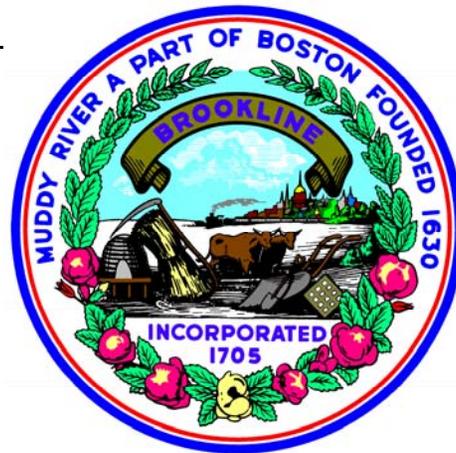


# TOWN OF BROOKLINE FY08 – FY13 CAPITAL IMPROVEMENT PROGRAM



April 17, 2007



# HEADLINES

- ❑ \$147.5M Six-Year CIP (FY08 – FY13).
- ❑ Conforms with the Town's CIP Policies, with one exception: 5.5% of the prior year's net revenue allocated to the CIP is reduced to 5.25% (frees-up \$420K for the Operating Budget).
- ❑ Major challenges posed due to bid climate, uncertainty about School Building Assistance funding, and a reduced level of Free Cash.
- ❑ Undertakes major (Town Hall, Runkle School, Devotion School) and minor (High School, UAB, Baldwin School, Fire Sta #7) building renovation projects.
- ❑ Continues to upgrade Public Safety equipment.
- ❑ Continues investment in the Town's infrastructure (streets, sidewalks, water/sewer system, parks/playgrounds) and in information technology.
- ❑ Includes funding to help meet the high demand for playing fields (Fisher Hill Reservoir Re-Use).
- ❑ Assumes Town funding for Runkle School at \$13.2M and Devotion School at \$27.7M, or 50% of each project.
- ❑ Includes funding for a School Facilities Master Plan and for modular classrooms.
- ❑ Incorporates a funding plan for the Village Square project.

# CHANGES FROM CIP AS PRESENTED ON DEC 5, 2006

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1. **High School Roof / Pointing** - deferred to Summer '08 (FY09), when School Dept can clear bldg of occupants.
2. **Add'l Funding for Fire Apparatus Rehab** - est for the rehab of Ladder #1 is \$290,000, an amount that is more than the funding appropriated in FY07. \$90,000 added in FY08.
3. **Delay Fire Station Study to FY09** - to help fund item #2, the \$40,000 originally proposed for FY08 pushed back to FY09.
4. **Cemetery Fund Support for Walnut Hills** - Cemetery Trustees voted to spend \$115,000 from their Sale of Lots fund to match the \$115,000 originally planned for in the Preliminary CIP. This now provides \$330,000 for the project.
5. **Cut back in the Level of Funding for the CIP** - The Financial Plan proposed a cut from 5.5% to 5.25%. This frees-up \$420K for the Operating Budget.

# CHANGES FROM CIP AS PRESENTED ON DEC 5, 2006 (con't.)

6. **Delay Putterham Library HVAC to FY09** - As part Town Hall relocation efforts, the Assessors Office will be moved to the Putterham Library. Therefore, the HVAC project cannot proceed. The \$399,950 was moved back to FY09 and increased to account for construction inflation. Of the \$399,950, \$223,000 was coming from revenue-financed CIP. Moving this left a surplus in FY08, which went toward funding item #7 below.
7. **Move Soule Recreation Center HVAC to FY08** - The cold spell in late-January caused problems for the heating system at the Soule Rec Center. With a large number of day care / toddler programs at the facility, heating system must work properly. The \$223,000 freed-up from item #6, coupled with the movement of the Lost Pond Sanctuary (\$25,000) and Old Burial Ground (\$100,000) to FY09, allowed \$348,000 to be allocated in FY08 for the HVAC project.
8. **Town Hall Renovations** - 60% construction document est came in \$800K above design development estimate.



# TOWN HALL

- 60% Construction Document estimate came in at \$13.9M for construction, raising the total project cost to \$16.9M, an amount that is \$800K more than the estimate included in the Preliminary CIP.
  
- Revised funding plan:
  - Bond = \$13.8M (+\$800K)
  - Overlay Surplus = \$1.8M (\$950K of which was approved by Town Meeting in November, 2006)
  - Tax-Financed CIP = \$1.3M
  
- The additional \$800K in borrowing afforded by (a) reducing the interest rate assumption from 5.25% to 5% and (b) borrowing the \$13.8M in 2 separate \$6.9M phases.

# TOWN HALL (con't.)

	ORIGINAL	REVISED			VARIANCE
	\$13M for 20 yrs	Phase 1 - \$6.9M for 20 yrs	Phase 2 - \$6.9M for 20 yrs	Revised -- Total	
FY09	\$1,332,500	1,330,000		\$1,330,000	(\$2,500)
FY10	\$1,298,375	610,750	690,000	\$1,300,750	\$2,375
FY11	\$1,264,250	595,000	672,750	\$1,267,750	\$3,500
FY12	\$1,230,125	579,250	655,500	\$1,234,750	\$4,625
FY13	\$1,196,000	563,500	638,250	\$1,201,750	\$5,750
FY14	\$1,161,875	547,750	621,000	\$1,168,750	\$6,875
FY15	\$1,127,750	527,000	603,750	\$1,130,750	\$3,000
FY16	\$1,093,625	511,500	586,500	\$1,098,000	\$4,375
FY17	\$1,059,500	496,000	569,250	\$1,065,250	\$5,750
FY18	\$1,025,375	480,500	552,000	\$1,032,500	\$7,125
FY19	\$991,250	465,000	534,750	\$999,750	\$8,500
FY20	\$957,125	449,500	517,500	\$967,000	\$9,875
FY21	\$923,000	434,000	500,250	\$934,250	\$11,250
FY22	\$888,875	418,500	483,000	\$901,500	\$12,625
FY23	\$854,750	403,000	465,750	\$868,750	\$14,000
FY24	\$820,625	387,500	448,500	\$836,000	\$15,375
FY25	\$786,500	372,000	431,250	\$803,250	\$16,750
FY26	\$752,375	356,500	414,000	\$770,500	\$18,125
FY27	\$718,250	341,000	396,750	\$737,750	\$19,500
FY28	\$684,125	325,500	379,500	\$705,000	\$20,875
FY29			362,250	\$362,250	\$362,250
<b>TOTAL</b>	<b>\$20,166,250</b>	<b>\$10,193,750</b>	<b>\$10,522,500</b>	<b>\$20,716,250</b>	<b>\$550,000</b>

# IMPACT OF GOING TO 5.25%

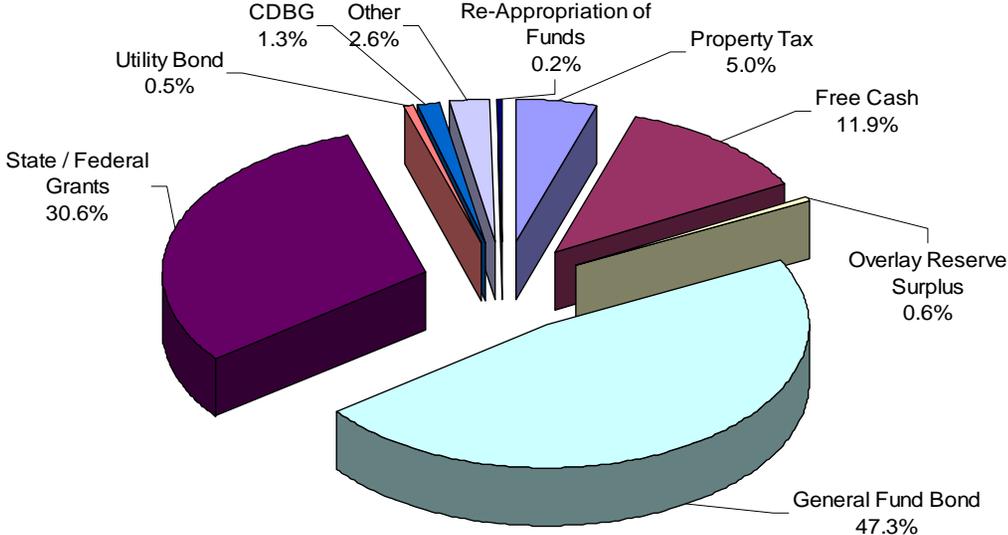
	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
Path Reconstruction	(110,000)	110,000				
Parking Lot Rehab.	(115,000)	115,000		(75,000)	75,000	
Larz Anderson Park	(100,000)	100,000				
Waldstein Building	(120,000)	120,000				
Tennis Courts / Basketball Courts		(100,000)	100,000			
Underground Wires Feas Study		(30,000)	30,000			
Library Interior Painting / Facelift		(50,000)	50,000			
Comfort Stations		(50,000)	50,000			
Commercial Areas Streetscape Improv.		(150,000)	150,000			
Gateway West (Chestnut Hill) District Plan		(75,000)	75,000			
Public Bldg Furnishings & Equipment			(25,000)	25,000		
Parking Meter System Replacement - delay 1 yr (savings in debt svc)			(191,750)	6,175	6,175	6,175
UAB - Roof&Chimney/Pointing/Gutters & Downsp.			(120,000)	120,000		

# SUMMARIES

**GRAND TOTAL BY SOURCE (in thousands)**

	FY08	FY09	FY10	FY11	FY12	FY13	TOTAL	% OF TOTAL
Property Tax	2,017.5	1,437.1	1,312.0	386.3	1,282.8	882.8	7,318.5	5.0%
Free Cash	2,891.4	2,870.9	2,819.2	2,968.7	3,003.7	3,042.2	17,596.1	11.9%
Overlay Reserve Surplus	850.0	0.0	0.0	0.0	0.0	0.0	850.0	0.6%
General Fund Bond	15,150.0	5,200.0	17,100.0	0.0	4,575.0	27,780.0	69,805.0	47.3%
State / Federal Grants	818.8	1,768.8	13,318.8	568.8	3,068.8	25,568.8	45,112.7	30.6%
Utility Bond	250.0	0.0	500.0	0.0	0.0	0.0	750.0	0.5%
CDBG	400.0	1,500.0	0.0	0.0	0.0	0.0	1,900.0	1.3%
Other	115.0	3,750.0	0.0	0.0	0.0	0.0	3,865.0	2.6%
Re-Appropriation of Funds	169.2	177.0	0.0	0.0	0.0	0.0	346.1	0.2%
<b>TOTAL</b>	<b>22,661.8</b>	<b>16,703.7</b>	<b>35,050.0</b>	<b>3,923.8</b>	<b>11,930.3</b>	<b>57,273.8</b>	<b>147,543.4</b>	<b>100.0%</b>

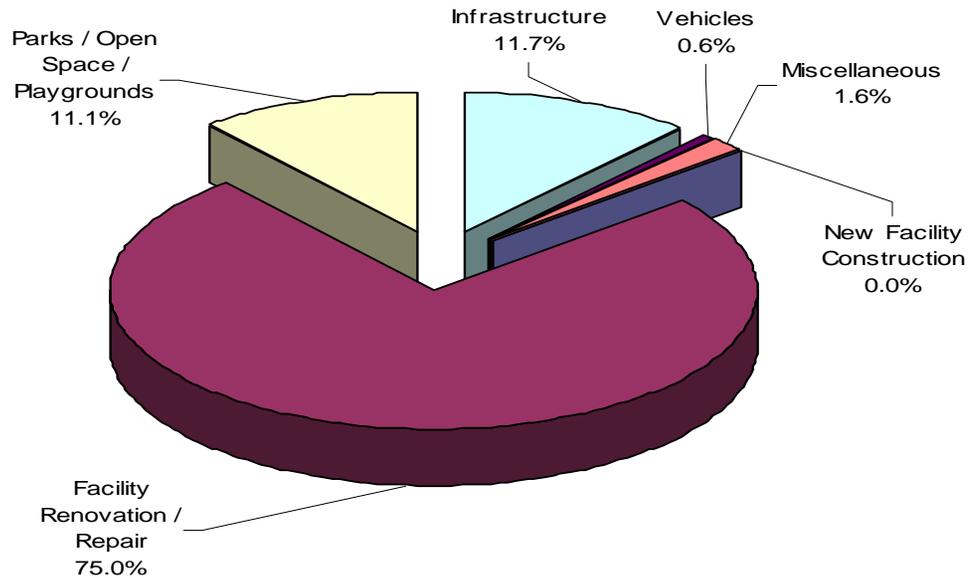
**CIP FUNDING BY SOURCE - 6 YR. TOTAL**



# SUMMARIES (con't)

GRAND TOTAL BY CATEGORY (in thousands)								
	FY08	FY09	FY10	FY11	FY12	FY13	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	17,078.0	7,540.0	25,405.0	286.0	7,332.5	53,080.0	110,721.5	75.0%
Parks / Open Space / Playgrounds	2,490.0	4,395.0	4,430.0	1,350.0	2,010.0	1,700.0	16,375.0	11.1%
Infrastructure	2,418.8	4,093.8	4,601.0	1,868.8	2,118.8	2,098.8	17,200.0	11.7%
Vehicles	290.0	0.0	300.0	0.0	130.0	145.0	865.0	0.6%
Miscellaneous	385.0	675.0	314.0	419.0	339.0	250.0	2,382.0	1.6%
<b>TOTAL</b>	<b>22,661.8</b>	<b>16,703.7</b>	<b>35,050.0</b>	<b>3,923.8</b>	<b>11,930.3</b>	<b>57,273.8</b>	<b>147,543.4</b>	<b>100%</b>

**CIP BY CATEGORY - 6 YR. TOTAL**





# MAJOR PROJECTS

- Devotion School - \$27.65 million of Town funding plus the possibility of \$27.65 million of State funding in FY10-FY13 for feasibility, design, and construction.
- Town Hall - \$15.95 million in FY08.
- Runkle School - \$13.2 million of Town funding plus the possibility of \$13.2 million of State funding in FY09-FY10 for design and construction.
- Newton St. Landfill - \$3.8 million in FY10 to complete the closure of the rear landfill.
- Fisher Hill Reservoir Re-Use - \$4.6 million in FY08-FY09, of which \$3.25 million comes from outside funding.
- High School projects - \$4 million in FY09 for roof, pointing, floors, and the Tappan St. Gym windows.
- Village Square - \$2 million in FY09, funded with outside funding (i.e., CDBG and state/federal grants).
- Baldwin School - \$2 million in FY13 for HVAC, electrical, elevator, windows, and ADA.
- UAB - \$1.4 million in FY11-FY12 for roof, chimney pointing, and gutters / downspouts.
- Parking Meters - \$1.3 million in FY10.



# CONTINUED MAJOR INVESTMENT

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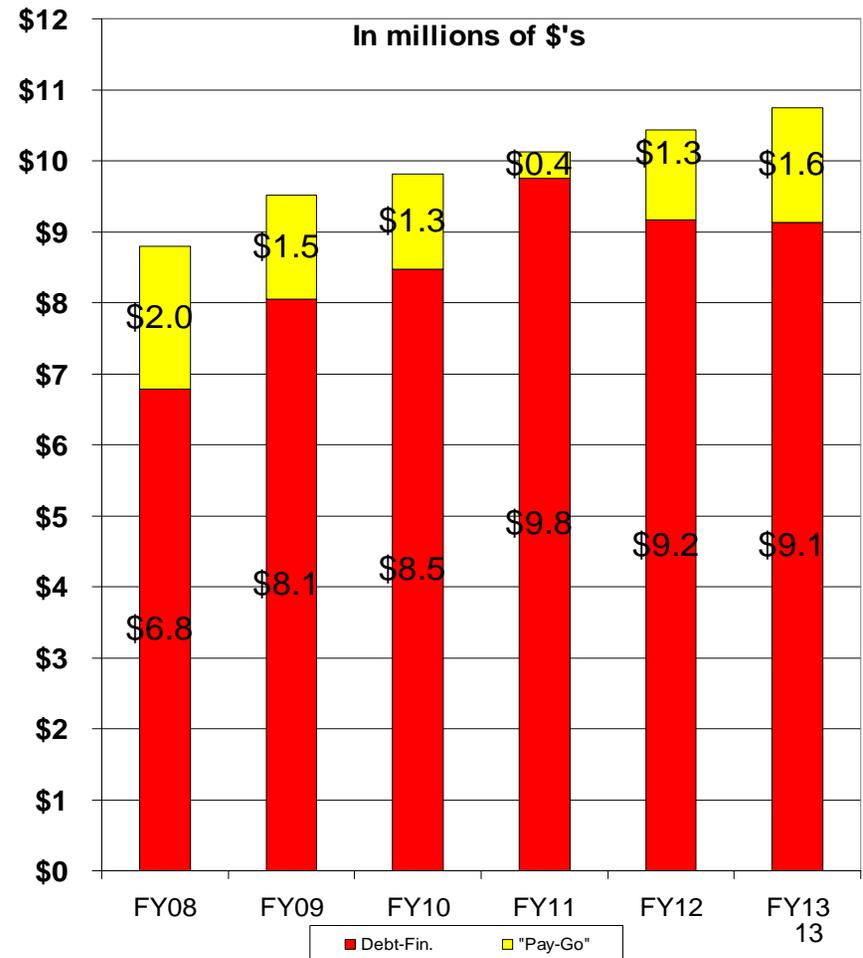
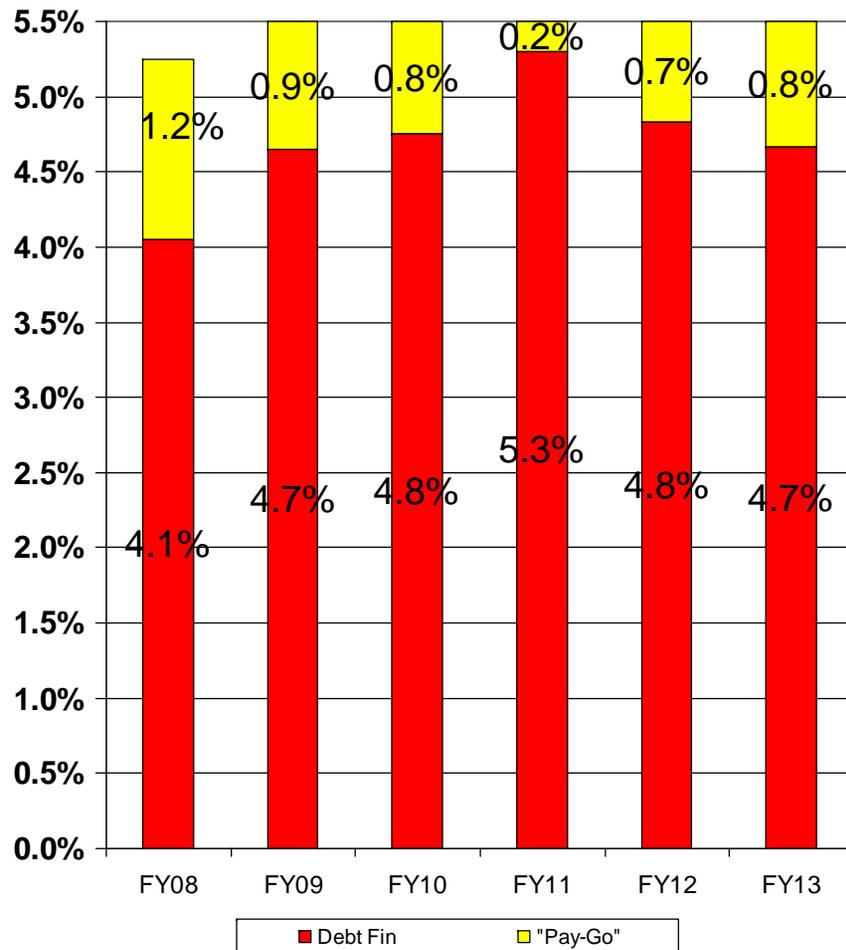
- Parks & Open Space - \$16.3M
- Street & Sidewalk Rehab - \$11M
- Information Technology - \$1.35M
- General Town/School Bldg. Repairs (ADA, Security, Roof) - \$1.2M
- RFID Tech. in Libraries - \$617K
- Modular Classrooms - \$560K
- Branch Libraries - \$510K

# CIP FINANCING

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Gen Fund Rev	186,556,628	190,955,354	196,724,253	202,596,943	208,496,090	214,500,644
<b>LESS:</b>						
Non Appropriations	7,123,786	7,290,658	7,461,702	7,637,021	7,816,724	8,000,920
Net Debt Exclusions	1,568,947	1,542,140	1,516,517	1,486,729	1,381,510	1,318,486
Free Cash	3,814,792	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Stabilization Fund	0	0	0	0	0	0
Overlay Surplus	850,000	0	0	0	0	0
Capital Project Surplus	169,155	0	0	0	0	0
<b>Net Revenue</b>	<b>173,029,948</b>	<b>178,372,557</b>	<b>183,996,035</b>	<b>189,723,192</b>	<b>195,547,855</b>	<b>201,431,238</b>
Prior Year Net Revenue	167,511,304	173,029,948	178,372,557	183,996,035	189,723,192	195,547,855
Dedicated to CIP (excl. of Free Cash)	8,793,815	9,516,647	9,810,491	10,119,782	10,434,776	10,755,132
Dedicated to CIP as a % of Prior Yr Net Rev	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%
Net Debt Financed <sup>1</sup>	6,776,355	8,052,426	8,468,529	9,745,814	9,172,540	9,134,608
Net Debt Financed as a % of Prior Yr Net Rev	4.05%	4.65%	4.75%	5.30%	4.83%	4.67%
Revenue Financed	2,017,460	1,464,221	1,341,961	373,968	1,262,236	1,620,524
Revenue Financed as a % of Prior Yr Net Rev	1.20%	0.85%	0.75%	0.20%	0.67%	0.83%
Free Cash for CIP	2,891,385	3,088,160	3,131,266	3,161,760	3,199,597	3,187,388
<b>TOTAL AVAILABLE FOR GEN. FUND-SUPPORTED CIP</b>	<b>11,685,200</b>	<b>12,604,807</b>	<b>12,941,757</b>	<b>13,281,542</b>	<b>13,634,372</b>	<b>13,942,520</b>

<sup>1</sup> As defined in the CIP Policies, "Net Debt" is total debt service exclusive of debt service related to projects funded via a Debt Exclusion and debt service funded by enterprise fund revenues.

# DEBT-FINANCED vs “PAY-AS-YOU-GO”





# CIP FINANCING – FREE CASH

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- The FY08-FY13 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.
- For FY08, of the estimated Free Cash of \$3.8M, \$2.9M is used to support the CIP.
- In the out-years, a certification of \$3.75M is used, resulting in approximately \$3.1M for use in the CIP.

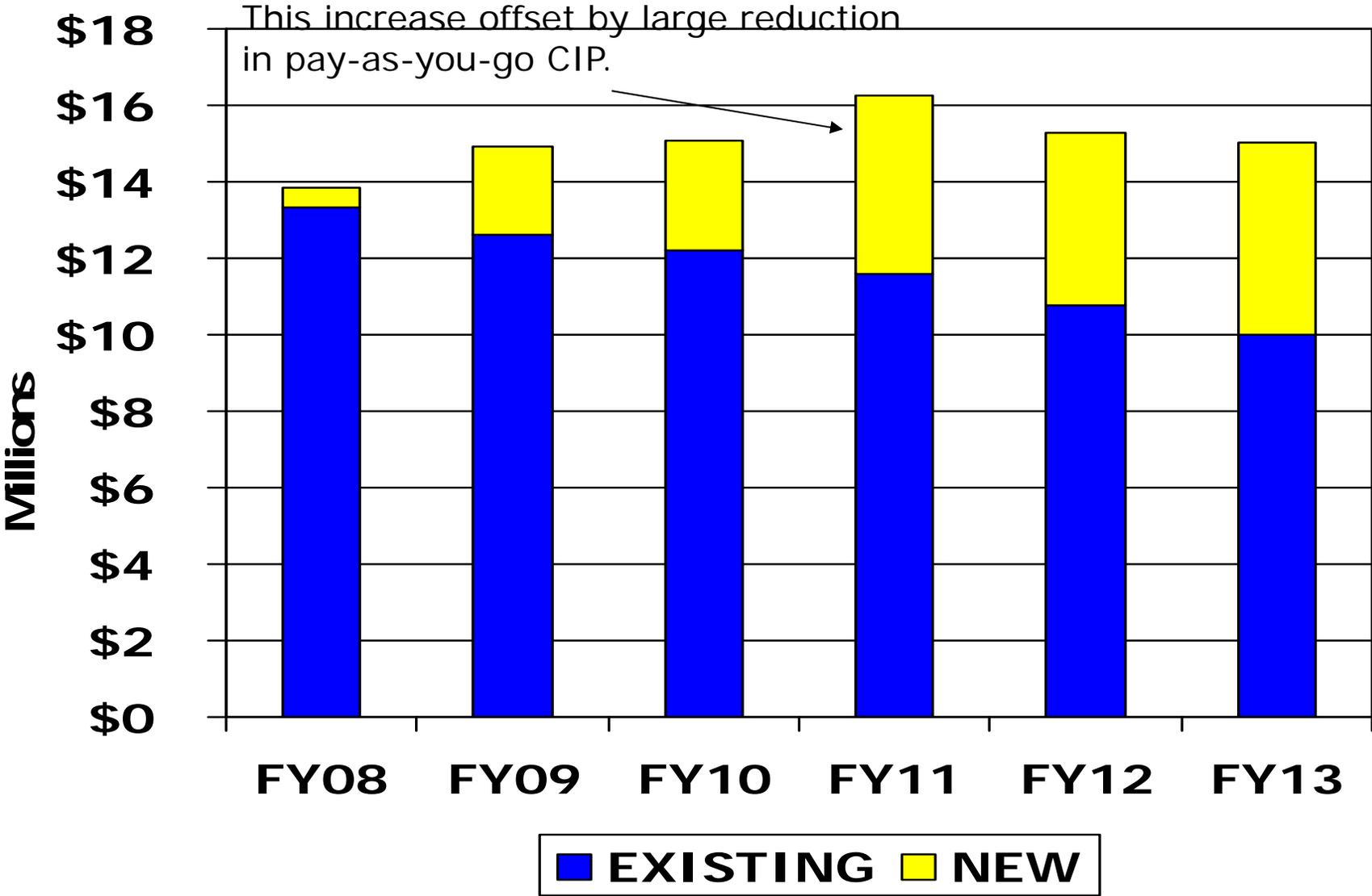
# DEBT MANAGEMENT PLAN

<u>Project</u>	<u>Yrs</u>	<u>Authorization</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Lawrence School/Longwood Playground - (\$766K from previous authorization)	10	17,075,000	114,900	111,070	107,240	103,410	99,580	95,750	91,920
Swimming Pool (previously authorized)	10	1,600,000	240,000	232,000	224,000	216,000	208,000	200,000	192,000
Landfill / Transfer Station (previously authorized)	10	2,000,000		300,000	290,000	280,000	270,000	260,000	250,000
Muddy River (previously authorized)	10	745,000		109,888	106,349	102,810	99,271	95,733	92,194
Town Hall (seeking authorization)	20	13,800,000		1,330,000	1,300,750	1,267,750	1,234,750	1,201,750	1,168,750
Fisher Hill (seeking authorization)	10	1,350,000		199,125	192,713	186,300	179,888	173,475	167,063
HS Projects (seeking authorization)	10	4,000,000			466,667	453,333	440,000	426,667	413,333
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
Runkle School - TOWN @ 50% (seeking authorization)	20	12,000,000				1,230,000	1,198,500	1,167,000	1,135,500
Rear Landfill (seeking authorization)	15	3,800,000				443,333	430,667	418,000	405,333
UAB Roof/Chimney/Gutters & Downspouts (seeking authorization)	10	1,275,000						188,063	182,006
Devotion School Design - TOWN @ 50%(seeking authorization)	10	2,500,000						368,750	356,875
Waldstein Playground (seeking authorization)	10	800,000						118,000	114,200
Fire Station # 7 Rehab (seeking authorization)	10	1,000,000							147,500
Baldwin School (seeking authorization)	10	1,780,000							262,550
Devotion School - TOWN @ 50%(seeking authorization)	20	25,000,000							2,562,500
<b>NEW GEN FUND DEBT SERVICE (cumulative)</b>			<b>354,900</b>	<b>2,282,083</b>	<b>2,864,718</b>	<b>4,645,987</b>	<b>4,511,830</b>	<b>5,052,487</b>	<b>7,869,149</b>
Wastewater <sup>1</sup> (see footnote)	15	6,000,000		223,333	450,667	438,000	658,667	639,333	620,000
Singletree Tank (seeking authorization)	10	250,000		36,875	35,688	34,500	33,313	32,125	30,938
Golf Course <sup>2</sup> (previously authorized)	15	2,840,000	22,125	43,913	42,450	40,988	39,525	38,063	36,600
Storm Drains (seeking authorization)	10	500,000				73,750	71,375	69,000	66,625
<b>NEW ENTERPRISE FUND DEBT SERVICE (cumulative)</b>			<b>22,125</b>	<b>304,121</b>	<b>528,804</b>	<b>587,238</b>	<b>802,879</b>	<b>778,521</b>	<b>754,163</b>
<b>TOTAL NEW DEBT SERVICE (cumulative)</b>			<b>377,025</b>	<b>2,586,203</b>	<b>3,393,522</b>	<b>5,233,224</b>	<b>5,314,710</b>	<b>5,831,008</b>	<b>8,623,312</b>

<sup>1</sup> Of the \$6M authorization, \$5.275M has already been borrowed from a FY02 \$6M authorization, leaving \$0.725M, plus a new \$5.5M authorization for FY07.

<sup>2</sup> Of the \$2.84M authorization, \$1.1M has already been borrowed from the FY02 authorization, leaving \$1.74M. This plan calls for using \$300K of the remaining authorization.

# DEBT SERVICE – ALL FUNDS



# DEBT MANAGEMENT POLICIES

VARIABLE	FY07	FY08	FY09	FY10	FY11	FY12	FY13
<u>Legal Limit for Out. Debt = 5% of Equalized Valuation (EQV)</u>							
EQV for 1/1/04 = \$12.676 billion. Assume 2.5% annual growth. (In millions)	\$14,785	\$15,154.2	\$15,533.0	\$15,921.4	\$16,319.4	\$16,727.4	\$17,145.6
Outstanding Debt as a % of EQV	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%
Total Outstanding Debt (in millions)	\$97.3	\$101.3	\$106.0	\$111.5	\$102.0	\$95.4	\$112.0
General Fund Outstanding Debt (in millions)	\$80.1	\$83.8	\$88.7	\$95.8	\$86.5	\$82.0	\$100.6
Total Debt Service (in millions)	\$14.2	\$14.0	\$15.4	\$15.8	\$17.0	\$16.2	\$16.0
General Fund Debt Service (in millions)	\$11.5	\$11.2	\$12.5	\$12.9	\$14.1	\$13.4	\$13.3
Total Debt Service Per Capita	\$255	\$246	\$274	\$281	\$303	\$289	\$285
General Fund Debt Service Per Capita	\$202	\$195	\$222	\$229	\$251	\$238	\$237
A. Total Outstanding Debt Per Capita as a % of Per Capita Income	2.9%	3.0%	3.0%	3.1%	2.8%	2.5%	2.9%
General Fund Outstanding Debt Per Capita as a % of Per Capita Income	2.4%	2.5%	2.5%	2.7%	2.4%	2.2%	2.6%
B. Total Outstanding Debt Per Capita	\$1,751	\$1,822	\$1,907	\$2,007	\$1,835	\$1,716	\$2,014
General Fund Outstanding Debt Per Capita	\$1,441	\$1,507	\$1,595	\$1,724	\$1,556	\$1,475	\$1,810
C. Total Outstanding Debt as a %age of Assessed Value (AV)	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%
General Fund Outstanding Debt as a %age of Assessed Value (AV)	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.6%
D. Total Debt Maturing Within 10 Years	80%	80%	85%	83%	84%	86%	79%
General Fund Debt Maturing Within 10 Years	77%	78%	84%	81%	83%	85%	77%
E. CIP Financing as a %age of Prior Year's Net Revenue	5.50%	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%
Debt-Financed CIP as a %age of Prior Year's Net Revenue	4.34%	4.05%	4.65%	4.74%	5.29%	4.83%	4.67%
Revenue-Financed CIP as a %age of Prior Year's Net Revenue	1.16%	1.20%	0.85%	0.76%	0.21%	0.67%	0.83%

## 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 \$2,319 (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.



# ADDITIONAL REVENUE SOURCES

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- **CDBG Funds** – \$1.9M is used, including utilizing the Section 108 Loan Guarantee Program.
  
- **State / Federal Grants** – \$45.1M 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, the largest piece being \$3.25M for Fisher Hill Reservoir Re-Use (FY07).
  
- **Re-Appropriation of Funds** - \$346K of existing CIP project accounts will be re-appropriated in FY08-FY09 to help balance the CIP.



# ISSUES GOING FORWARD

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- Town Hall bids for Town Meeting
- SBA funding for Runkle and Devotion Schools
- Construction costs
- Newton St. Landfill Corrective Action
- Future Free Cash levels
- Further cuts to CIP funding level?