

Strategic Financial Planning Committee for Capital Funding

FINAL REPORT

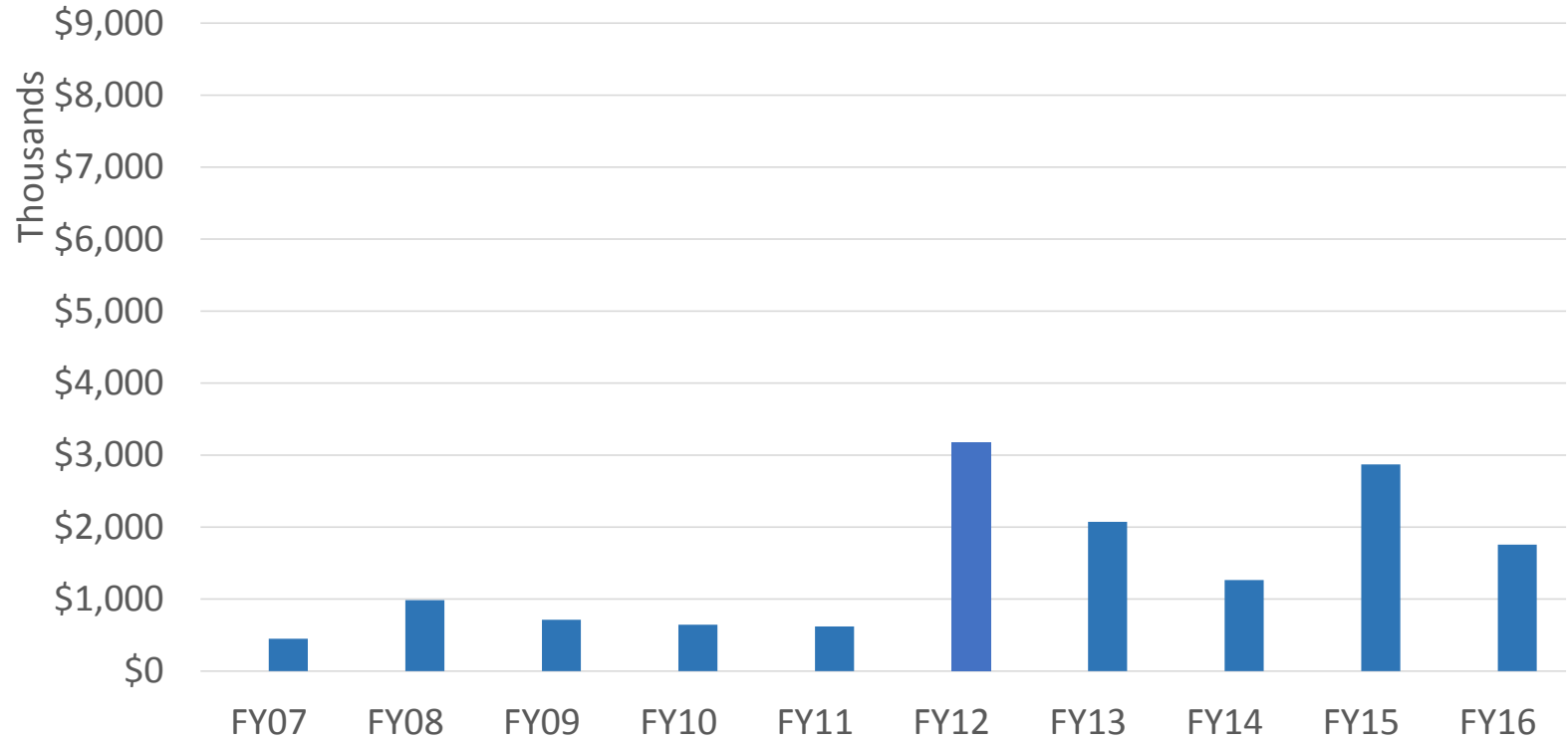
JANUARY 6, 2016

Sudbury Capital Assets

LS (85%)	\$65,924,258
Town & SPS	<u>\$98,436,310</u>
Total	\$164,360,568

Historical Capital Spending (\$000)

excludes large new projects



TOWN OF SUDBURY

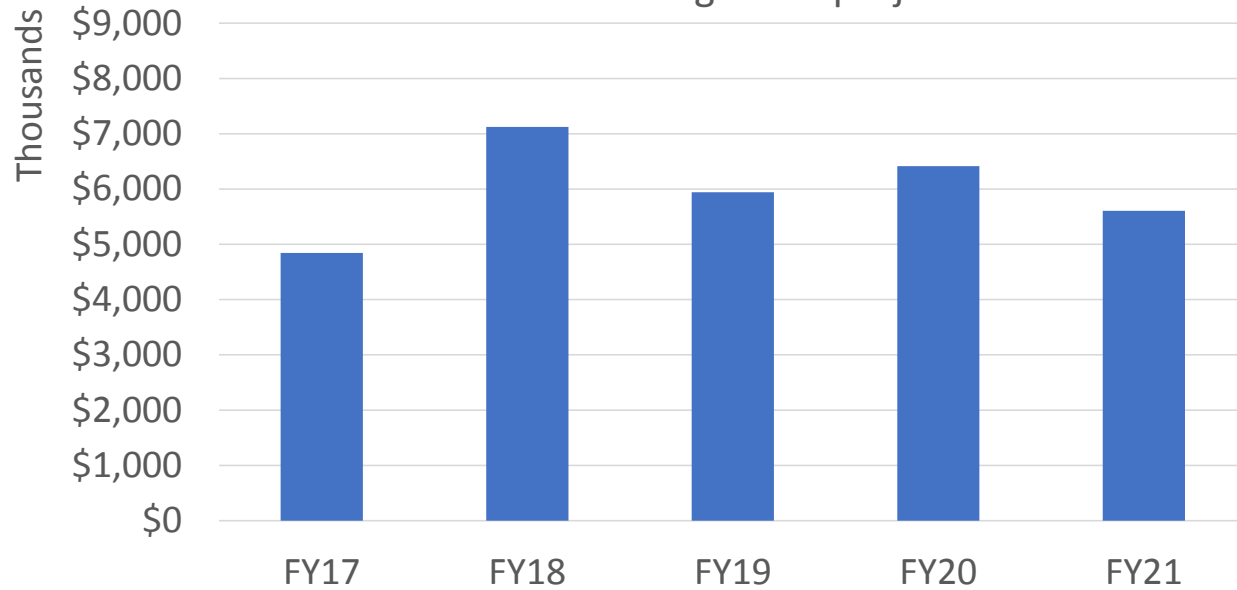


Strategic Financial Planning Report

April 4, 2013

Projected Capital Spending (\$'000)

excludes large new projects



Mission Statement

Generate, evaluate and report on strategies and options, both short and long term, for ensuring adequate funding for the capital needs of the Town, the Sudbury Public Schools and Lincoln-Sudbury Regional High School so as to protect the Town's investment in its capital assets.

Capital Budget vs Operating Budget

- Operating Budget covers day to day operations.
 - Growth in the operating budget limited to 2 ½% per year without taxpayer approval, which is granted with overrides.
- Capital Budget covers the purchase of capital equipment , buildings, building improvements, etc
 - Any purchase of new capital requires taxpayer approval, which is granted with capital and debt exclusions.
 - Exception: small items purchased out of the \$404K capital budget within the operating budget

Capital Budget

- When we build/buy a capital asset we have ongoing obligations for:
 - Debt service to pay for it, where applicable
 - Replenishment capital to replace aging components to preserve it
 - Replenishment capital to update any technology to maintain functionality

Committee Objectives

- Excluding major projects, keep the tax impact of capital spending on our current infrastructure below the level of FY14.
- Avoid major year to year swings in the tax impact.

Capital Funding Recommendations

These are recommendations with regard to the funding of those capital requests that may be recommended by the CIAC.

They are not an endorsement of specific projects or requests, nor are they an endorsement of the total capital requests submitted by the Town, SPS, and LS.

Capital Funding Recommendations

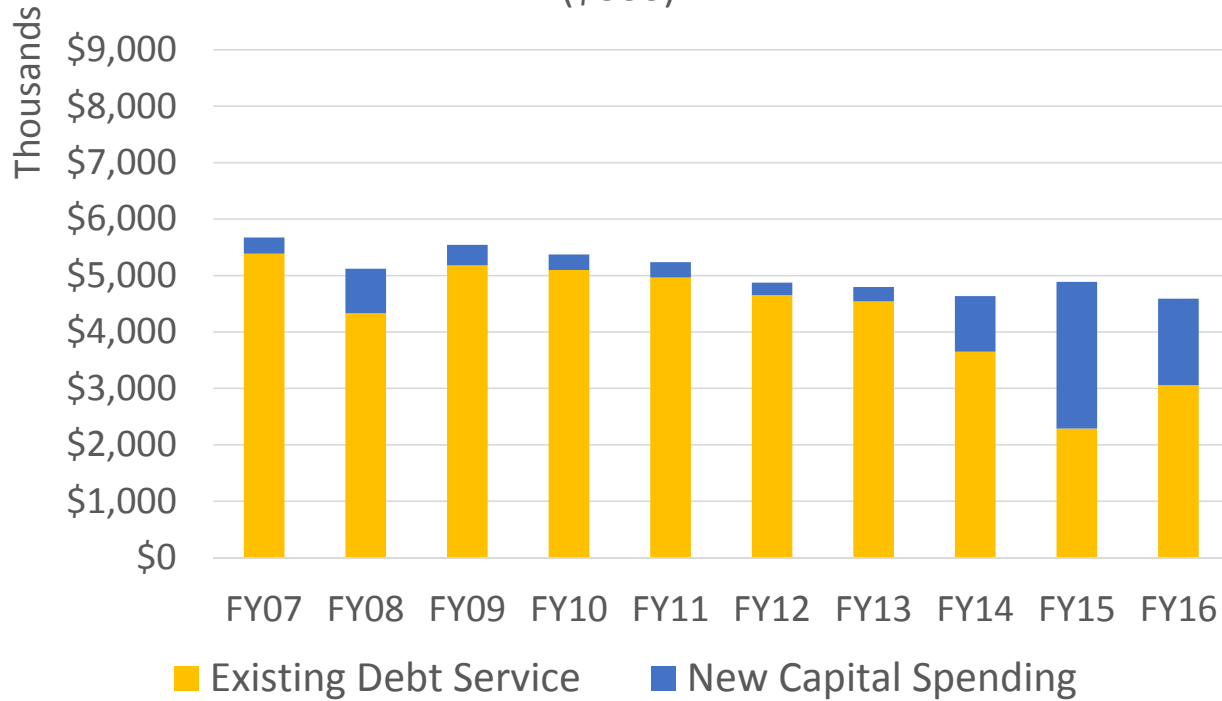
Fiscal Year 2017

- Annually update a five year forward projection of capital needs.
- Annual appropriation from the tax levy for capital spending including debt service but excluding large new projects should be limited to \$5.7 million.
- Funding sources for FY 17 capital spending:
 - Free cash not available
 - Up to \$2.2 million of capital exclusions
 - Bond the Fairbank roof (\$1 million) over 10 years
 - Bond the Fire Department ladder truck (\$875K) over 5 years

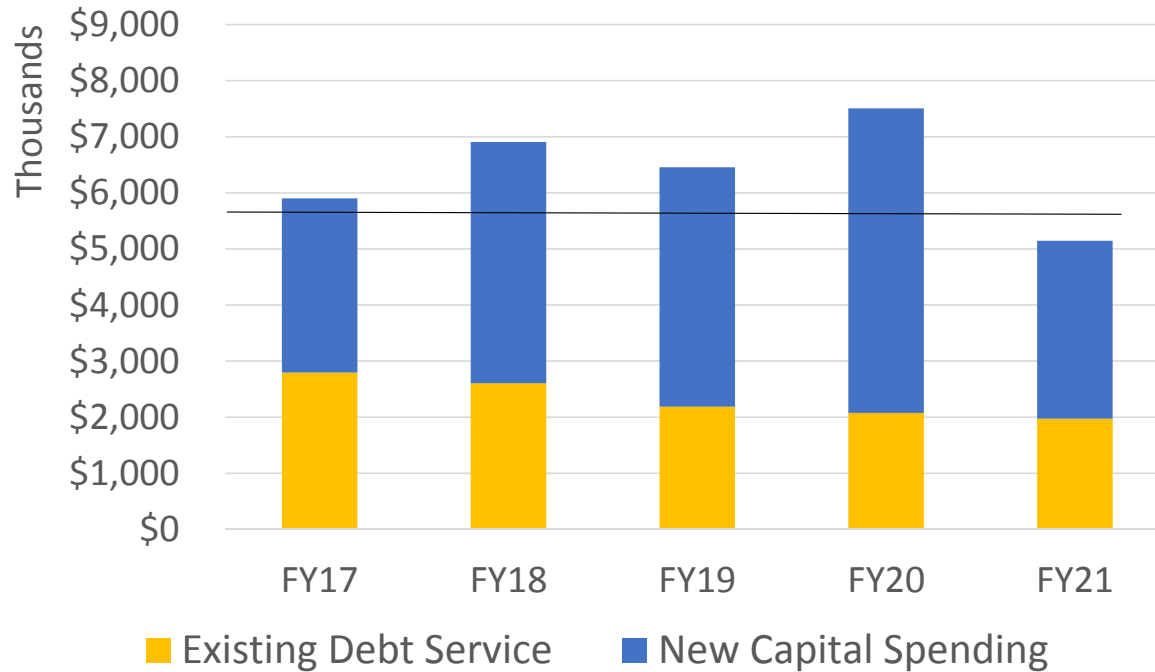
Capital Funding Recommendations Fiscal Year 2017 (continued)

- Limit the use of debt to large projects except to smooth the tax impact of catching up on past underinvestment in capital assets.
 - Consider bonding some “Small Projects”
- Begin planning to fund the Rolling Stock Stabilization Fund to provide a predictable source of funding for a predictable capital need.
- Appropriate FY17 cell tower lease rentals (\$113,000) into the Rolling Stock Stabilization Fund.

Budget Impact of Historical Capital Spending (\$000)



Budget Impact of Projected Capital Spending (\$'000)



FY17 Capital Funding Recommendations

Existing Debt Service		\$2,618,860
Capital Budget within operating budget		\$404,000
Operating Leases for Capital		\$177,040
Rolling Stock - Capital Exclusion		\$492,500
Small Project- Capital Exclusion		\$1,631,305
Small Project- Debt Exclusion (Fairbank roof)		\$120,000
Public Safety - Capital Exclusion		\$265,000
Public Safety - Debt Exclusion (ladder truck)		\$192,500
Total Capital Funding		\$5,901,205
Reduce Capital Exclusions		(\$201,205)
Free Cash		\$0
Total Funding Recommendation		\$5,700,000