

FY10 Budget - Capital

The Capital Improvement Program (CIP) is a comprehensive list of all Municipal Government and School Department capital projects contemplated during the next ten years. This includes items expected to be paid for with cash (capital), or items to be paid for with borrowed funds (debt). Projects must meet two criteria in order to be eligible for the CIP: a cost of \$10,000 or more and an expected life of five years or greater.

Projects in the CIP are then prioritized according to a list of Criteria for Evaluating Capital Projects. Those projects proposed for an upcoming budget are thereby part of the Capital Budget for that year.

Since the capital and debt budgets are so closely intertwined, the Finance Committee has a policy where a minimum of 5% of net available revenues are to be used on the combination of capital plus net debt*.

\$ (millions)	FY10	FY11	FY12	FY13	FY14
5% policy (estimates)	\$3.45	3.50	3.58	3.70	3.83
Debt*	\$2.44	2.44	2.33	2.16	1.52
Capital	\$1.01	1.06	1.25	1.54	2.31

* *debt exclusion and debt service paid by the Massachusetts School Building Authority is not included*

If we do not incur any more debt, from the chart above it is clear that more funding for cash capital projects becomes

available, with that amount increasing from \$1.01 million next year to \$2.31 million in five years. While it is virtually impossible to forecast operating budgets far into the future, it is very important to look far ahead in capital and debt planning.

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DPW: Road Improvements (previous over-ride)	\$350,000
DPW: Skim-coat/Crack-seal (previous over-ride)	\$50,000
DPW: Curb/sidewalk pedestrian safety	\$25,000
DPW: Street Sign replacement program	\$10,000
DPW Recreation – Annual Playground Improvement Program (Washington Park)	\$30,000
DPW Recreation – Annual Playground Safety Surface Program (various)	\$15,000
DPW Dump Truck (Sander- 1995)	\$97,000
DPW Pickup Truck (1997)	\$41,600
School Facilities – Security systems for two school buildings	\$30,000
Town Facilities – West Side Fire Station bathroom	\$15,000
Radios (Police & Fire)	\$311,000
Fire Passenger Vehicle (1997)	\$31,000
TOTAL	\$1,005,600
Budget Allocation	\$1,005,725

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\$ (millions)	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Capital Funding (estimate)	\$1.01	1.06	1.25	1.54	2.31	2.54	2.86	3.08	3.59	4.08
CIP requests	\$1.01	1.23	1.26	1.59	2.28	2.74	2.67	2.45	2.14	4.22
Difference	\$0.00	-0.17	-0.01	-0.05	0.03	-0.20	0.19	0.63	1.45	-0.14

Recent Capital Improvement Programs have shown near-term CIP requests in excess of the anticipated annual funding available. This was done purposefully, and recently Town Meeting has been in a position to approve additional capital spending at the Subsequent Town Meeting in November due to strong levels of reserves.

In light of the global economic conditions, we do not foresee any reasonable opportunity to utilize free cash mid-year for additional capital improvements for at least two years. As a result, significant amounts of capital in every department have been moved further out to future years on the CIP.

As presented this year, the CIP requests are nearly balanced to what funds might reasonably be expected at Annual Town Meeting only. This balance is shown above when comparing estimated capital funding to annual CIP requests. The difference figure shows how close to the expected funding the requests are – after several years there may be a surplus in funding available for projects not yet on the list.

As we await the findings and recommendations of Performance Contracting, another change to the CIP is that all energy-related capital items have been pushed out to FY 2011 and beyond.

This does not suggest any lack of priority for these items. In fact, we hope to accomplish a significant portion of this work in FY10 if Performance Contracting goes forward. Some or all of these items will be financed with energy savings so until we have a firm financial and operational plan, we show energy-related items in future years (FY11+) only.

Once performance contracting plans are established, items that will not be covered will be added back into the totals shown above as CIP requests. We will devise a new method to show those items that will be covered by performance contracting, as well as any other budget impacts.