



Draft Capital Improvement Plan Fiscal 2021 – Fiscal 2025

Town of Wayland

October 2, 2019

Financial Indicators

Moody's Aaa Bond Rating – Revision of Negative Outlook to Stable

- Town Management Commitments
 - **Return to Structurally Balanced Operations**
 - **Recurring Revenue for Recurring Expenses**
 - Increase Available Fund Balance as Percent of Revenue
 - Conservative Revenue Assumptions
 - Expenditure Controls
 - **Stable Debt Burden**
 - Stable Long-Term Liability Outlook
 - Pension- Fully Funded Goal - 2035
 - OPEB- Fully Funded Goal - 2039
 - **Five -Year Capital Plan Rather Than One-Year Rolling Plan**
 - **Five - Year Financial Plan for Capital**
 - **Five - Year Projected Projects**

Capital Improvement Plan Assumptions

Capital Maintenance of Town's Existing Capital Assets

- Facilities
 - Buildings and Grounds
 - Fields, Trails, Parks, other Recreational and Open Spaces
- Infrastructure
 - Public Works
 - Technology
- Vehicles and Equipment

Capital Improvement Plan Assumptions – Financing 1

- Recurring Expenses
 - Annual or Annualized Capital Expenses
 - Shorter-Term Cyclical Expenses (e.g. vehicles)
 - Longer-Term Periodic Expenses (e.g. roofs)
 - Enhancements to Capital Assets Based on Operational Needs
- Non-Recurring Expenses
 - Enhancements to Capital Assets Not Based on Operational Needs
 - Major Rehabilitation or Renovation of Existing Capital Assets
 - New Capital Assets

Capital Improvement Plan Assumptions – Financing 2

- Cash – Recurring Expenses
 - Free Cash
 - Predictable Range
 - Requires Conservative Budgeting
 - Requires End-of-Year Expenditure Controls
 - Cash Capital
 - Annual Amount Raised From Revenue
- Debt Within the Levy – Recurring Expenses
 - Annual Amount Raised From Revenue
- Capital Stabilization or Other Funds
- Debt Excluded From the Levy
 - Requires Taxpayers' Approval

Result of Deferred Maintenance of Capital Assets

Physical Cost

- Unreliable assets (e.g. elevators, HVAC, etc.)
- Emergency conditions (roof failures, flooding, etc.)

Financial Cost

- Reactive/crisis management
- Greater scopes of work
- Accelerated depreciation of asset

Legal Cost

- Loss of warranties
- Health of users
- Fines/penalties for non-compliance

Morale

- Unsustainable level of work requests
- Undesirable work environment/working conditions

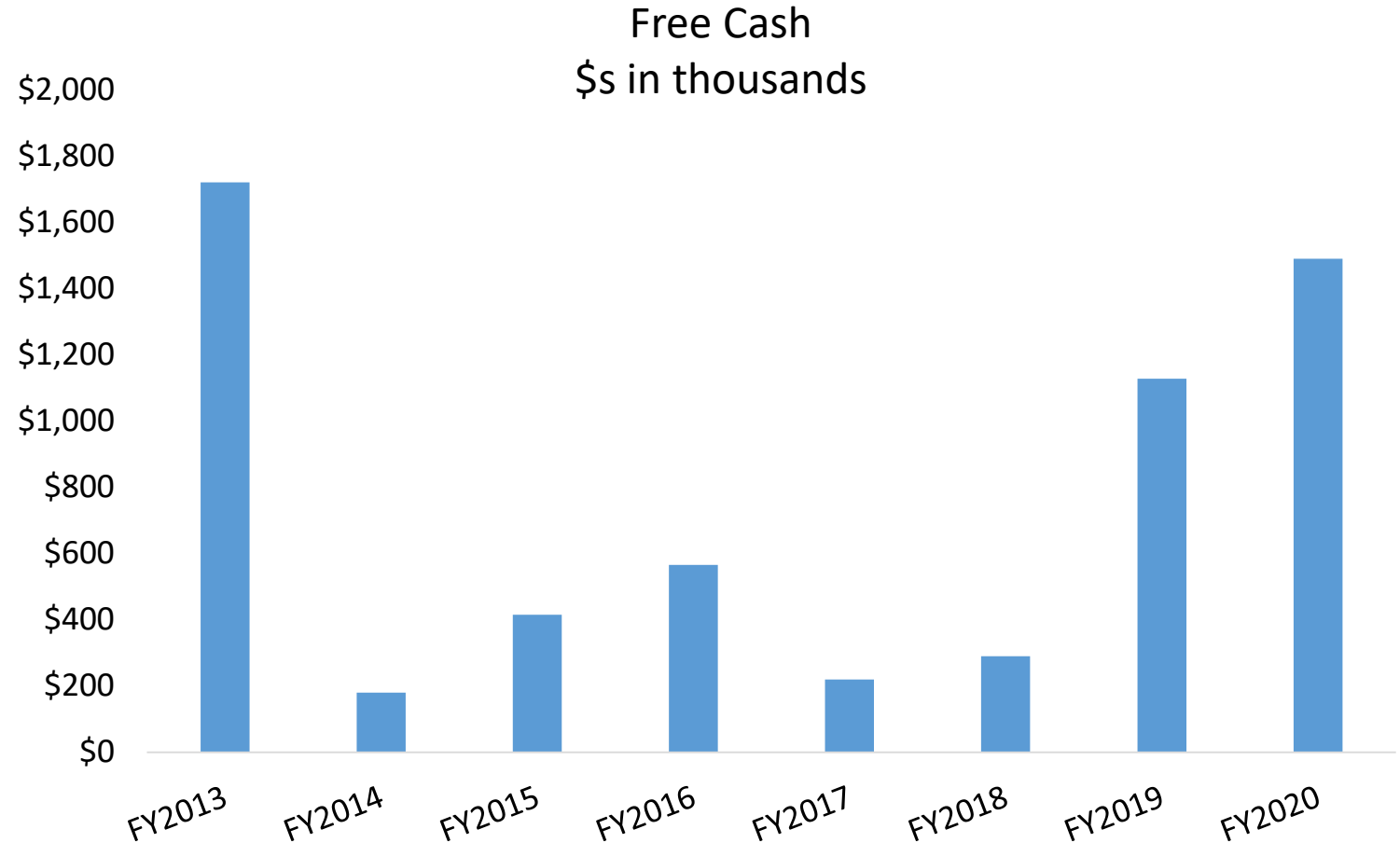
Political

- Tax management

Past Financing – Free Cash

- Historically Fluctuating Use of Free Cash

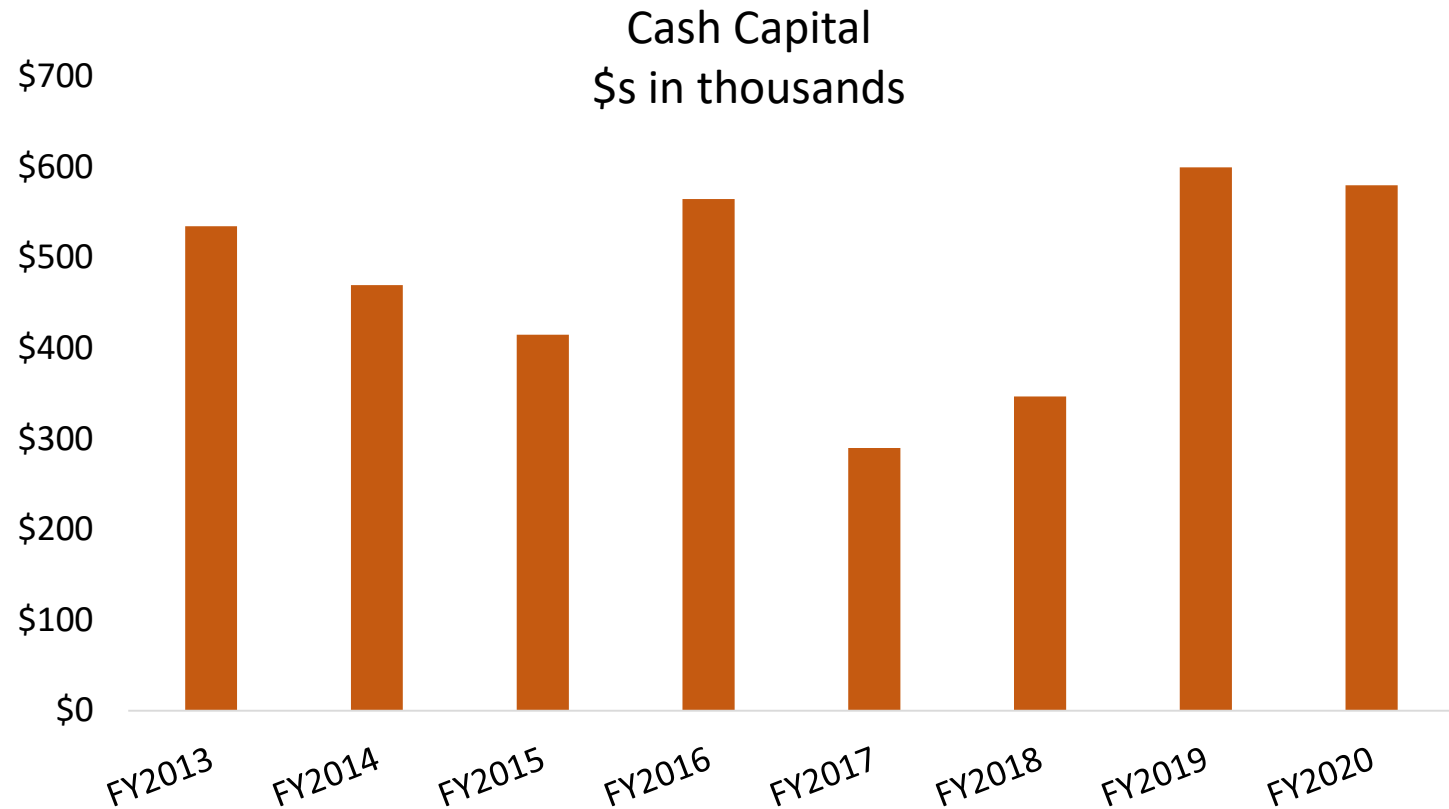
- FY2013: \$1,720,000
- FY2014: \$180,000
- FY2015: \$415,000
- FY2016: \$565,000
- FY2017: \$219,180
- FY2018: \$290,000
- FY2019: \$1,126,720
- FY2020: \$1,489,367



Past Financing – Cash Capital

- Historically Fluctuating Use of Cash Capital

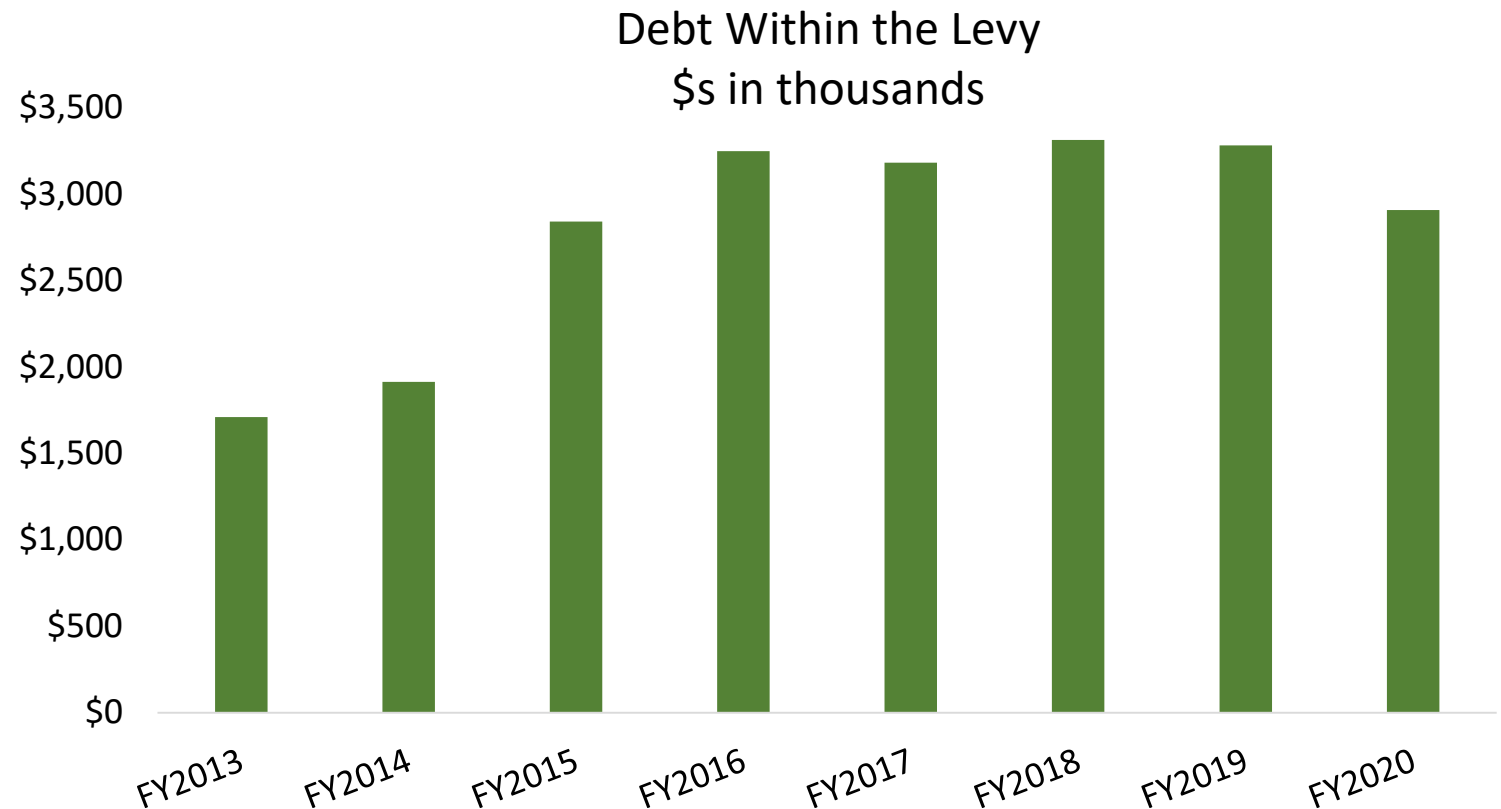
- FY2013: \$535,000
- FY2014: \$470,000
- FY2015: \$415,000
- FY2016: \$565,000
- FY2017: \$290,000
- FY2018: \$347,128
- FY2019: \$600,000
- FY2020: \$580,000



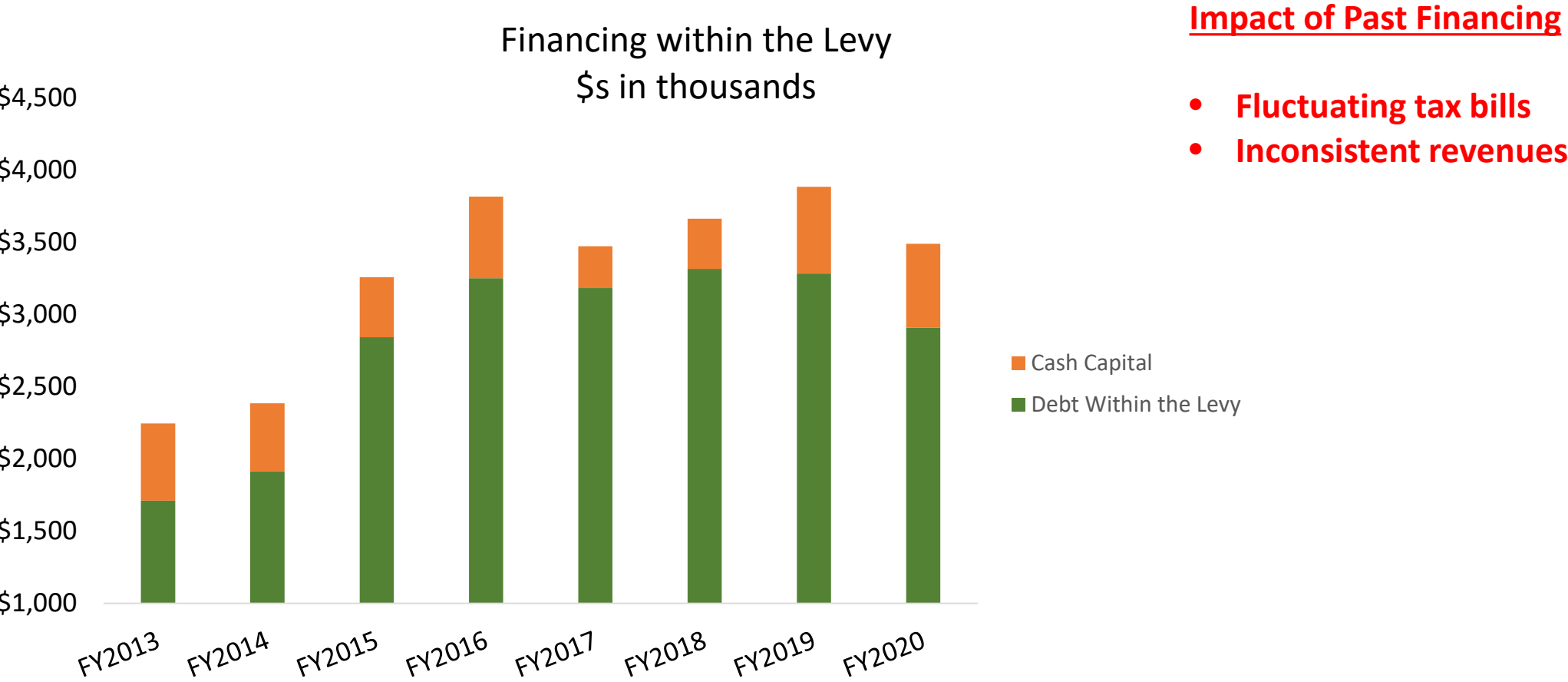
Past Financing –Debt Within the Levy

- Historically Fluctuating Debt Within the Levy

- FY2013: \$1,710,904
- FY2014: \$1,913,640
- FY2015: \$2,842,443
- FY2016: \$3,249,502
- FY2017: \$3,181,548
- FY2018: \$3,315,428
- FY2019: \$3,282,959
- FY2020: \$2,908,840



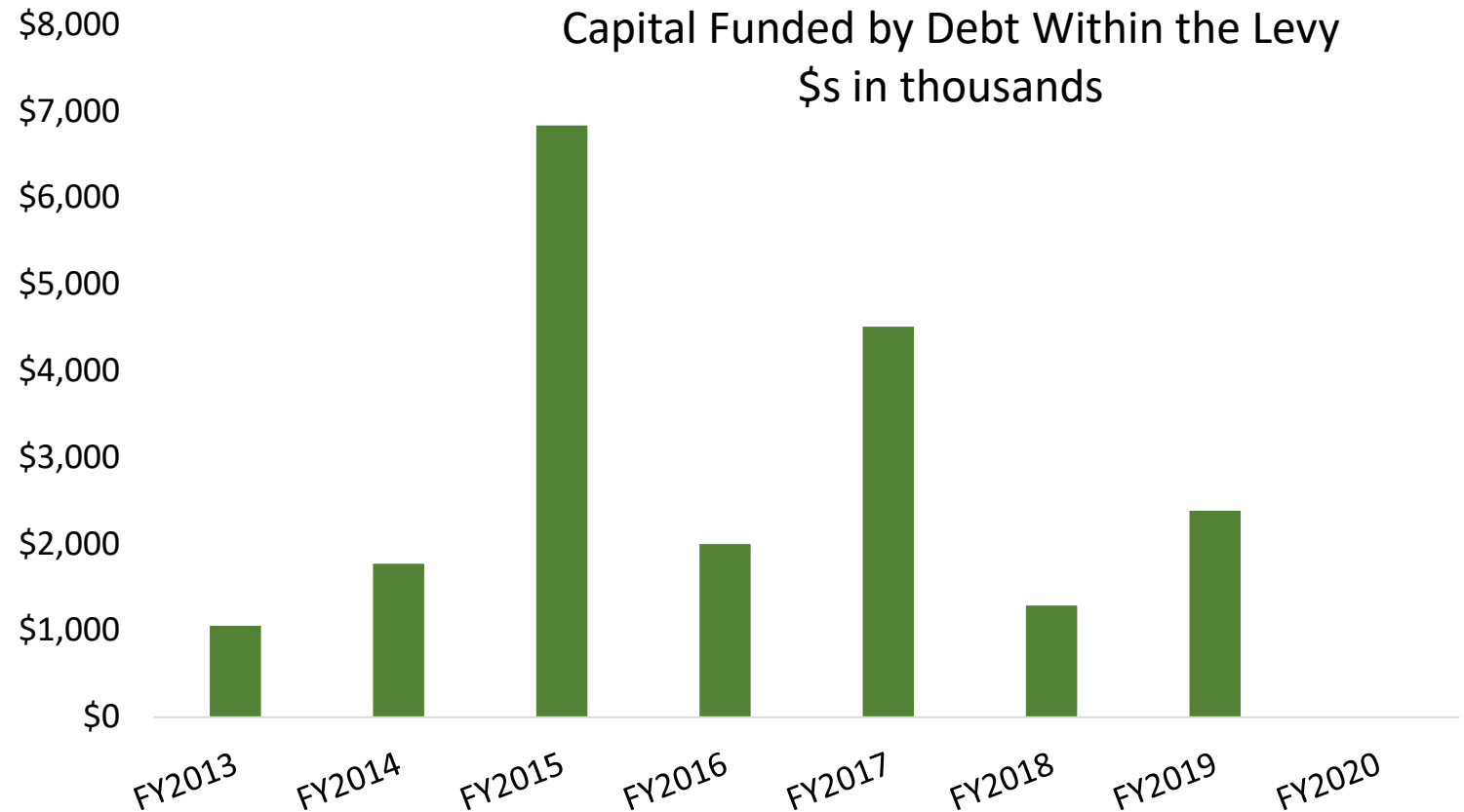
Past Financing – Annual Levied Tax Dollars Spent on Capital



Past Financing – Capital Projects Financed by Debt Within the Levy

- Historically Fluctuating Funding of Capital Projects Funded by Debt Within the Levy

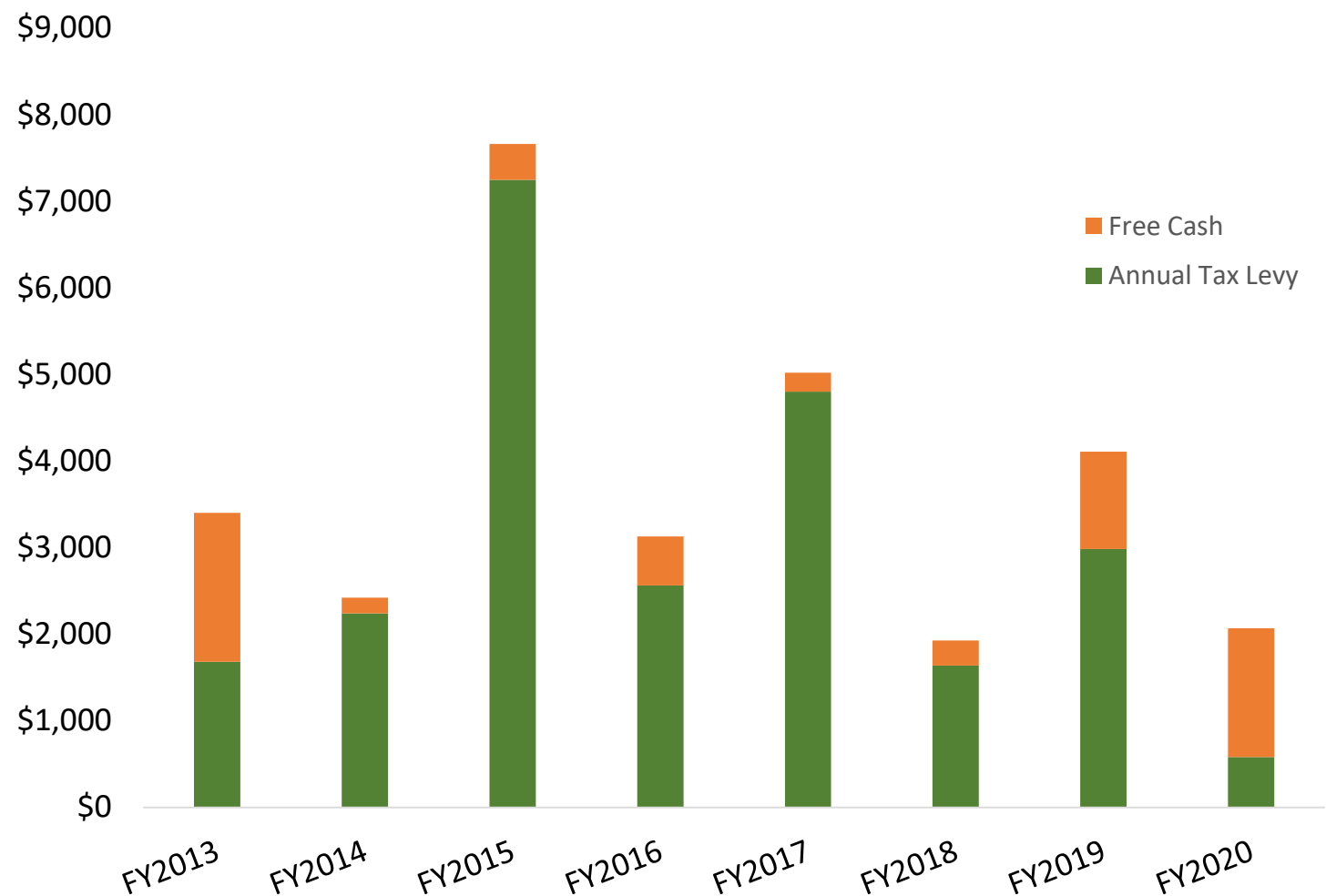
- FY2013: \$1,055,000
- FY2014: \$1,770,000
- FY2015: \$6,831,320
- FY2016: \$1,997,904
- FY2017: \$4,510,000
- FY2018: \$1,290,000
- FY2019: \$2,381,846
- FY2020: \$0



Past Financing – Total Amount of Capital Projects Financed Within the Annual Tax Levy and Free Cash

Impact of Past Financing

- Inconsistent capital planning
- Difficulty in or failure to plan for recurring expenses



Financing – Stabilization and Other Funds

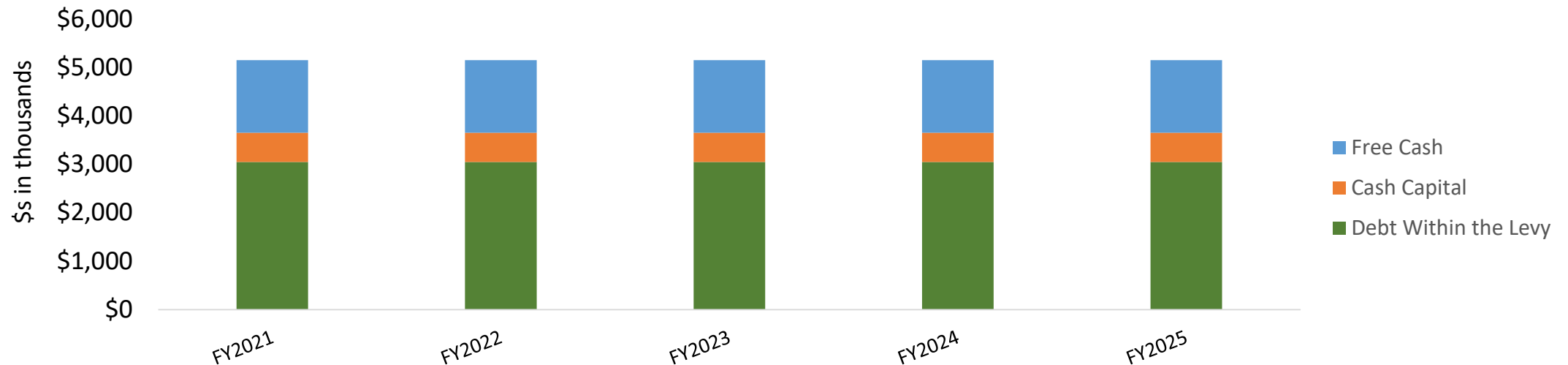
- Recreation Stabilization Fund
 - Limited Funding
- Revolving Funds
 - Cash only
 - Funds can only be use for capital items related to collected fees
- Other Special Revenue Funds
 - Can only be used for limited purpose of special revenue fund
- Enterprise Funds
 - Capital funding plan determined as part of rate setting

Capital Improvement Plan Financing Goals FY2021-FY2025

- Cash Capital Budget
 - \$600,000 +2.5% annually
- Debt Service Within Levy
 - \$3,050,000 ±
 - Excess Debt Service Transferred to Capital Stabilization Fund
- Planned Free Cash
 - \$1,500,000 - \$2,000,000 annually
- Use of CPA, Revolving Funds, Enterprise Funds, Stabilization Funds, Grants, etc.

Capital Improvement Plan Financing Goals FY2021-FY2025

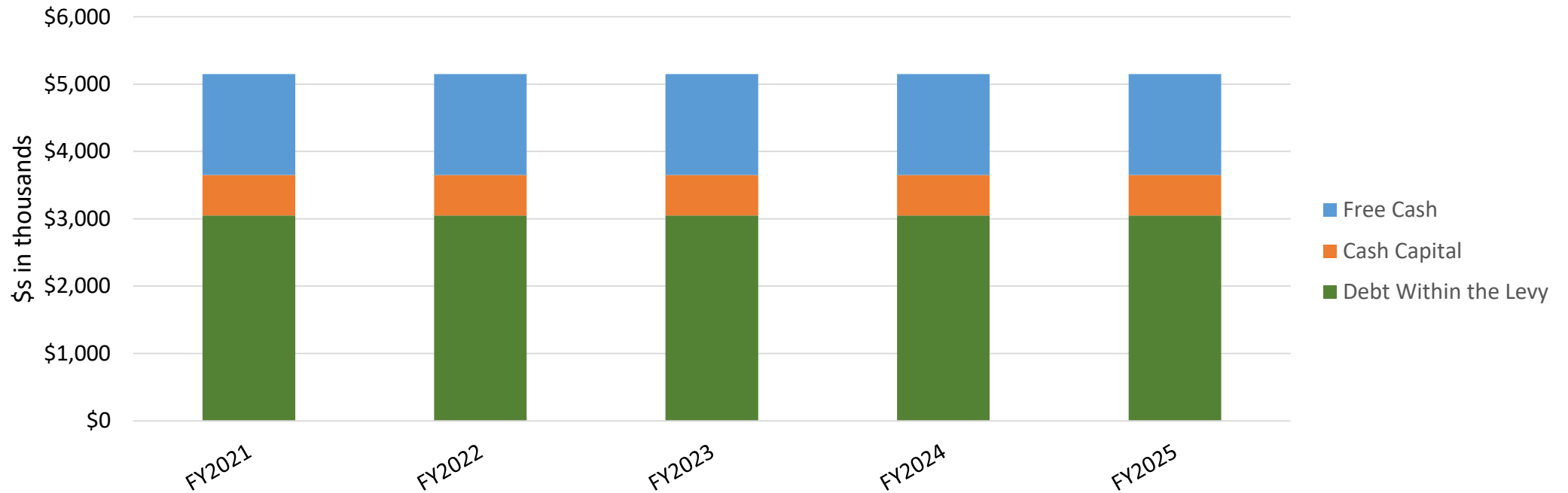
- Predictable Capital Financing Budget
 - Stable Cash Capital Budget - \$600,000 annually + revenue growth rate
 - Stable Debt Service Within Levy - \$3,050,000 + revenue growth
 - Planned Free Cash - \$1,500,000 to \$2,000,000 to be reviewed annually



Capital Improvement Plan Project Expenditure Goals FY2021-FY2025

Predictable Capital Projects Budget

- Cash Capital Budget used for annual capital expenditures
- Debt Service Within Levy used for long-term periodic need and capital enhancements as a result of operational needs
- Free Cash used for short-term cyclical expenses not eligible for borrowing



Preliminary Departmental Capital Requests FY2021-FY2025 Summary *

DEPARTMENTAL REQUESTS BY FISCAL YEAR							
Department	FY21	FY22	FY23	FY24	FY25		Dept. Total
DPW	2,029,000	3,120,000	2,202,000	1,436,000	1,497,000		10,284,000
Town Clerk	26,000	-	-	-	-		26,000
Police	-	50,000	-	38,000	26,000		114,000
JCC	292,000	150,000	150,000	150,000	100,000		842,000
Fire	795,000	495,000	190,000	815,000	247,000		2,542,000
Engineering	140,000	430,000	-	-	-		570,000
Conservation	865,000	90,000	50,000	-	-		1,005,000
Facilities	2,109,500	8,881,000	1,820,000	405,000	29,815,000		43,030,500
IT Dept.	278,000	567,000	255,000	90,000	280,000		1,470,000
Recreation	3,703,500	1,525,000	1,319,369	1,345,000	1,265,000		9,157,869
School	4,031,850	2,735,049	2,604,000	1,054,000	825,000		11,249,899
Totals	14,269,850	18,043,049	8,590,369	5,333,000	34,055,000		80,291,268

*based on Preliminary CIP Submitted Information – Final CIP Requests May Differ

Review of Preliminary Departmental Capital Requests FY2021-FY2025

- Remove Non-Capital Requests
- Identify Requests For Which Alternative Funding Is Available
- Identify New Facilities or Major Repairs or Reconstruction To Be Funded Through Excluded Debt
- Categorize Remaining Requests by Funding Source
 - Annually Recurring: Cash Capital
 - Short-Cyclical Requests: Free Cash
 - Other Requests Not Eligible for Debt Funding: Free Cash
 - Longer-Term Periodic Requests: Debt Within the Levy

Total Debt Service and Project Value Within the Levy FY2021-FY2025 Targets

- Debt Service Within the Levy Target: \$3,050,000
- Value of Projects Target: \$6,000,000

	2020	2021	2022	2023	2024	2025
<u>Committed Levy Debt</u>	2,908,840	2,640,445	2,382,500	1,959,225	1,835,175	1,749,975
Level Maintenance		300,000	207,500	342,688	101,255	-
New Debt Service	-	96,265	444,180	733,854	1,127,195	1,407,265
		-	-	-	-	-
Total New Debt	-	396,265	651,680	1,076,542	1,228,450	1,407,265
Total Levy Debt	2,908,840	3,036,710	3,034,180	3,035,767	3,063,625	3,157,240
Total Project Value	-	4,035,750	3,145,100	4,510,500	3,075,750	2,575,000

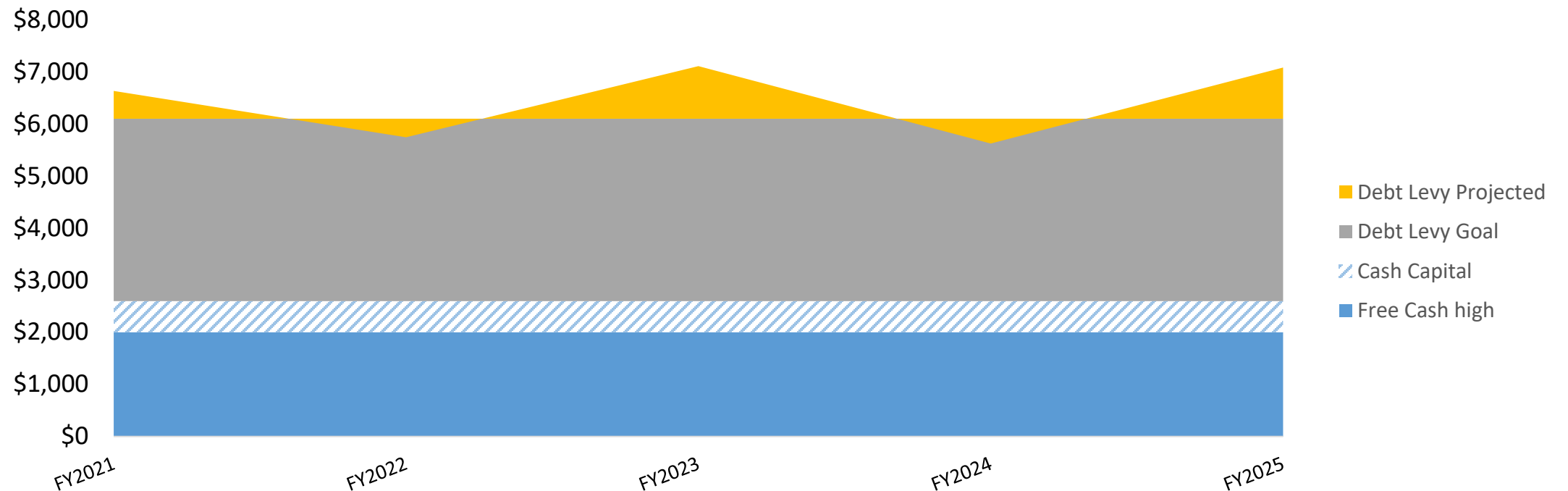
Establish Capital Improvement Stabilization Fund

- Finance Committee request to Board of Selectmen in FY2019
- Needs to be established by Town Meeting
- 2/3 Vote of Town Meeting to Expend Funds
- Fund with excess of appropriate debt service within the levy
- Supplements the CIP

Capital Improvement Plan Project Expenditure Goals FY2021-FY2025

Predictable Capital Budget

- Stable Cash Capital Budget - \$600,000 annually + revenue growth rate
- Stable Debt Service Within Levy - \$3,050,000 + revenue growth
- Planned Free Cash - \$1,500,000 to \$2,000,000 to be reviewed annually



Preliminary Proposal For Funding Of Capital Requests FY2021-FY2025 Summary *

DEPARTMENTAL EXPENDITURES BY FISCAL YEAR							
Department		FY21	FY22	FY23	FY24	FY25	Dept. Total
DPW		1,654,000	1,010,000	3,230,000	1,245,000	1,747,000	8,886,000
Town Clerk		-	-	-	-	-	0
Police		-	50,000	-	-	-	50,000
JCC		292,000	150,000	150,000	150,000	100,000	842,000
Fire		795,000	495,000	190,000	815,000	247,000	2,542,000
Engineering		140,000	-	-	-	430,000.00	570,000
Conservation		850,000	90,000	-	-	-	940,000
Facilities		517,000	1,340,000	1,250,000	2,025,000	915,000	6,047,000
IT Dept.		278,000	402,000	120,000	240,000	280,000	1,320,000
Recreation		200,000	200,000	800,000	845,000	1,200,000	3,245,000
School		1,729,000	2,130,000	2,043,000	810,000	1,942,000	8,654,000
Totals		6,455,000	5,867,000	7,783,000	6,130,000	6,861,000	33,096,000

*based on Preliminary CIP Submitted Information – Final CIP Requests May Differ

CIP – Next Steps

- Stabilization funds, revolving funds, and other special revenue funds
 - Determine potential use for capital funding
 - Incorporate into CIP
- Excluded debt (Proposition 2 ½)
 - Evaluate predictability of residential tax assessment
 - Review policy regarding type and amount of project
- Long-Term CIP
 - Project and Financing Predictability
 - Extend beyond five – year for known systems replacement or repairs (e.g. roofs)
 - Review O&M Process
 - Reduce capital repairs
 - Reduce unscheduled shutdowns and repairs
 - Extend equipment life, thereby extending facility life.
 - Realize life-cycle cost savings, and
 - Provide safe, functional equipment systems and facilities that meet the design intent