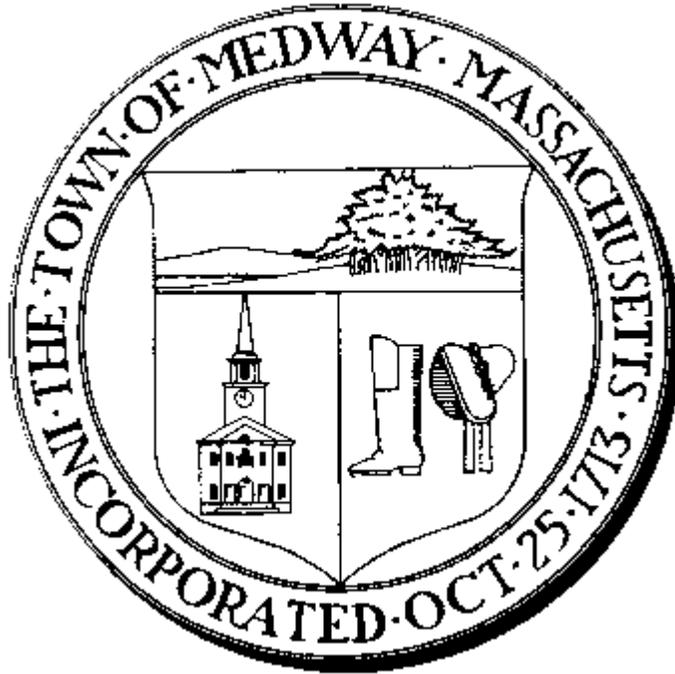


Town of Medway
Capital Improvements Planning Committee

5-Year Plan
FY 2016 – FY 2020
10/6/15



Contents

	Page
1. Summary	3
2. Projects Approved in Prior Years	3
3. FY16 Department Requests	4-5
4. Outlays for FY17-FY20	6
Appendix A	7
Appendix B	8

1. Summary

FY16 begins July 1, 2015 and ends June 30, 2016. At the May 11, 2015 Annual Town Meeting, funds were approved for various road, sidewalk, and sewer projects; maintenance truck, police phone system, solar powered traffic signs, McGovern school generator, school-wide technology enhancements, and a number of smaller projects. This year we were able to bond several projects. The Town's ability to continue to fund projects primarily with free cash will be contingent on the amount of free cash available each year.

2. Projects Approved in Prior Years

In the last two years, the Town has approved almost \$7 million in capital projects for various departments. These projects have improved the safety of the schools, upgraded technology throughout the municipal offices and schools, repaired aging roads, and developed the information systems infrastructure. Some of the significant projects that have gone through the CIPC process and been approved are listed below.

- Department of Public Services
 - Various road and sidewalk repairs
 - Purchased new heavy equipment and vehicles
 - Town-wide facilities improvements
 - Town-wide energy improvements
- Schools
 - Repaired sidewalk at Memorial School
 - Purchased baseball infield groomer
- Town Administrator
 - Replaced town sedans
- Police/Fire
 - Refurbished Brush 2
 - Purchased jaws of life for Fire Department
 - Upgraded police technology and software
 - Replaced ballistic vest with trauma plates
- Information Technology
 - School-wide technology enhancements
 - Replacement program for town-wide desktops & laptops
- Other Departments
 - Purchased dehumidifier for Library
 - Choate Park building enhancements
 - Cassidy Field bathroom project

3. Department Requests for FY16

For FY16, requests were submitted totaling \$36 million. Given the large number of projects that have been requested, it would be unproductive to discuss them all. Therefore, some of the higher dollar or more pressing projects that have been requested will be reviewed.

DPS

The Department of Public Service (DPS) operating and repair facilities are in severe disrepair and insufficient to house all the vehicles the Town owns. The DPS Facility Advisory Committee is evaluating the initial assessment to determine a sufficient design and accurate cost. The facility cost is currently estimated at \$7-10 million, which includes design work. The design work will hopefully begin in the next fiscal year.

The Town has an extensive road network that has been maintained with minimal funding. Although the Town receives approximately \$400,000 of Chapter 90 funds from the State annually this is not a sufficient amount to maintain the Town's streets. \$400,000 will be used for road and sidewalk improvements in FY16. In previous years, the Town has been able to put a more substantial amount towards these items but due to the harsh winter \$400,000 of Certified Free Cash had to be used for snow and ice removal.

The Water Department has been using Enterprise Funds to replace water mains that were neglected until identified in the 2009 Master Plan. This is an ongoing project. In FY16, \$200,000 will be used to design the replacement of the Brentwood neighborhood water main.

In FY16, \$75,000 from the Sewer Enterprise Fund will be used to continue the Inflow and Infiltration program. A specific area will be studied and the findings will be implemented in the following fiscal year. The Town has focused on Chicken Brook and Black Swamp previously. This program has been very successful and the Town has been able to identify and repair several areas, which has reduced the volume flowing to the Charles River Water Treatment plant.

Also, in FY16 \$52,000 will be used to purchase a Right of Way maintenance truck. The duties of this position require a truck with specific tools and apparatuses. This position was filled last year and the employee has been utilizing a small pick-up that is insufficient. \$150,000 will be used to renovate a wing at the Middle School for the temporary relocation of the DPS administrative offices. There is insufficient office space at Town Hall for DPS at present. \$157,000 will be used to purchase a sidewalk plow. The Town currently has one unit that is in moderate condition. The sidewalk plow will mainly be used during the winter to remove snow but can also be used for roadside mowing in the off-season.

Schools

In the next several years, the priorities are to replace the windows at Burke Elementary School and to continue to fund enhancements and upgrades to the schools technology infrastructure. Additionally, funds were allocated for a new emergency generator for the McGovern Elementary School. The \$22.1 million Middle School repair project was completed in FY14. In the coming years the priorities are paving various school parking lots, replacing classroom furniture, and redoing the lobby at the McGovern Elementary School.

Fire Department

In FY16, the CIPC suggested funding the replacement of the radio box alarm system. However, this was not included in the Annual Town Meeting warrant. The current system uses technology from the 1860's. The CIPC plans to recommend funding the replacement of this system in a future year.

Information Systems

The Town of Medway has funded many improvements over the past five years. These improvements involve hardware, services, and software that increase the capital and operational expense of the town. To date, the Town of Medway has spent over \$2.7million on hardware, applications, and services. Maintenance on the hardware, software, and applications has increased annual operating expenses by over \$122,000. The Fiscal 2016 budget supports the transition of capital expense to operational; adding an additional \$100,000 to the Technology Operational budget to support the needs of all departments.

Police

Funding is being requested for replacement of cruiser workstations, the phone system, and additions to the town wide video surveillance security system. The cruiser workstations are nearing the end of their useful life and the phone system is 10 years old and the vendor has stated that they may no longer be able to support the system's components. In the coming years, the Police Department would like to add a garage with storage to the property.

Library

In FY15, funding from Free Cash for dehumidifiers for the lower level of the Library was approved at the Annual Town Meeting. These were essential for proceeding with replacement of the carpeting throughout the Library. The carpeting was installed when the Library was renovated in 1999. It is very worn and fraying in numerous places, which is unsightly and presents a tripping hazard. In FY16, the Annual Town Meeting approved bonding for replacement of the Library carpet, in the amount of \$90,000.

4. **Requested Outlays FY17-FY20**

- DPS facility
- Purchase new fire truck
- Road and sidewalk repairs
- Replace water mains
- Replace roofs at several schools
- Replace Burke Elementary windows
- Install water filtration system

Appendix A

Capital Improvement Planning Process

Process Overview

The Capital Improvement Planning Committee's (CIPC) role is to evaluate the Town's capital needs and to recommend to the Town Administrator, Board of Selectman (BOS), and Town Meeting the projects to be undertaken. Annually, the committee meets with department managers and reviews their capital needs for current and future years. In addition, the 2009 Master Plan identified many necessary improvements. The committee then evaluates the requests and determines available funding. Available funding can be in the form of free cash as certified by the State, grants, enterprise funds, or bonding. Once the level and form of funding is determined the CIPC prepares its recommendation for the BOS.

The project requests are reviewed based on the following criteria:

1. Impact on safety of residents and employees
2. Projects required by law
3. Impact on greatest number of people
4. Projects with significant immediate need

Projects that are prioritized based on the above criteria and for which there is sufficient funding are then brought before the BOS and Town Meeting for the Town's approval.

Report Scope

This report is intended to provide a snapshot of the Town's needs over the next few years so that they may plan actions and budget funding in anticipation of future needs.

This report will cover the capital spending for fiscal years 2016 – 2020. Only FY16 was presented in the warrant at the May 11, 2015 Annual Town Meeting. Years 2017 – 2020 are projections based on current estimated needs. This report does not cover operating expenses. Funding recommended in the capital budget is generally for long-term investments that are not contemplated in departmental operating budgets. To be considered a capital project, the project must cost more than \$3,000 and have a substantial useful life.

Appendix B

Funding Options

There are multiple options available for funding capital projects. Those options include: free cash, enterprise funds, grants, and bonds. Each of those funding options will be discussed below.

Free Cash

Free cash represents funds remaining at the end of a fiscal year that are not committed to a department or project. These funds must be certified by the State and can then be used by the Town for any purpose. Frequently these funds are used to bolster reserves and pay for capital projects.

Enterprise Funds

Some departments, such as the Water Department, Sewer Department, and Health Department, raise their own revenue to fund their operations through fees and charges to the users of their systems. These departments do not receive funding from Town taxes and must be self sustaining for both operations and capital spending. Capital projects that are not covered by current rate structures could result in higher rates if there are not sufficient retained earnings to pay for the projects.

Grants

There are many government and non-governmental organizations that provide grants to support initiatives. Some examples include the Massachusetts School Building Association and the Department of Homeland Security.

Bonds and Debt Service

Bonds are debt incurred by the Town when issuing municipal securities. These bonds are repaid over time depending on the life of the asset financed. The Town has a general guideline of keeping the annual debt service cost to less than 10% of the total operating budget. Annual debt service cost is the amount of interest and principal paid annually on outstanding debt, excluding self funding debt such as debt for departments funded through enterprise funds (water & sewer for example). Debt service is not the total debt outstanding.

The goal of the CIPC is to keep debt service spending under the 10% target rate. For FY16, Medway's debt service is 7.54% of the operating budget. With current debt commitments, Medway will see its debt service expenditure reduced drastically in FY17. This creates an opportunity for the Town to improve its infrastructure. In addition to that, in 2014 Medway's bond rating improved to AA+ thus lowering the cost of debt service.