \$279K), FY13 (by \$211K), and FY14 (by \$2.2M).

CIP FINANCING – END RESULT

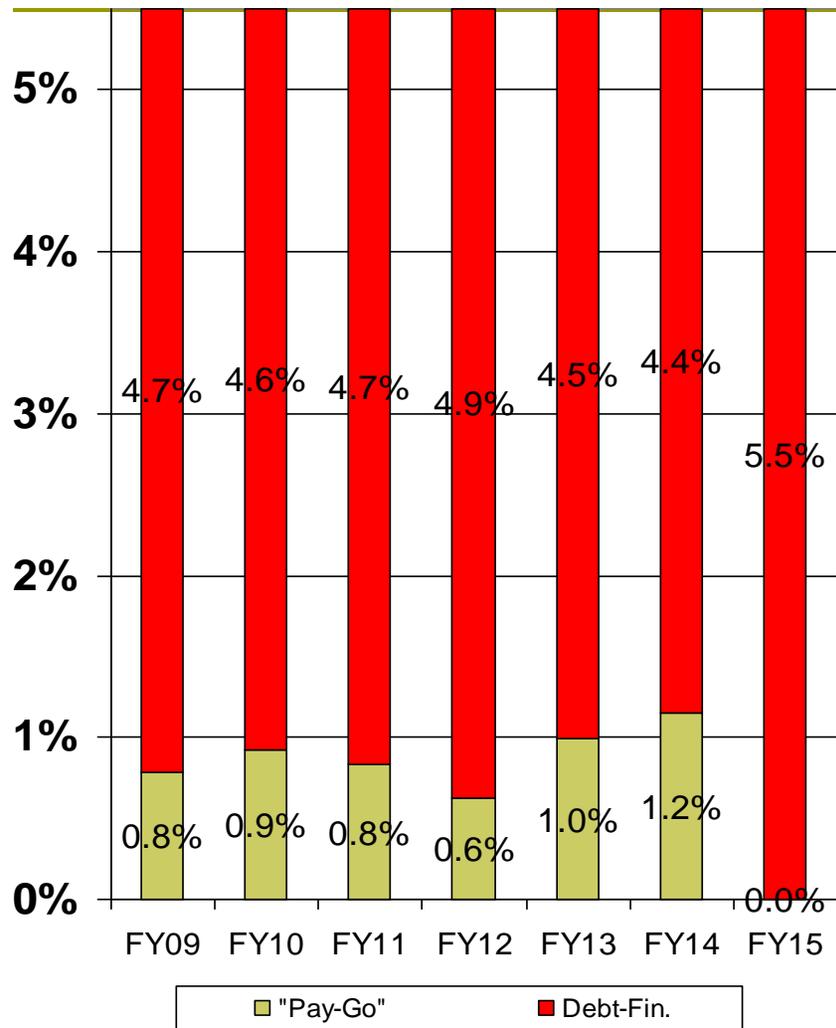
- The FY09-FY14 CIP complies with the CIP Policy that 5.5% of the prior year's net revenue be dedicated to the CIP.

CIP ACTUAL vs. REQUIREMENTS	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actual Debt Financed \$\$	8,246,031	8,264,888	8,683,919	9,369,889	8,960,953	8,914,972
Actual Revenue Financed \$\$	1,359,973	1,663,097	1,552,298	1,209,110	1,967,126	2,347,786
Total 5.5% Dedicated to CIP	9,608,013	9,929,995	10,238,227	10,581,011	10,930,092	11,264,772
Actual Debt Financed %	4.72%	4.58%	4.67%	4.87%	4.51%	4.35%
Actual Revenue Financed %	0.78%	0.92%	0.83%	0.63%	0.99%	1.15%

CIP FINANCING – FREE CASH

- The FY09-FY14 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 \$6.5M est of Free Cash for FY09 use is \$2.7M more than last year and is above the \$3.75M est used to build the out-years of the FY08 – FY13 CIP.
- For FY09, the Free Cash est of \$6.5M, \$5.2M is used to support the CIP. It enabled the \$2.5M approp. for the Landfill to be included without negatively impacting the CIP. It also triggers a deposit into the Affordable Housing TF (\$325K).
- In the out-years, a certification of \$3.75M is used, resulting in approximately \$3.2M for use in the CIP.

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

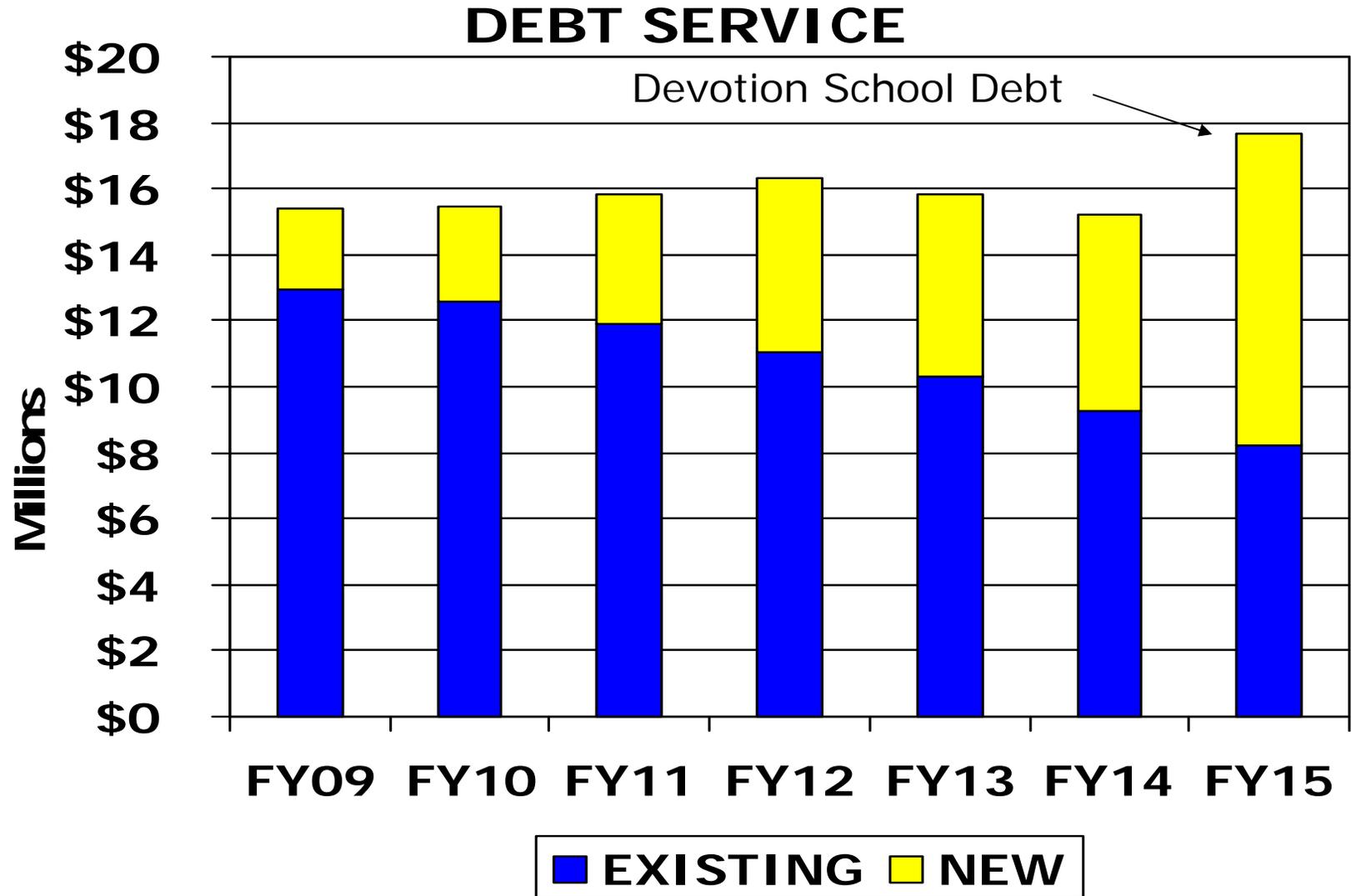


DEBT MANAGEMENT PLAN

Project	Yrs	Authorization	2009	2010	2011	2012	2013	2014	2015
Landfill / Transfer Station (previously authorized) - borrow \$1.5M of the \$2M	10	2,000,000	217,500	210,750	204,000	197,250	190,500	183,750	177,000
Muddy River (previously authorized)	10	745,000	108,025	104,673	101,320	97,968	94,615	91,263	87,910
Town Hall (previously authorized) - borrow \$6.9M of the \$13.8M	20	13,800,000	1,330,000	610,750	595,000	579,250	563,500	547,750	527,000
Fisher Hill (previously authorized)	10	1,350,000	195,750	189,675	183,600	177,525	171,450	165,375	159,300
Landfill / Transfer Station (previously authorized) - last \$500K of the \$2M	10	2,000,000		73,750	71,375	69,000	66,625	64,250	61,875
Town Hall (previously authorized) - last \$6.9M of the \$13.8M	20	13,800,000		690,000	672,750	655,500	638,250	621,000	603,750
HS Projects (seeking authorization)	15	4,000,000		466,667	453,333	440,000	426,667	413,333	400,000
Runkle School Design - TOWN @ 50% (seeking authorization)	10	1,200,000			177,000	171,300	165,600	159,900	154,200
Parking Meters (seeking authorization)	10	1,350,000			191,750	185,575	179,400	173,225	167,050
Rear Landfill (seeking authorization)	15	3,915,000			456,750	443,700	430,650	417,600	404,550
Garages/Driveway @ Town Hall/Main Libr. (seeking authorization)	10	1,200,000			177,000	171,300	165,600	159,900	154,200
Runkle School - TOWN @ 50% (seeking authorization)	20	12,000,000				1,230,000	1,198,500	1,167,000	1,135,500
UAB Roof/Chimney/Gutters & Downspouts (seeking authorization)	10	1,275,000					188,063	182,006	175,950
Waldstein Playground (seeking authorization)	10	800,000					118,000	114,200	110,400
Devotion School Design - TOWN @ 50%(seeking authorization)	10	2,500,000						368,750	356,875
Fire Station # 7 Rehab (seeking authorization)	10	1,000,000						147,500	142,750
Baldwin School (seeking authorization)	10	1,780,000							262,550
Devotion School - TOWN @ 50%(seeking authorization)	20	25,000,000							2,562,500
Old Lincoln HVAC / Sprinklers (seeking authorization)	10	1,780,000							717,500
NEW GEN FUND DEBT SERVICE (cumulative)			1,851,275	2,346,264	3,283,878	4,418,368	4,597,419	4,976,802	8,360,860
Golf Course ¹ (previously authorized)	15	2,840,000	21,750	21,075	20,400	19,725	19,050	18,375	17,700
Singletree Tank Interior Painting (previously authorized)	10	250,000	36,875	35,688	34,500	33,313	32,125	30,938	29,750
Storm Drains (previously authorized)	10	500,000	73,750	71,375	69,000	66,625	64,250	61,875	59,500
Wastewater (previously authorized)	15	6,000,000	223,333	450,667	438,000	658,667	639,333	620,000	600,667
Storm Drains (seeking authorization)	10	500,000			73,750	71,375	69,000	66,625	64,250
Water Main Improvements (seeking authorization)	15	1,000,000					114,167	111,000	107,833
Singletree Tank Exterior Painting (seeking authorization)	10	250,000						36,875	35,688
Wastewater (seeking authorization)	15	3,000,000							175,000
NEW ENTERPRISE FUND DEBT SERVICE (cumulative)			355,708	578,804	635,650	849,704	937,925	945,688	1,090,388
TOTAL NEW DEBT SERVICE (cumulative)			2,206,983	2,925,068	3,919,528	5,268,072	5,535,344	5,922,490	9,451,248

¹ Of the \$2.84M authorization, \$1.25M has already been borrowed from the FY02 authorization, leaving \$1.59M. This plan calls for using \$150K of the remaining authorization.

DEBT SERVICE – ALL FUNDS



DEBT SERVICE – BREAKDOWN

DESCRIPTION	FY02	FY03	FY04	FY05	FY06	FY07
Total General Fund Supported Debt Service (not incl Debt reimbursed by Enterprise Funds)	10,501,280	10,405,198	10,594,155	10,047,359	11,146,070	11,406,382
a.) Exempt (Debt Exclusion) ¹	4,668,390	4,575,673	4,536,146	4,507,187	4,479,537	4,445,657
b.) Non-Exempt	5,832,890	5,829,525	6,058,008	5,540,172	6,666,533	6,960,725
Minus State (SBA) Reimbursed Debt ²	3,116,964	3,606,860	3,570,791	3,442,794	3,442,794	3,442,794
Net General Fund Debt Service	7,384,316	6,798,338	7,023,364	6,604,565	7,703,276	7,963,588
Water & Sewer Enterprise Fund Supported Debt Svc.	2,112,288	2,590,702	2,422,855	2,629,240	2,360,635	2,725,576
Golf Course Enterprise Fund Supported Debt Svc.	109,430	194,969	214,848	208,744	209,219	202,566
Enterprise Fund Debt Service	2,221,718	2,785,671	2,637,703	2,837,984	2,569,855	2,928,142
TOTAL Debt Service	12,722,998	13,190,869	13,231,858	12,885,343	13,715,925	14,334,524

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.

ADDITIONAL REVENUE SOURCES

- ❑ **CDBG Funds** – \$2.25M is used, including utilizing the Section 108 Loan Guarantee Program.
- ❑ **State / Federal Grants** – \$45.7M is anticipated, including the assumption that SBA funds cover 50% of the Runkle School and Devotion School projects. Without SBA funding, these will be \$13.2M and \$27.5M projects, respectively, funded by the Town.
- ❑ **Proposed Private Development** - \$4M total, with \$3.25M for Fisher Hill Reservoir Re-Use (FY09) and \$750K from 2 Brookline PI for Gateway East.
- ❑ **Cemetery Trust Funds** - \$200K for Old Burial Ground projects.
- ❑ **Re-Appropriation of Funds** - \$195K of existing CIP project accounts will be re-appropriated in FY09 to help balance the CIP.

DEBT MANAGEMENT POLICIES

VARIABLE	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Legal Limit for Out. Debt = 5% of Equalized Valuation (EQV) EQV for 1/1/06 = \$14.827 billion. Assume 2.5% annual growth. (In millions)	\$15,197.4	\$15,577.4	\$15,966.8	\$16,366.0	\$16,775.1	\$17,194.5	\$17,624.3
Outstanding Debt as a % of EQV	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.6%
Total Outstanding Debt (in millions)	\$101.3	\$106.5	\$113.4	\$104.3	\$98.5	\$115.4	\$113.0
General Fund Outstanding Debt (in millions)	\$83.4	\$88.8	\$97.4	\$88.5	\$83.9	\$102.6	\$100.8
Total Debt Service (in millions)	\$13.7	\$15.2	\$15.5	\$15.9	\$16.3	\$15.8	\$15.2
General Fund Debt Service (in millions)	\$10.8	\$12.2	\$12.5	\$12.9	\$13.4	\$13.0	\$12.5
Total Debt Service Per Capita	\$246	\$273	\$279	\$285	\$294	\$285	\$273
General Fund Debt Service Per Capita	\$195	\$220	\$225	\$232	\$242	\$234	\$224
A. Total Outstanding Debt Per Capita as a % of Per Capita Income	3.0%	3.1%	3.2%	2.9%	2.6%	3.0%	2.9%
General Fund Outstanding Debt Per Capita as a % of Per Capita Income	2.5%	2.6%	2.7%	2.4%	2.2%	2.7%	2.6%
B. Total Outstanding Debt Per Capita	\$1,822	\$1,916	\$2,040	\$1,876	\$1,772	\$2,075	\$2,032
General Fund Outstanding Debt Per Capita	\$1,501	\$1,598	\$1,752	\$1,592	\$1,509	\$1,846	\$1,814
C. Total Outstanding Debt as a %age of Assessed Value (AV)	0.7%	0.7%	0.7%	0.7%	0.6%	0.7%	0.7%
General Fund Outstanding Debt as a %age of Assessed Value (AV)	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.6%
D. Total Debt Maturing Within 10 Years	82%	82%	87%	84%	85%	84%	74%
General Fund Debt Maturing Within 10 Years	80%	81%	86%	82%	84%	82%	72%
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	4.05%	4.73%	4.59%	4.67%	4.88%	4.51%	4.36%
Revenue-Financed CIP as a %age of Prior Year's Net Revenue	1.20%	0.77%	0.91%	0.83%	0.62%	0.99%	1.14%

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 \$2,315 (for FY08).
- 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.