



May 1, 2017

To: Richard C. Howard, Town Manager

From: Helen S. Philliou, Chair, Capital Planning Committee

cc: Board of Selectmen
Peter Haley, Town Moderator
Finance Committee
Town Meeting Members

RE: Spring Town Meeting Update

For several years now Capital Planning has been updating you on the status of the Building and Capital Stabilization Funds. We have now reached the point where there are limited funds remaining in both the Capital and Building Stabilization Funds for the fall of 2017. There will only be \$145,000 available in the Building Stabilization Fund (BSF) and \$283,000 available in the Capital Stabilization Fund (CSF). The CSF does however increase by approximately \$1 million dollars in the spring of 2018. The lack of funding in both of these funds leaves many worthy projects unable to move forward. A few examples of these projects are: Library HVAC Replacement, DPW Wall, West Side Fire Station, and the final two flood mitigation projects; Swanton Street Culvert and the Muraco Culvert project. Currently, there are over \$34 million of anticipated Capital and Building projects looking out over the next 5 years. While some of these projects will undoubtedly not be funded, other unanticipated projects appear each year, so it is probably a fair projection of our minimum capital requirements.

The results of the VFA update will also be available by this fall. It is anticipated that there will be very many additions to the capital needs of the Town and schools.

Over recent years funds have been taken from the Building Stabilization Fund for the various large scale projects. Had these projects been funded by an override the BSF would have more funds available at this point in time. Additionally, early after the creation of the two funds there was heavy borrowing and leveraging of the money in the BSF. For the past several years funds that are added to this fund annually are used to pay off the debt service. After the FY 2019 there will be increasing amounts available from the BSF, but there will not be enough money for any major projects for many years.

The CPC has had to modify their long-term philosophy to a year to year approach due to a lack of consistent adequate funding. To date there is no short or long-term plan to provide additional funding for the Capital needs of the Town. Failure to maintain or replace capital items lead to the following:

- Increased public health issues and risks
- Potential failure to meet mandates
- Increased cost to the taxpayer

To continue to meet the current and future capital needs of the town The Capital Planning Committee recommends funding options such as the following:

1. General Fund override to supplement Building and Capital Stabilization Funds.
2. Bundle Immediate Repair Projects for Buildings, Flood Mitigation, ADA and Technology for possible override.

While the future funding of Capital Projects looks dire we have successfully funded many projects over the years. **Last Fall Town Meeting funded the following projects:**

Building Stabilization Fund

McCall Gym Ceiling Replacement	\$ 95,000
DPW Wall/Stable Demolition/Partial Stabilization	150,000
McCall Classroom Conversion of Existing Space/Design	<u>50,000</u>
Total	\$ 295,000

Capital Stabilization Fund

Fire Department Fire Pumper	\$ 550,000
VFA/Accruent Building Update – Phase II	<u>51,187</u>
Total	\$ 601,187

Water & Sewer Enterprise Fund

Leadneck and Lead Service Removal Program	\$ 600,000 ⁽¹⁾
Scada System at Water Treatment Plant	175,000
EPA MS4 Stormwater Permit - NOI Preparation	<u>13,000</u>
Total	\$ 788,000

(1) MWRA Loan

This Spring we are seeking approval for funding of the following projects:

Building Stabilization Fund

Muraco School Fire Alarm (Article 19)	\$ 165,000
DPW Parks Department Roof Replacement (Yellow Sheet)	<u>200,000</u>
Total	\$ 365,000

Capital Stabilization Fund/General Fund

Additional Funding for the McCall Ceiling Project (Article 20)	\$ 33,600
ADA Various Schools/Town (Yellow Sheet)	125,000
DPW Roads and Sidewalks (Yellow Sheet)	300,000
DPW Salter Truck #1 (Yellow Sheet)	<u>185,000</u>
Total	\$ 610,000

Water & Sewer Enterprise Fund

Carbon Filter Replacement at Water Treatment Plant (Yellow Sheet)	\$ 70,000
EPA MS4 Stormwater Permit Year One Requirements (Yellow Sheet)	135,000
Meter #1/2/6 Area Construction Phase One (Article 18)	<u>1,000,000</u> ⁽²⁾
Total	\$1,240,000

(2) MWRA Loan/Grant

Cemetery Trust Fund

Pickup Truck (Yellow Sheet)	\$ 56,000
Cemetery Tress – Pruning and Planting (Yellow Sheet)	<u>20,000</u>
Total	\$ 76,000

Thank you for your time. We look forward to returning in the fall to discuss in detail the state of the two stabilization funds and possible remedies.