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*Fiscal Advisory  
Committee  
Recommendations for Long-  
Term Capital Needs*

Town of Duxbury  
Annual Town Meeting  
March 10, 2012

# Long-Term Capital Review

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- Definition of Capital:
  - Total purchases that exceed \$25K and have an estimated life of 3 Years or more
- Capital Funding
  - Cash Expenditures from the Annual Budget
  - Borrowing under the Levy Limit
  - Capital Expenditure Exclusion-adds to tax bill
  - Debt Exclusion-adds to tax bill

# Capital Expenditures

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- Duxbury should set aside \$1.5 million per year within the tax levy for vehicles, equipment, building maintenance and debt service.
- FY2013 budget (within the levy)
  - \$1,466M for Budgeted Capital
  - \$ 625K for Debt Service

Total \$2.1 million
- Large building and construction projects should be carried as a debt exclusion.

# Capital Expenditure Categories

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- Vehicles and Equipment
- Building Maintenance & Office Equipment
- Building Renovation / Construction

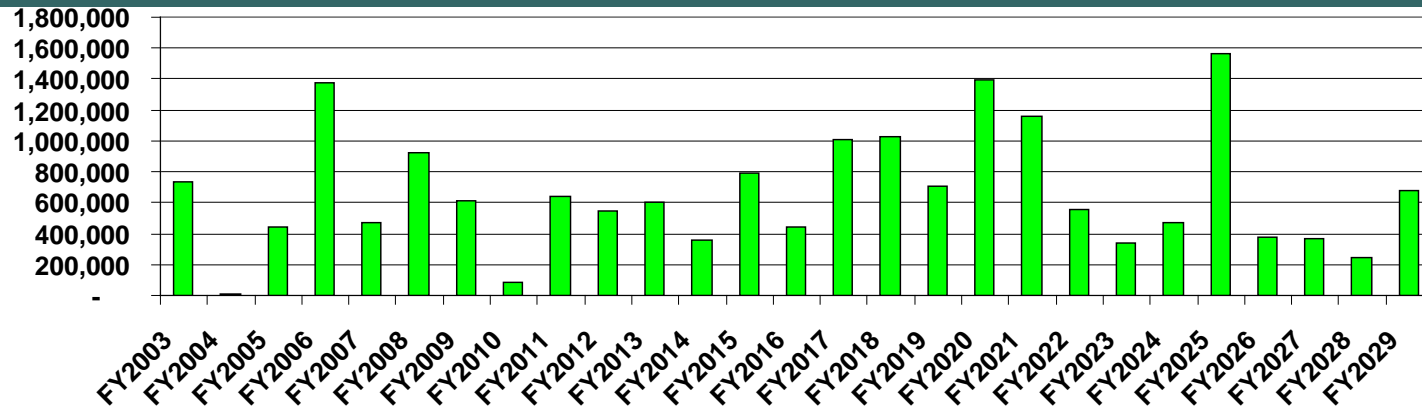
# Capital Expenditure Categories

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- Vehicles and Equipment
  - Reviewed inventory of assets
  - Estimated life for accounting and actual use
  - Estimated replacement cycle
  - Expenditures typically from Capital budget and Borrowing within the Levy Limit
  - Recommend replacement of repetitive purchases be moved to the Operating Budget

# Vehicles and Equipment

Vehicle



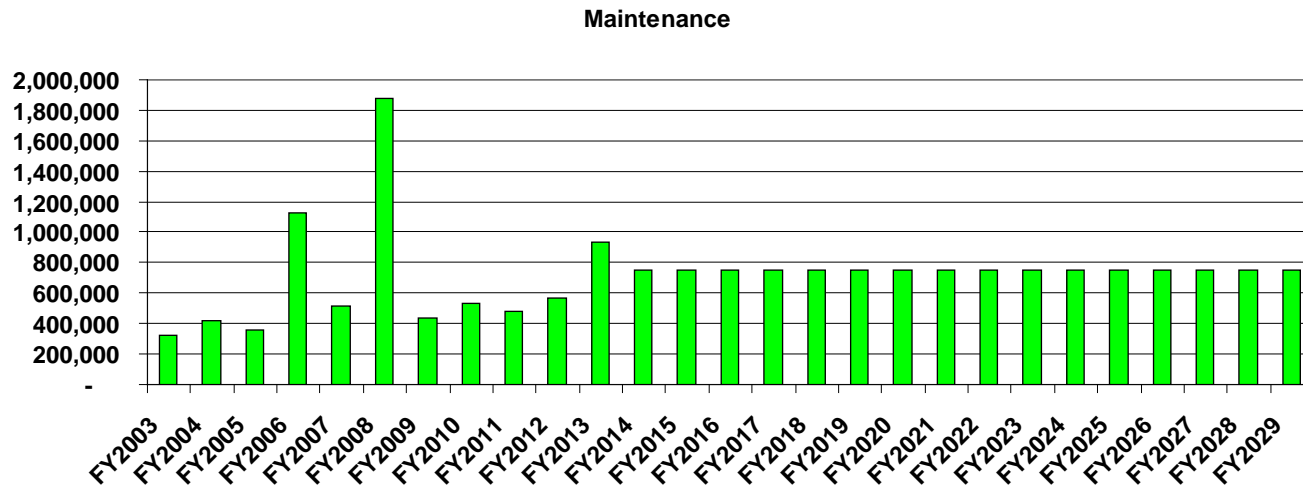
- Assumes Actual Life – averages four years longer than accounting life – Total Purchase value of \$6.7MM for all Town owned Vehicles
- Average Expenditure of \$650K per year
  - – FY12 total of \$550K and FY13 total of \$635K
- To be funded with Cash and Debt within the Levy limit

# Capital Expenditure Categories

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- **Building Maintenance and Office Equipment**
  - Includes repairs to roof, carpet, flooring, furniture, computers, copiers, etc.
  - Fiscal Advisory and Finance Director are working to move these expenditures to the Operating Budget
  - Establish a Central Maintenance Budget that is shared among all town departments

# Building Maintenance and Office Equipment



- Actual expenditures from 2003 to 2010
- Annual average going forward \$750K per year – FY12 \$570K, FY13 \$935K
- There is discussion of increasing this expenditure after building projects are complete to better maintain properties to delay replacement
- Fiscal Advisory recommends this be paid from available funds and/or funds within the Levy Limit – Operating or Capital Budget



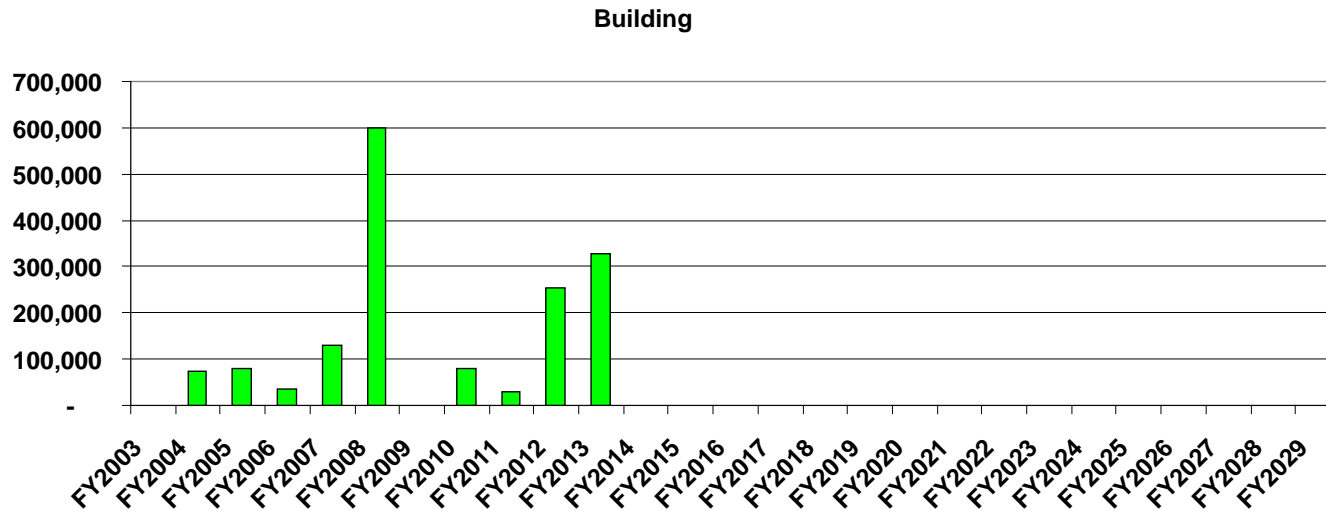
# Capital Expenditure Categories

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- **Buildings and Real Estate**
  - Inventory of Town Owned and Operated Buildings and Real Estate – 85 Buildings Assessed Value \$123M
  - Estimated replacement schedule for the period from FY2012 to FY2029
  - Expenditures will be primarily Debt Exclusions

# Buildings and Real Estate

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- Actual expenditures from 2003 to 2013
- These are the expenses under the levy limit.
- Fiscal Advisory recommends Building Maintenance be paid from debt inside the Levy Limit – Operating or Capital Budget

# Building Projects

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- Crematory Replacement - \$2.66 million
  - Assumes 15 Year borrowing with Level Principal Payments
    - Level Principal Payments is the method of financing Duxbury traditionally uses
  - Estimated to add ~\$40 to Median Tax Bill in FY2014
- Fire Station Renovation - \$3.7 million
  - \$292K Design in FY2011 and \$3.7MM in FY2012
  - Assumes 15 Year borrowing with Level Principal Payments
    - Level Principal Payments is the method of financing Duxbury traditionally uses
  - Estimated to add ~\$56 to Median Tax Bill in FY2014
- Police Construction – \$6.275 million
  - Design and Building costs in FY2012.
  - Assumes 20 Year borrowing with Level Principal Payments
    - Level Principal Payments is the method of financing Duxbury traditionally uses
  - Estimated to add ~\$80 to Median Tax Bill in FY2014

# Building Projects

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- ***Combined High School and Middle School – Total Cost of \$126 million for new construction***
  - *Finance in FY2015 (adds ~\$839 to Median Tax Bill)*
  - *45.13% reimbursement from the State due to Model School Design*
  - *Assumes 25 Year borrowing with Hybrid Debt Service Payments*
    - *Hybrid Debt Service Payments are level payments for the first ten years*
    - *The remaining payments are Level Principal Payments*
      - *Similar to a Home Mortgage payment for ten years*
      - *Level Principal Payments are the method of payment Duxbury traditionally uses*
      - *The change is made to level overall School Debt Service including the Alden/Chandler/PAC borrowing rolling off in 10 years from now.*
  - *Funding Approved at Special Town Meeting – October 2011*

# Future Building Projects

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- **Powder Point Bridge \$2.4 MM**
  - *Repairs will be funded with increased beach fees and free cash under the Levy limit. Reserves to be set aside in FY13 for construction in FY14 or FY15.*
- **DPW Building and Yard - \$6 million**
  - *This will replace the current facility and the water department facility and provide a unified DPW work space with room to store equipment in the garage*
  - *Finance in FY2015+ (adds ~\$82 to Median Tax Bill)*
- ***Other long-term projects may include repairs to the older buildings and Sea Walls.***

# Itemized Outstanding Debt Inside Debt Limit

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Date of Issue	Project Description	Applicable M.G.L.	Outstanding Balance
15-Dec-97	Library Renovations	Chap. 44 sec. 7(3a)	\$ 940,000
1-Aug-01	Snug Harbor/Bluefish Shared Sewer	M.W.P.A.T 96-16	233,885
15-Aug-01	Senior Center Construction	Chap. 44 sec. 7(3), (22)	855,000
15-Dec-02	Bay Road Shared Sewer	Chap. 44 sec. 7(1)	585,000
15-Dec-02	Land Acquisition - Merry/Margaret	Chap. 44 sec. 7(3)	45,000
15-Dec-05	Alden School Addition	Chap. 44 sec. 7(3), (3a)	7,700,000
15-Feb-07	Water - Engineering Services	Chap. 44 sec. 7(22)	31,000
15-Feb-07	Fire Alarms Installation	Chap. 44 sec. 7(3a)	5,000
15-May-08	Seawall Reconstruction	Chap. 44 sec. 7(7)	80,000
15-Mar-10	Percy Walker Pool Renovations	Chap. 44 sec. 7(5)	2,050,000
15-Mar-10	Percy Walker Pool Engineering	Chap. 44 sec. 7(22)	145,000

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**Total Outstanding Debt  
Inside Debt Limit:**

**\$ 12,669,885**

# Itemized Outstanding Debt Outside Debt Limit

Date of Issue	Project Description	Applicable M.G.L.	Outstanding Balance
15-Dec-98	Water Mains Replacement	Chap. 44 sec. 8(5)	\$ 300,000
25-Oct-00	Residential Title V Betterment	M.W.P.A.T 97-1042	86,956
15-Aug-01	Water Mains Replacement	Chap. 44 sec. 8(5)	20,000
15-Dec-02	Water - PCE/Herring Weir/Merry	Chap. 44 sec. 8(3)	110,000
24-Jul-03	Residential Title V Betterment	M.W.P.A.T 97-1042-1	107,115
15-Nov-03	PCE Water Mains Replacement	Chap. 44 sec. 8(5)	120,000
15-May-04	Water Mains Replacement - Tremont	Chap. 44 sec. 8(5)	330,000
15-Dec-05	PCE Water Mains Replacement	Chap. 44 sec. 8(5)	250,000
15-Dec-05	DHS WWTF Construction	Chap. 44 sec. 8(15)	955,000
15-Feb-07	PCE Water Mains Replacement	Chap. 44 sec. 8(5)	20,000
15-Feb-07	Rt 3 Water Mains Installation	Chap. 44 sec. 8(5)	20,000
15-Feb-07	Damon Well Construction	Chap. 44 sec. 8(5)	24,000
15-May-08	Route 3A Water Mains	Chap. 44 sec. 8(5)	430,000
15-May-08	Damon Well Construction	Chap. 44 sec. 8(5)	895,000
15-Jan-09	Birch Street Tank Construction	M.W.P.A.T. 7-21	2,878,610
15-Mar-10	Chandler School Roof Repairs	Chap. 44 sec. 7(3)	545,000
15-Mar-10	DHS & DMS Feasibility Study	Chap. 44 sec. 7(22)	100,000

**Total Outstanding Debt  
Outside Debt Limit:**

\$ 7,191,681

# Itemized Outstanding Debt Authorization Inside Debt Limit:

Date of Authorization	Project Description	Applicable M.G.L.	Outstanding Balance
13-Mar-10	Crematory Construction	Chap. 44 sec. 7	\$ 2,600,000
13-Mar-10	Fire Station Feasibility Study	Chap. 44 sec. 7	292,000
12-Mar-11	Fire Station Renovations	Chap. 44 sec. 7	3,700,000
12-Mar-11	Police Station Construction	Chap. 44 sec. 7	6,275,000
12-Mar-11	School Schematic Design	Chap. 44 sec. 7	2,900,000
12-Mar-11	Blairhaven Land Purchase	Chap. 44 sec. 7	800,000
<b>Total Outstanding Debt Authorization Inside Debt Limit:</b>			<b>\$ 16,567,000</b>

Date of Authorization	Project Description	Applicable M.G.L.	Outstanding Balance
29-Oct-11	MS/HS Construction	Chap. 44 sec. 7	\$ 126,371,161
<b>Total Outstanding Debt Authorization Outside Debt Limit:</b>			<b>\$ 126,371,161</b>

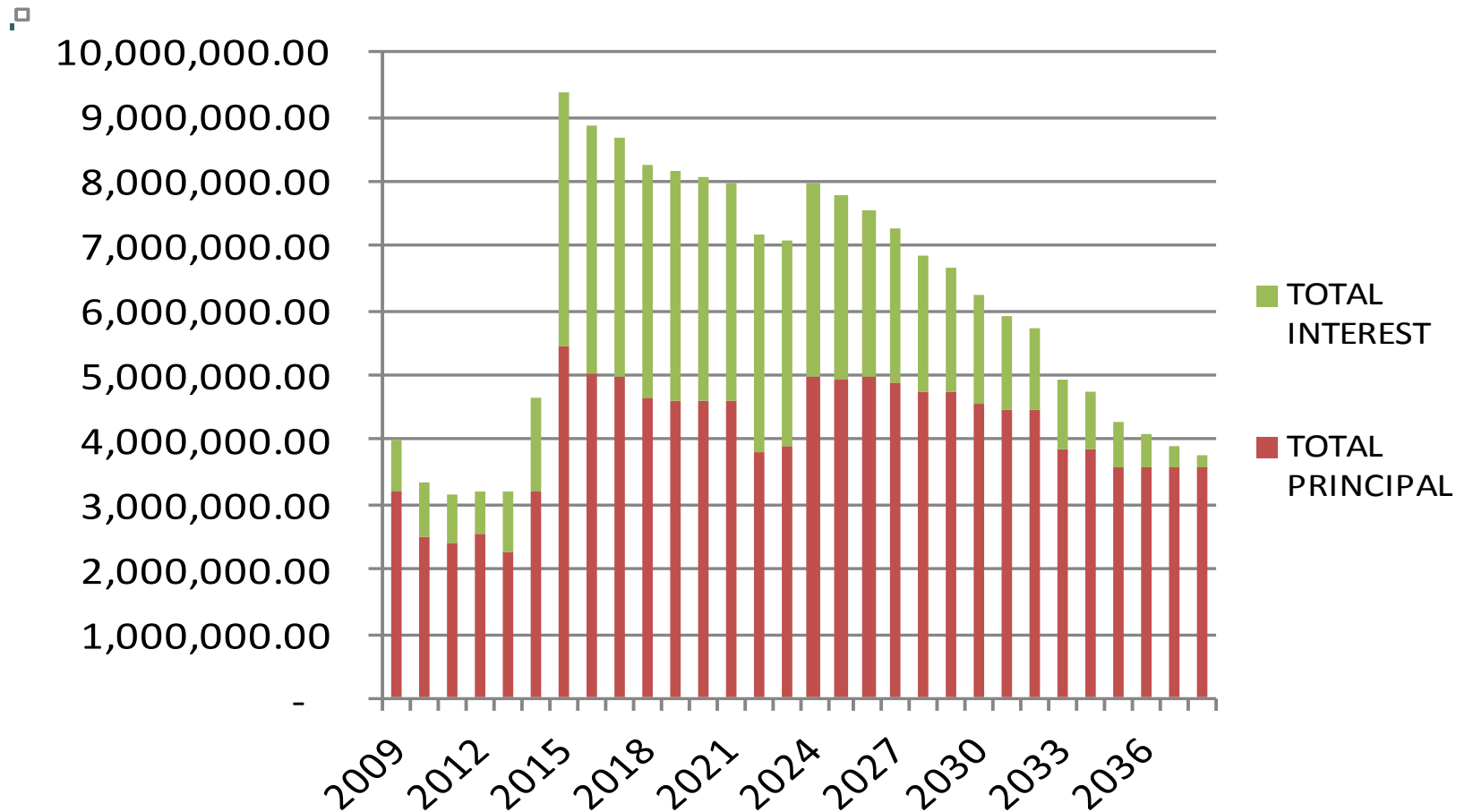


# Individual Property Tax Estimates

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<b>Assessed Property Value</b>	<b>\$</b>	<b>459,700.00</b>
<b>Current FY 2012 Tax Bill</b>	<b>\$</b>	<b>6,339.26</b>
<b>Crematory Construction</b>		
Estimated Year One Exclusion Impact:	<b>\$</b>	<b>39.57</b>
Impact on Quarterly Tax Bill	<b>\$</b>	<b>9.89</b>
<b>Fire Station Renovations</b>		
Estimated Year One Exclusion Impact:	<b>\$</b>	<b>56.45</b>
Impact on Quarterly Tax Bill	<b>\$</b>	<b>14.11</b>
<b>Police Station Construction</b>		
Estimated Year One Exclusion Impact:	<b>\$</b>	<b>80.39</b>
Impact on Quarterly Tax Bill	<b>\$</b>	<b>20.10</b>
<b>Co-Located School Construction</b>		
Estimated Year One Exclusion Impact:	<b>\$</b>	<b>838.99</b>
Impact on Quarterly Tax Bill	<b>\$</b>	<b>209.75</b>
<b>All New Projects</b>		
Estimated Year One Exclusion Impact:	<b>\$</b>	<b>1,015.39</b>
Impact on Quarterly Tax Bill	<b>\$</b>	<b>253.85</b>

# Town of Duxbury Debt Service

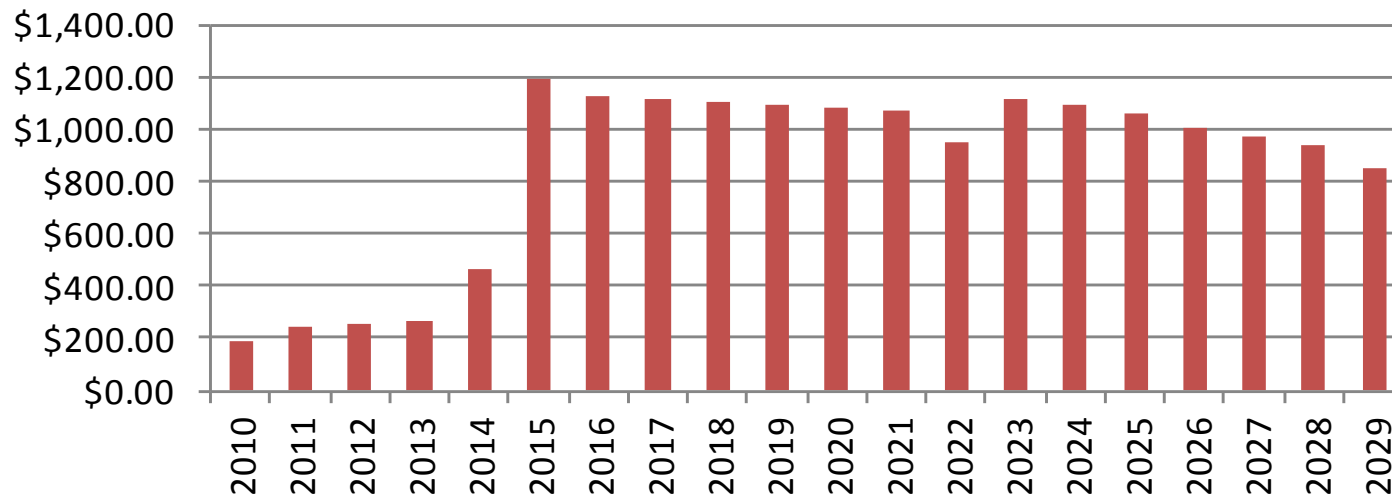


# Town of Duxbury Debt Levy Estimates

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## Additional Tax Median Tax Bill



Assumes current impact on Median Tax Bill

# Town of Duxbury Median Tax Levy Estimates

Estimated Tax Levy Based on 2 ½% Growth Rate



# Capital Planning

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- Anticipated Construction Outlay
  - Estimated \$96 million over the next 10 years
  - MSBA reimbursing \$55 million of DMS/DHS building
- Cost of Debt Exclusion
  - Estimated addition of \$1,100 in highest year to Median tax bill (~17% increase)
  - Amount added to tax rate decreases each year as older projects roll off, interest expense declines
- Debt Exclusion paid off by FY2038 for all currently anticipated projects

# Assumptions for Plan

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- All anticipated projects approved and completed as presented by the respective Building Committees
- Borrowing interest rate assumption of 4.25% to 4.83% based on Eastern Bank Presentation
- Average Vehicle Life based on current fleet:
  - Cars - 10 years
  - Pickups - 15 years,
  - Large Trucks - 20+ years

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*Town of Duxbury*

Fiscal Advisory Committee  
Long-Term Capital Plan –  
FY2013