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

Town of Duxbury
Annual Town Meeting
March 9, 2013

Long-Term Capital Review

- Capital:
 - A purchase of more than \$15K of something that has an estimated life of 3 Years or more
- Capital Funding:
 - Within the Levy Limit
 - Cash Expenditures from the Annual Budget
 - Borrowing under the Levy Limit
 - Excluded from the Levy Limit
 - Capital Expenditure Exclusion
 - Debt Exclusion

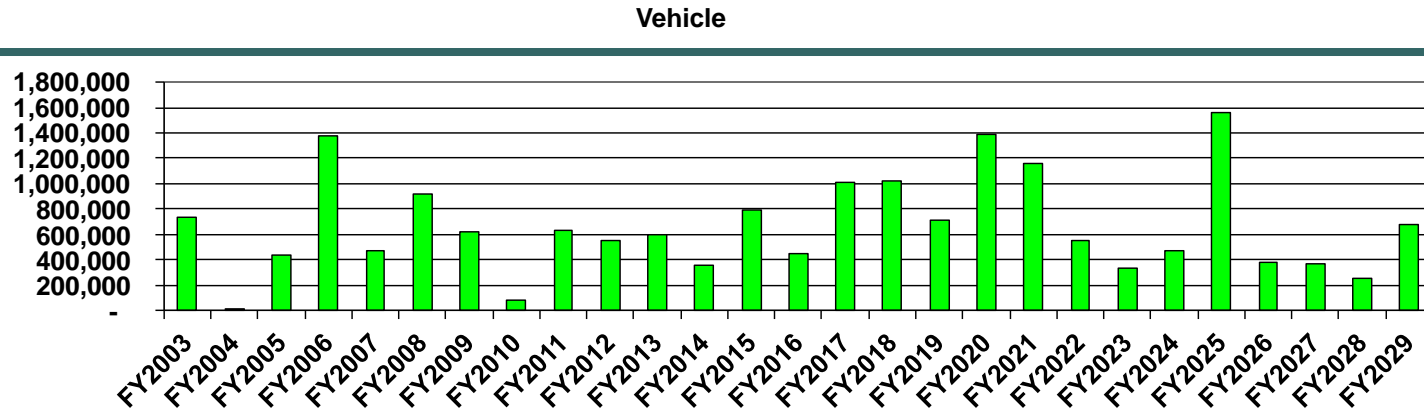
Capital Expenditures

- Basic Recommendations:
 - Within the tax levy, Duxbury should set aside \$1.5 million per year for capital expenditures such as vehicles, equipment, major building maintenance and debt service.
 - FY2014 budget (within the levy)
\$1.517M for Budgeted Capital
 - Large building and construction projects should be carried as a debt exclusion.

Major Capital Expenditure Categories

- Vehicles (FY 2014 – approx. \$500K)
- Equipment & Major Maintenance (FY 2014 – approx. \$1.06M)
- Building Renovation / Construction (FY 2014 – approx. \$90K)

Vehicles

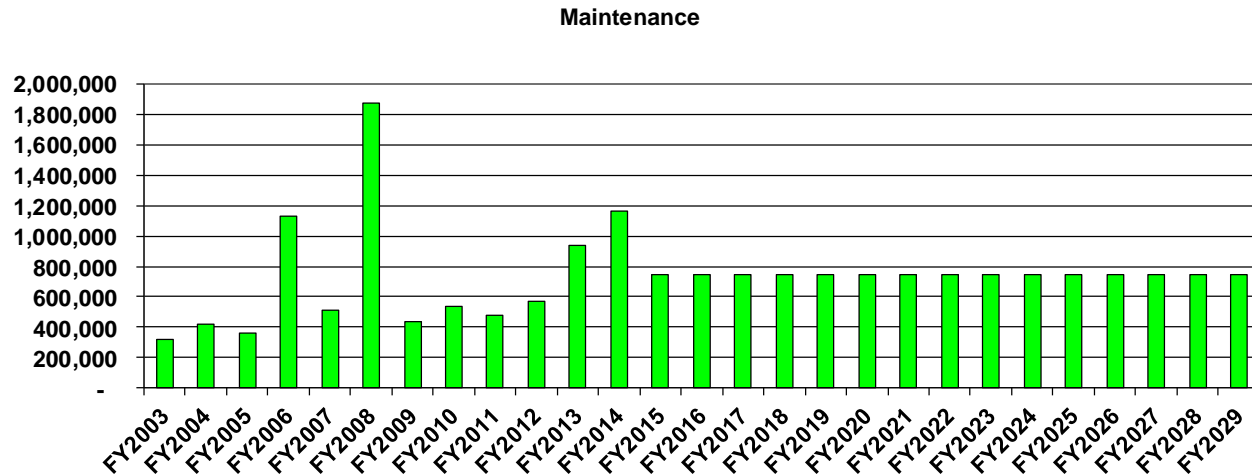


- The Town owns about 140 vehicles
- Vehicle life is variable; depends on both use and Town needs.
- Average Expenditure of \$650K per year
- FY14 expenditure is about \$500K
- Preferably funded with Free Cash; most as part of operating budget

Equipment and Major Maintenance

- Now often includes repairs to roof, carpet, flooring, furniture, computers, copiers, etc.
- Fiscal Advisory recommends
 - (i) Paying for building maintenance and most equipment using debt inside the Levy Limit – Operating or Capital Budget
 - (ii) Moving “ordinary” maintenance and equipment to the Operating Budget
 - (iii) Establishing a Central Maintenance Budget that is shared among all town departments

Equipment and Major Maintenance



- From 2003 to 2013, average was about \$700K per year
- Estimated 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
- Bottom Line - Fiscal Advisory recommends that most maintenance and equipment be paid for using funds within the Levy Limit – Operating or Capital Budget

Buildings and Real Estate

- Town Owned and Operated Buildings and Real Estate – 85 Buildings Assessed Value \$123M
- The Town Departments, Town Manager and Finance Director are working to prepare an estimated replacement schedule and costs for the period from FY2015 to FY2029

Known Building Projects

- ***Combined High School and Middle School***
 - *Total Cost of \$126 million for new construction*
 - *45.13% reimbursement from the State due to Model School Design*
 - *Funding Approved at Special Town Meeting – October 2011*
 - *Financed \$70MM (part of \$83MM bonding for Police, Fire and Crematory) in FY2014 at 2.5%*
 - *(Total adds ~\$1240 to Median Tax Bill)*
 - *Tax Bill) Assumes 25 Year borrowing, level principal payments, plus interest.*

Known Future Building Projects

- Powder Point Bridge \$7+ million
 - *Repairs will be funded with increased beach fees and free cash under the Levy limit.*
 - *Phase I - \$2.4M Reserves set aside for FY 2014*
 - *Additional amounts may be required for FY 2015 and 2016.*
- 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 FY2018+ (adds ~\$82 to Median Tax Bill)*
- Addition to Senior Center - \$350K
 - *For Dementia/Alzheimers Program*
 - *Expect to fund from Free Cash*

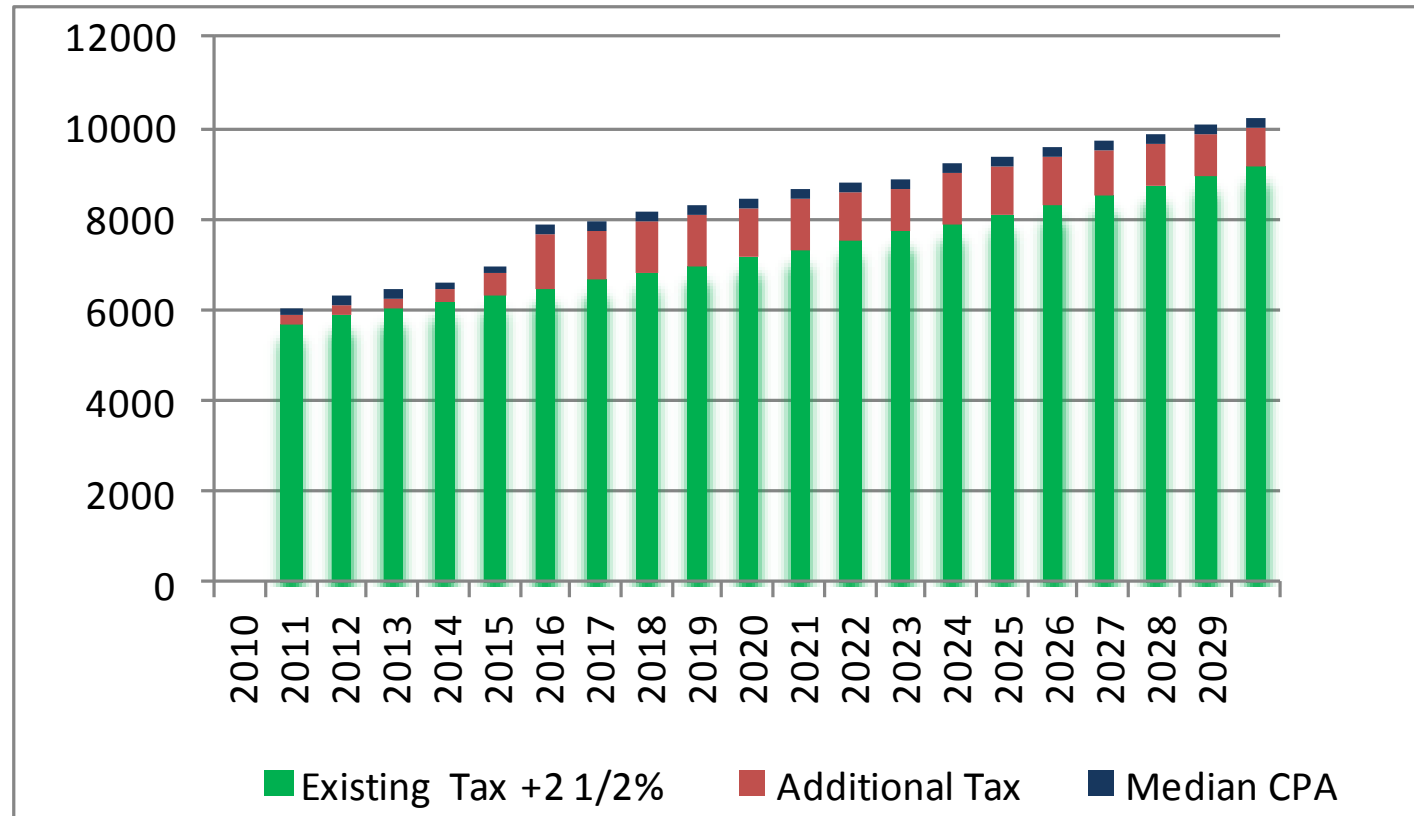
Capital Planning – The Known

- Known Anticipated Construction Outlay
 - Estimated \$13.5 million over the next 10 years
- Known Cost of Debt Exclusion
 - Estimated addition of \$1,240 in FY 2014 to Median tax bill (~16% increase)
 - School - \$835
 - Fire Station, Police Station, Crematory - \$405
 - Amount added to tax rate decreases each year as older projects roll off, new interest expense declines
- Debt Exclusion for all current projects paid off by FY2038

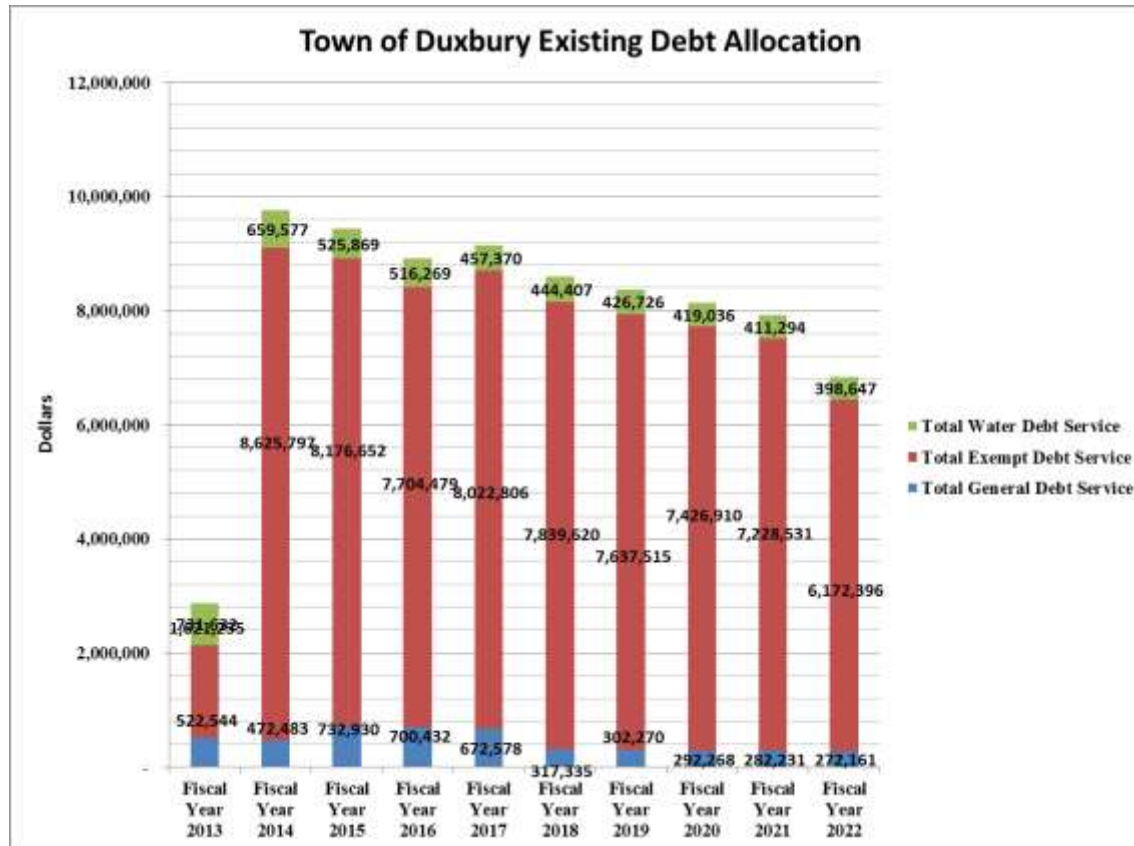
Town of Duxbury

Median Tax Levy Estimates

Estimated Tax Levy Based on 2 ½% Growth Rate



Town of Duxbury – Debt Levy Projections



Capital Planning - The Unknown

- Duxbury now has about \$150M in outstanding debt
 - The vast majority of this (about \$130M but remember reimbursement) is recent - the new MS/HS, the new Police Station, the new Crematory, and the expanded/renovated Fire Station.
 - Excluding older major items such as the 2005 Alden School addition, Library and Percy Walker Pool renovations, the new Birch Street Tank, the Senior Center, and Powder Point Bridge repairs, our outstanding debt, going back to 1987, totals only about \$4.5M.
- At this point in time, we know of about \$13.5M in significant future building projects.
 - We also expect regular capital expenditures of \$1.5 – \$2M per year.