Five Board Meeting

Review of Long Term Financials

Town of Amherst
September 14, 2016
5 Board Review
Agenda

- Opening Remarks and Announcements  
  Bockelman/Brewer
- Call to Order  
  Respective Chairs
- Building Project Updates
  1. DPW Facility  
     Lynn Griesemer
  2. Jones Renovation  
     Sharon Sharry
  3. Elementary School  
     Mike Morris
  4. Amherst Fire Department  
     Tim Nelson and Lynn Griesemer
- Capital Review (Long-Term Funding)  
  McGinnis/Bockelman
- Adjourn
Schedule

- 5 Boards meeting and presentations tonight
- Ballot November 8
- Fall Town Meeting November 14
Debt Expense Historically

Debt Service as a Percentage of General Fund Revenue

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Debt Service %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>4.2%</td>
</tr>
<tr>
<td>2008</td>
<td>3.4%</td>
</tr>
<tr>
<td>2009</td>
<td>3.3%</td>
</tr>
<tr>
<td>2010</td>
<td>3.3%</td>
</tr>
<tr>
<td>2011</td>
<td>3.4%</td>
</tr>
<tr>
<td>2012</td>
<td>3.8%</td>
</tr>
<tr>
<td>2013</td>
<td>4.7%</td>
</tr>
<tr>
<td>2014</td>
<td>3.5%</td>
</tr>
<tr>
<td>2015</td>
<td>3.7%</td>
</tr>
<tr>
<td>2016</td>
<td>3.8%</td>
</tr>
</tbody>
</table>
Debt Service per Capita, annual expense

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$68</td>
</tr>
<tr>
<td>2008</td>
<td>$59</td>
</tr>
<tr>
<td>2009</td>
<td>$56</td>
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<tr>
<td>2010</td>
<td>$53</td>
</tr>
<tr>
<td>2011</td>
<td>$54</td>
</tr>
<tr>
<td>2012</td>
<td>$64</td>
</tr>
<tr>
<td>2013*</td>
<td>$80</td>
</tr>
<tr>
<td>2014</td>
<td>$62</td>
</tr>
<tr>
<td>2015</td>
<td>$66</td>
</tr>
<tr>
<td>2016</td>
<td>$71</td>
</tr>
</tbody>
</table>
Debt Service Per Capita FY14

Municipalities

- Chelmsford: $690
- Norwood: $569
- Natick: $553
- Wellesley: $472
- Needham: $443
- Barnstable: $381
- Andover: $375
- North Andover: $351
- Hingham: $340
- Plymouth: $259
- Bârica: $252
- Franklin: $252
- Arlington: $236
- Reading: $211
- Agawam: $123
- Amherst: $61

Dollars
Committed General Fund Debt Service
Reserves as a Percentage of General Fund Budget
Policy is 5 to 15% upper and lower limit
Capital Source Assumptions (Steady State)

- 8% of taxation in FY17 is capital budget
- CPA fund as source for CPA projects
- Continued pursuit of grants, use of Ambulance fund, etc.
- Continued use of Enterprise Funds for Enterprise capital needs
Capital Expense Assumptions (Steady State)

- FY18 through FY21 includes departmental capital requests of last year’s JCPC process
- Ongoing Capital - FY22 uses 10 year median of capital spending from preceding years
- Ongoing Capital - FY23 through FY32 is that 10 year median plus 2% for cost inflation
- Replacement debt projected for mid-size capital (firetrucks, roofs, land acquisition, etc.) in FY22 through FY32
- Regional School Capital Plan not included at this point
Capital Plan - Ongoing

- Ongoing Cash Capital Expenses
- Ongoing Debt Service
- Capital Resources 8%
## Capital for New Buildings

<table>
<thead>
<tr>
<th>Project</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rebuild Elementary School</td>
<td>3,000,000</td>
<td>9,000,000</td>
<td>15,000,000</td>
<td>5,400,000</td>
<td></td>
<td></td>
<td>32,400,000</td>
</tr>
<tr>
<td>Library Addition</td>
<td>1,500,000</td>
<td></td>
<td>12,000,000</td>
<td>1,500,000</td>
<td></td>
<td></td>
<td>15,000,000</td>
</tr>
<tr>
<td>DPW Facility</td>
<td>2,700,000</td>
<td>8,100,000</td>
<td>13,500,000</td>
<td>12,700,000</td>
<td></td>
<td></td>
<td>37,000,000</td>
</tr>
<tr>
<td>Fire Dept Facility</td>
<td>2,000,000</td>
<td>10,000,000</td>
<td>10,000,000</td>
<td></td>
<td></td>
<td></td>
<td>22,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>3,000,000</td>
<td>10,500,000</td>
<td>29,700,000</td>
<td>17,000,000</td>
<td>23,500,000</td>
<td>22,700,000</td>
<td>106,400,000</td>
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Scenario to Fund all Four

- Move capital budget up to 10% of taxation, gradual implementation between now and FY21
- Debt Exclusion Override (DEO) funding for two, Elementary School and Library
- Maintain a long term focus in budgeting
- Build Stabilization fund in FY17 through FY22
  - Contribute $500,000 to $600,000 annually (pattern as established FY2011-16)
  - Additional savings as part of capital planning process
- Use Stabilization to reduce the expense of debt service in FY24-30
- Borrowing:
  - 25 year terms
  - Interest cost are projected based on year of issue, 4-5%
Capital Plan - 0.5% per year Growth up to 10%

Capital Resources 8%

Resources up to 10%
10% of Taxation, with Expense of 4 Buildings

Ongoing Cash Capital Expenses
DPW Facility
Fire Dept Facility
Rebuild Elementary School
Library Addition
Resources up to 10%
10% of Levy, School and Library Debt Excluded

Ongoing Cash Capital Expenses
Ongoing Debt Service
DPW Facility
Fire Dept Facility
Rebuild Elementary School
Library Addition
Capacity w/ school & library DEO
2 DEOs, 10% of Levy and Use of Stabilization
Knobs: variables which might turn and help fund this scenario

- Lower interest rates on debt than currently (conservatively) used in projections
- Extend borrowing terms from 25 to 30 years
- Continued pace of new growth
- Costs lower than projected for DPW Building and AFD Station
- Use more of Stabilization Fund than built into this model
- Sale of surplus Town property
Knobs turn the other way, make scenario harder to implement

- Changes in state aid and other sources of Town revenues
- Economic down turn affects new growth
- Acceleration of building schedules
- Land purchase costs
- Demolition costs
- Interest rate increase
- Others
2 DE Override impact on property of median value, $306,300
BONE PILE SLIDES – moved to end but won’t use

Use of Stabilization to Moderate Deficit

Assume pattern of $500K per year at FTM continues through FY22
Increment that pattern with additional investments in 20-22
Spend out of Stabilization in FY24 – FY28
Capital projects within the Region have been accumulating
- 4 Towns are assessed debt service in proportion when Region borrows
- Spikes of expense historically resulted
- Proposal to make this expense predictable and gradual to Towns with a capital stabilization assessment method
- Goal is 2.25% of Region’s Operating budget, phase in complete in FY23
- 4 Town Capital Planning Committee in place, generally supportive of this concept
- Earliest implementation is now FY19
- Sean Mangano is working through details
Adding In the Regional Capital Assessment Plan

FY 18 | FY 19 | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32

Ongoing Cash Capital Expenses | Ongoing Debt Service | DPW Facility | Resources up to 10%
10% of Levy with 4 Buildings Debt Service
10% of Levy and 2 Debt Exclusions

- Ongoing Cash Capital Expenses
- Ongoing Debt Service
- DPW Facility
- Fire Dept. Facility
- Rebuild Elementary School
- Library Addition
- Capital Resources 8%
- Resources up to 10%
- Capacity w/ school DEO
- Capacity w/ school & library DEO
- Resources using Stabilization
Outstanding Long Term Debt per Capita

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Dollars</th>
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</thead>
<tbody>
<tr>
<td>2007</td>
<td>$306</td>
</tr>
<tr>
<td>2008</td>
<td>$263</td>
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<tr>
<td>2009</td>
<td>$213</td>
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<tr>
<td>2010</td>
<td>$193</td>
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<tr>
<td>2011</td>
<td>$272</td>
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<tr>
<td>2012</td>
<td>$340</td>
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<td>2013</td>
<td>$446</td>
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<tr>
<td>2014</td>
<td>$480</td>
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<tr>
<td>2015</td>
<td>$485</td>
</tr>
<tr>
<td>2016</td>
<td>$439</td>
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