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

**Town of Duxbury
Annual Town Meeting
March 12, 2011**

Long-Term Capital Review

- 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 Expenditure Categories

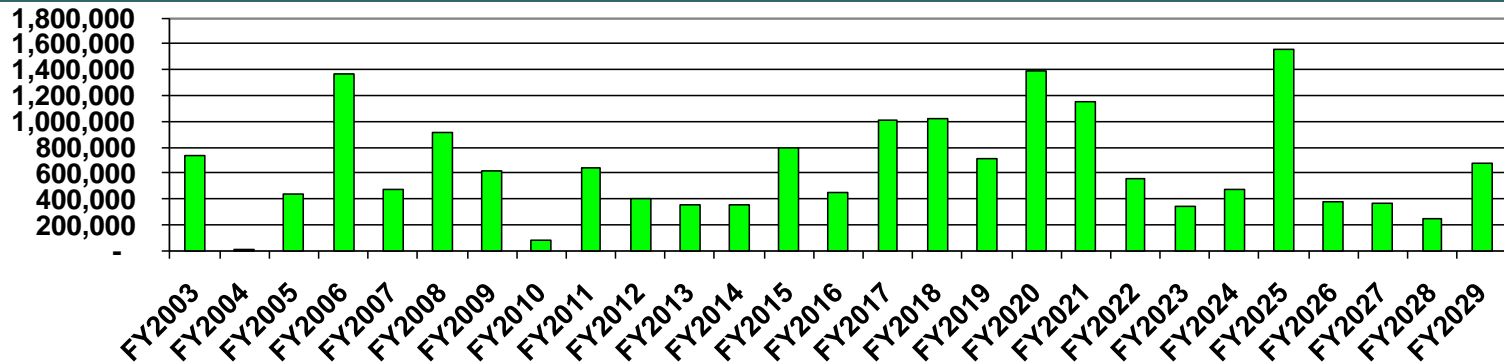
- Vehicles and Equipment
- Building Maintenance & Office Equipment
- Building Renovation / Construction

Capital Expenditure Categories

- **Vehicles and Equipment**
 - Reviewed inventory of assets – Over 150 Vehicles are owned and operated by the town.
 - Estimated life for accounting and actual use – Actual life varies for the type of usage
 - 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

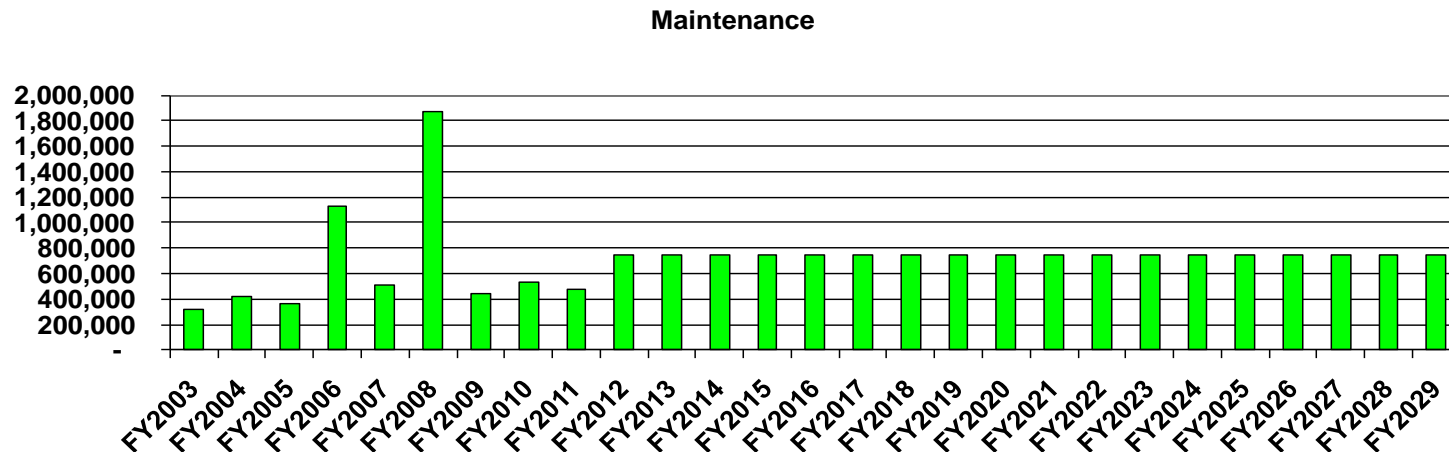


- Assumes Actual Life – averages four years longer than accounting life – Total Purchase value of \$6.3MM for all Town owned Vehicles
- Average Expenditure of \$650K per year
- To be funded with Cash and Debt within the Levy limit

Capital Expenditure Categories

- **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

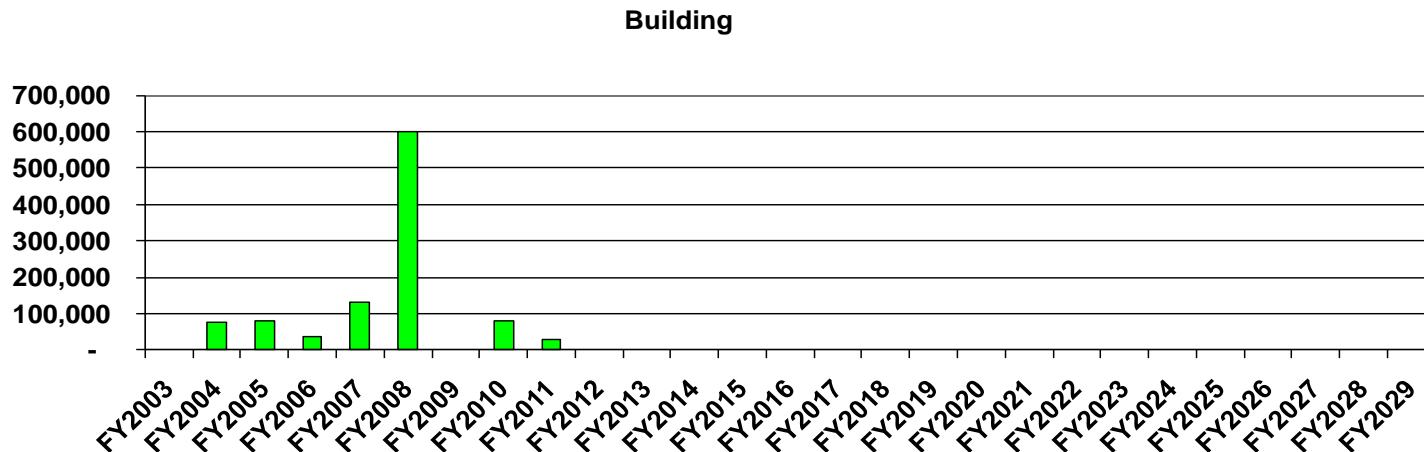


- Actual expenditures from 2003 to 2010
- Annual average going forward - \$750K per year
- There is discussion of increasing this expenditure after building projects are complete to better maintain properties to delay replacement
- Fiscal Advisory recommends this be paid from funds within the Levy Limit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

Capital Expenditure Categories

- **Buildings and Real Estate**
 - Inventory of Town Owned and Operated Buildings and Real Estate
 - Estimated replacement schedule for the period from FY2010 to FY2029
 - Expenditures will be primarily Debt Exclusions

Buildings and Real Estate



- Actual expenditures from 2003 to 2011
- 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

Capital Expenditures

- Duxbury should set aside \$1.5 million per year within the tax levy for vehicles, equipment, building maintenance and debt service.
- FY2012 budget (within the levy)
 - \$1300K for Budgeted Capital in FY2011
 - \$ 625K for Debt Service

Total \$1.9 million
- Large building and construction projects should be carried as a debt exclusion.

Building Projects

- Crematory Replacement - \$2.6 million
 - Assumes 15 Year borrowing with Level Principal Payments
 - Level Principal Payments is the method of financing Duxbury traditionally uses
 - Estimated to add ~\$41 to Median Tax Bill in FY2013
- 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 ~\$58 to Median Tax Bill in FY2013
- 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 ~\$85 to Median Tax Bill in FY2013

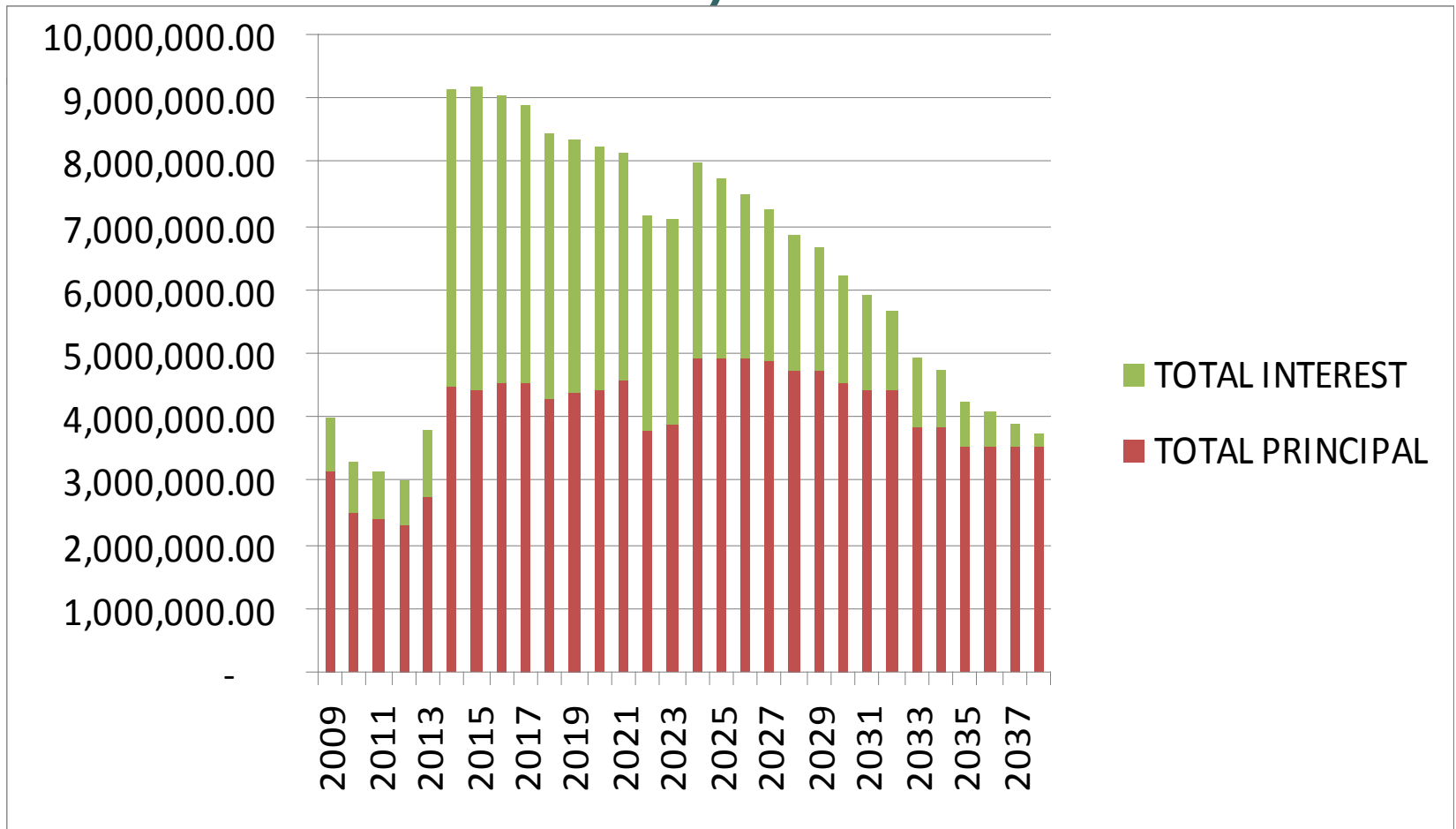
Building Projects

- ***Combined High School and Middle School – Total Cost of \$130 million for new construction***
 - *Finance in FY2014 (adds ~\$733 to Median Tax Bill)*
 - *43% 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.*
 - *Current request of \$2.9 million for Design*
 - *Building Funding at Special Town Meeting – Fall 2011*

Future Building Projects

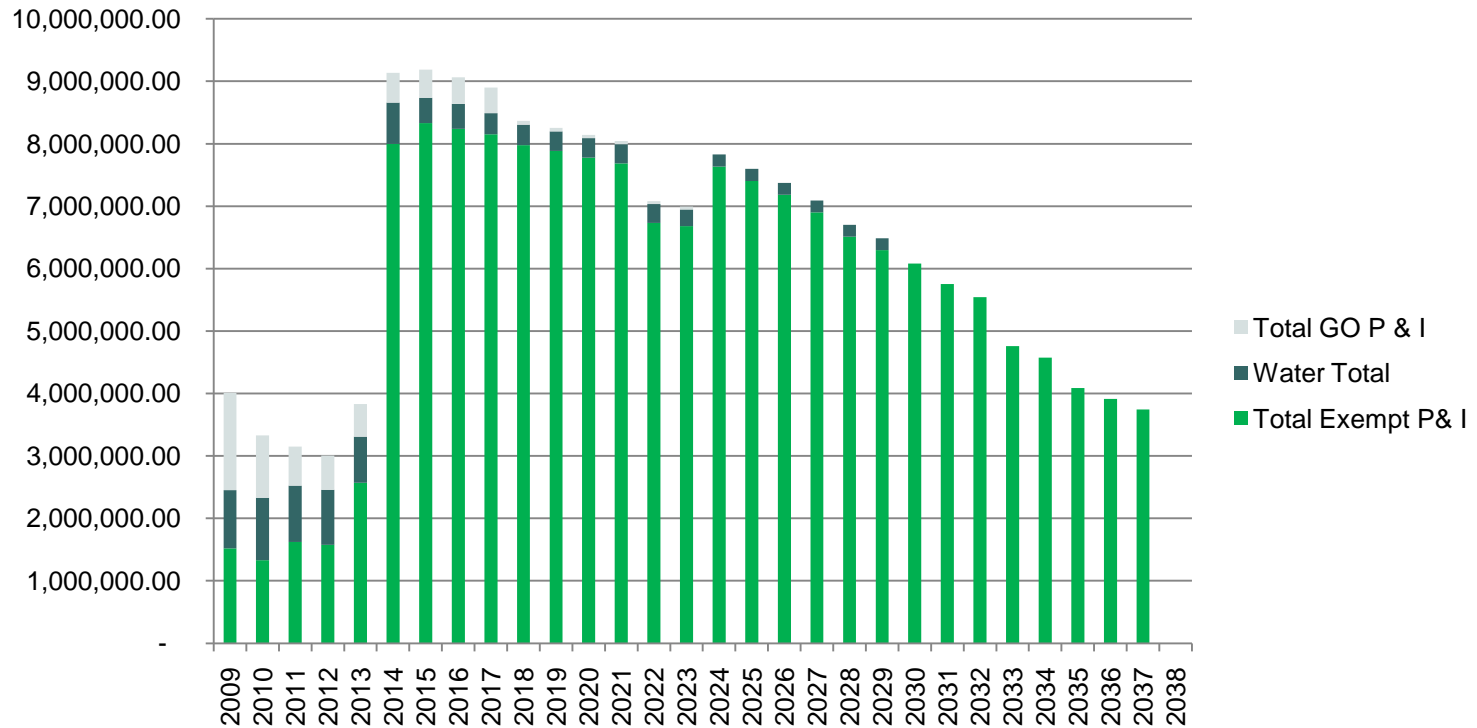
- **DPW Building and Yard - \$6 million**
 - *This will replace the current facility and the water department facility and provide a unified DPW work space with room to store equipment in the garage*
 - *Finance in FY2015+ (adds ~\$82 to Median Tax Bill)*
- *Other long-term projects may include repairs to the older buildings, Sea Walls and Powder Point Bridge renovation.*

Town of Duxbury Debt Service



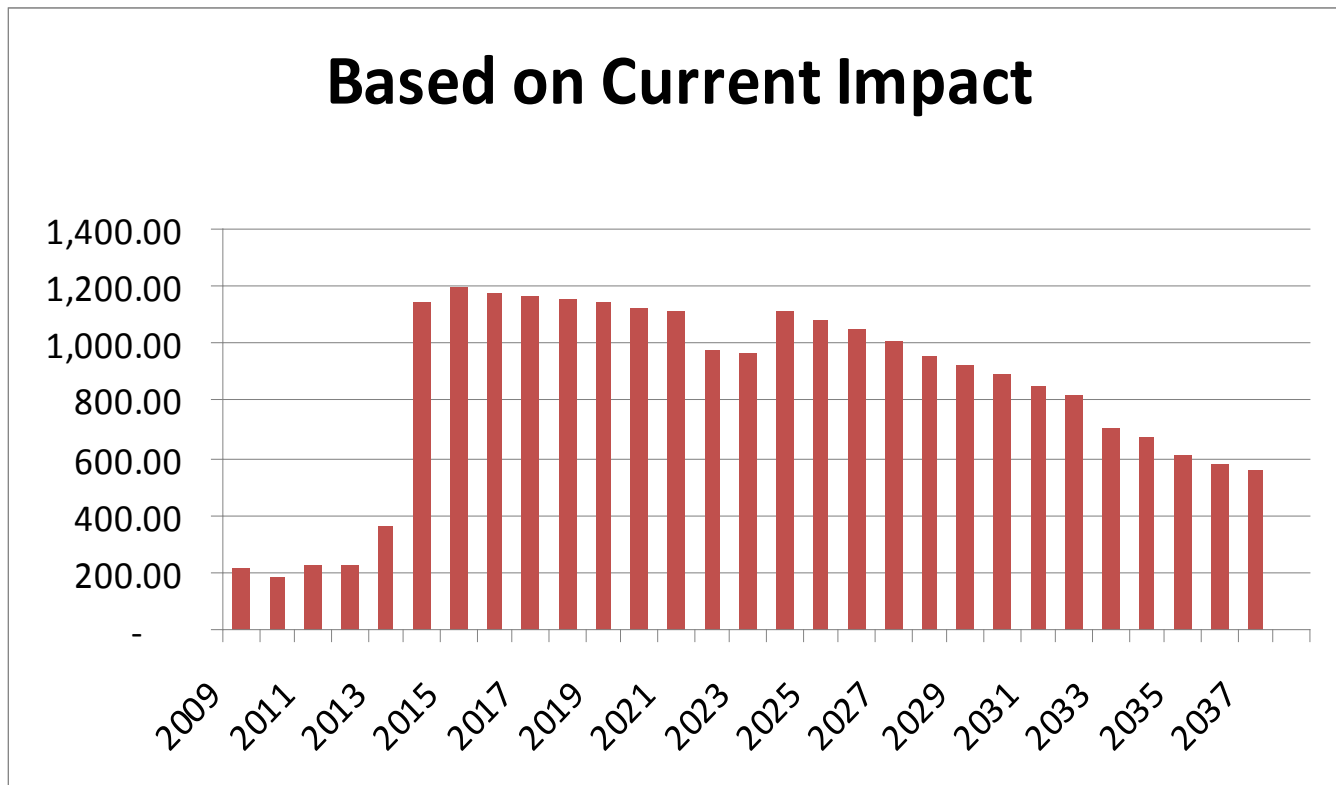
Assumes all building projects are approved as proposed

Town of Duxbury Debt



Assumes all project approved as proposed

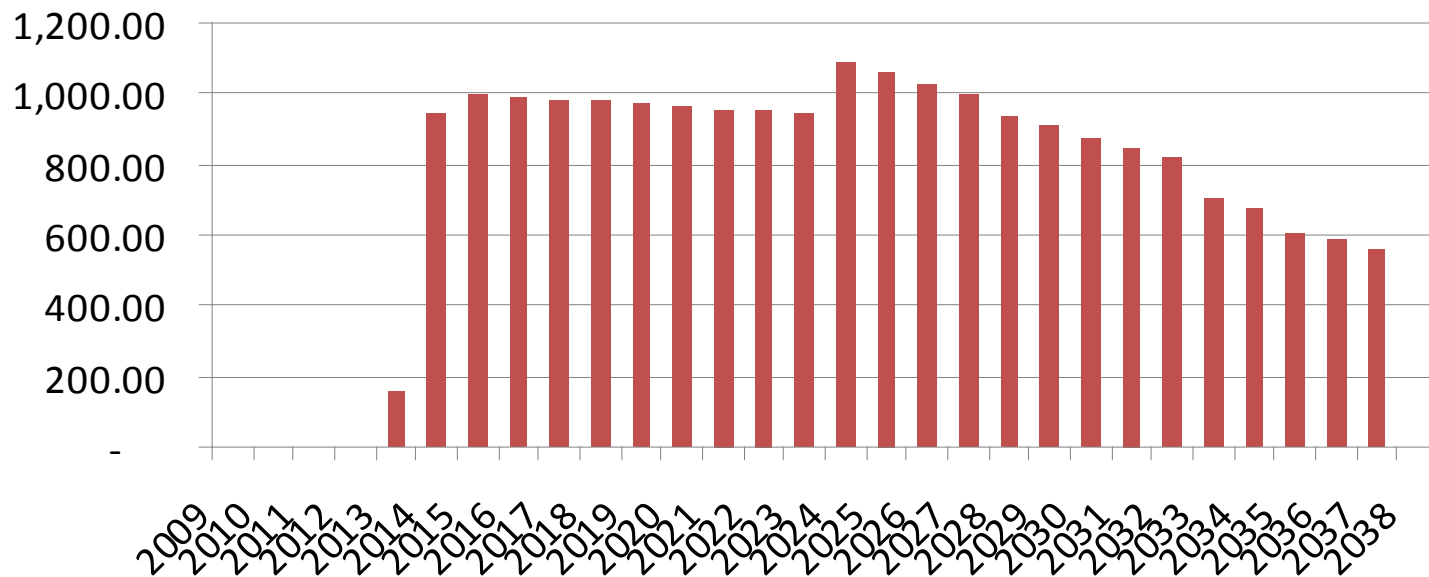
Town of Duxbury Debt Levy Estimates



Assumes current impact on Median Tax Bill

Town of Duxbury Debt Levy Estimates

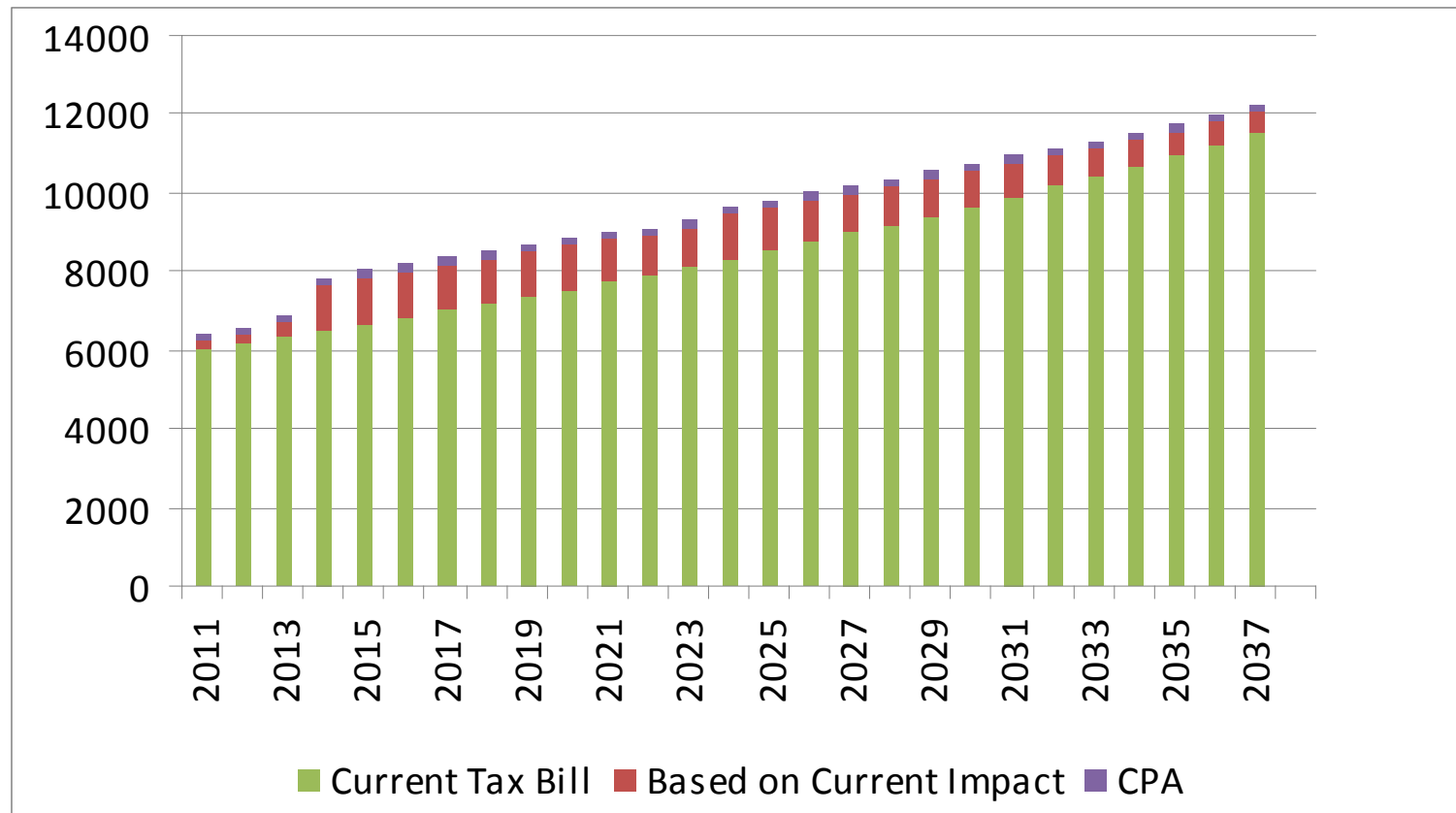
New Based on Current Impact



Current Impact on Median Tax Bill of proposed new buildings

Town of Duxbury Median Tax Levy Estimates

Estimated Tax Levy Based on 2 ½% Growth Rate



Capital Planning

- 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 \$1,000 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

- 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 (over 150 vehicles):
 - Cars - 8 years
 - Pickups - 10 years,
 - Large Trucks – 15+ years

Town of Duxbury

Fiscal Advisory Committee Long-Term Capital Plan – FY2012