

OFFICE OF SELECTMEN

MEMORANDUM

TO: Each Member of the Board

FROM: Melvin A. Kleckner, Town Administrator

RE: Fiscal Year 2018-2023 Preliminary Capital Improvement Program (CIP)

DATE: December 9, 2016

INTRODUCTION

Attached you will find the Fiscal Year (FY) 2018-2023 Preliminary Capital Improvement Program (CIP), which complies with the Town's CIP and Free Cash policies. The overcrowding issue in the schools continues to be the most urgent CIP need, consuming more of the CIP and necessitating additional Debt Exclusion Overrides. Our K-12 student population has grown by 28.6% since FY 2006 from 5,766 students to 7,412. While the increase in size of Brookline's kindergarten enrollment has driven the growth, these larger elementary grades will soon begin to enter the high school. Brookline High School has grown 4.1% in the last ten years, with a five-year growth of 12.7%. Currently, grades Kindergarten through 4th average 651 students this year, while grades 8-12 are still averaging only 490 students. The School Department projects that there will be more than 2,400 students attending Brookline High School in grades 9-12 by the school year 2020-2021.

As presented, this proposed \$115.55M six-year CIP continues to provide funding for a portion of a High School Project (\$35M) but does not include funding for a Major K-8 Project beyond Schematic Design. Therefore, a Debt Exclusion Override is assumed for the remainder of what would be required at the High School and the full cost for the classroom needs at the K-8 level. .

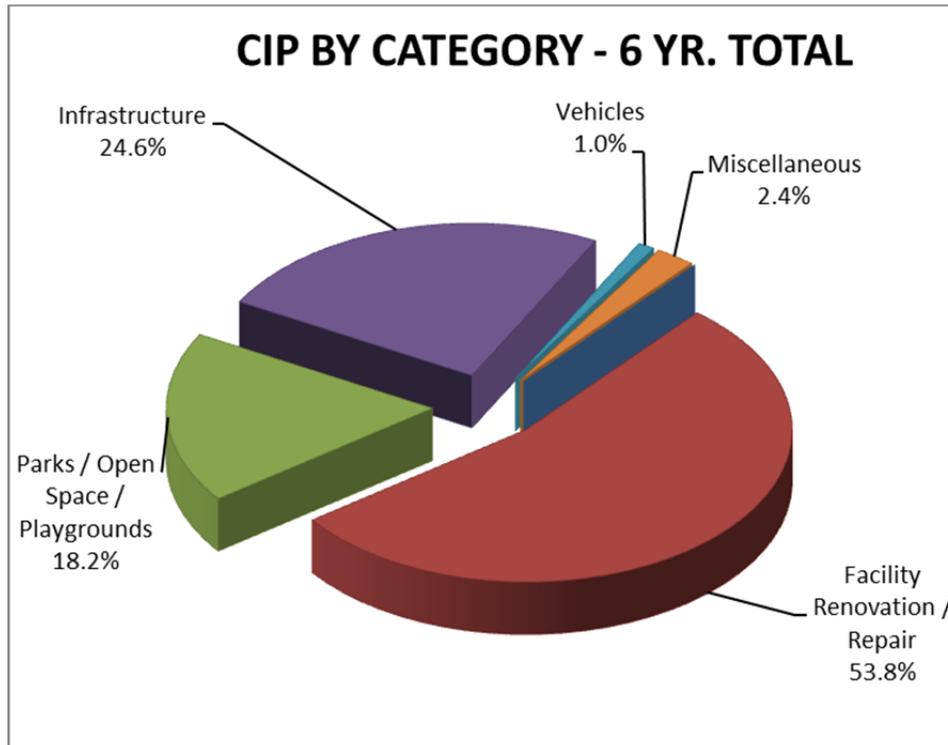
In addition to the school enrollment demands, the Deputy Town Administrator has worked with the Inter-Departmental CIP Committee to evaluate and propose other projects incorporated within this Preliminary CIP. Needless to say, it is an enormous challenge to develop a balanced CIP that continues to reflect the various priorities and assets of the Town while simultaneously addressing the overcrowding issue in the schools.

OVERVIEW

The CIP includes projects with a six-year total estimated cost of \$115.65 million. The projects are divided into six main categories, as shown in the table and graph below:

GRAND TOTAL BY CATEGORY (in thousands)

	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL	% OF TOTAL
New Facility Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Facility Renovation / Repair	\$6.39	\$41.21	\$5.52	\$2.76	\$3.91	\$2.40	\$62.19	53.8%
Parks / Open Space / Playgrounds	\$2.96	\$5.73	\$4.92	\$4.97	\$1.70	\$0.73	\$21.00	18.2%
Infrastructure	\$5.36	\$7.54	\$3.98	\$4.24	\$3.66	\$3.72	\$28.50	24.6%
Vehicles	\$0.68	\$0.00	\$0.50	\$0.00	\$0.00	\$0.00	\$1.18	1.0%
Miscellaneous	\$0.44	\$0.85	\$0.35	\$0.36	\$0.38	\$0.42	\$2.78	2.4%
TOTAL	\$15.81	\$55.33	\$15.27	\$12.33	\$9.64	\$7.27	\$115.65	100%



The table and graph illustrate that 53% of CIP funding is for renovation/repair of facilities, 24.6% is dedicated to infrastructure projects, and 18.2% is for improvements of parks/open spaces/playgrounds.

The core of any CIP should be the maintenance/repair of and improvement of a community’s infrastructure. This CIP meets that fundamental purpose, with 97% of the CIP dedicated to facilities, infrastructure, and parks/open spaces. States, counties, and municipalities across the country continue to struggle with the issue of funding infrastructure needs, especially in this sluggish economic climate. Fortunately, Brookline’s CIP policies, which have dedicated existing funding sources and periodically relied upon additional taxpayer support, have allowed the community to fund these needs far more adequately than would otherwise be the case. This consistent funding has allowed the Town to plan and program projects in a timely and orderly process.

The funding of the CIP is guided by the Town’s CIP Financing Policies, which require that total CIP funding be equivalent to 7.5% of the prior year’s net revenue. The 7.5% comes from the following sources:

- 1.) General Revenue – this requires 6% of the prior year’s net General Fund revenue be dedicated to the CIP.
- 2.) Free Cash – after funding various reserves, Free Cash is used to supplement General Revenue to reach the 7.5% funding level.

The Preliminary FY18 – FY23 CIP conforms to these funding policies. The table below summarizes the portion of the CIP funded by the General Fund:

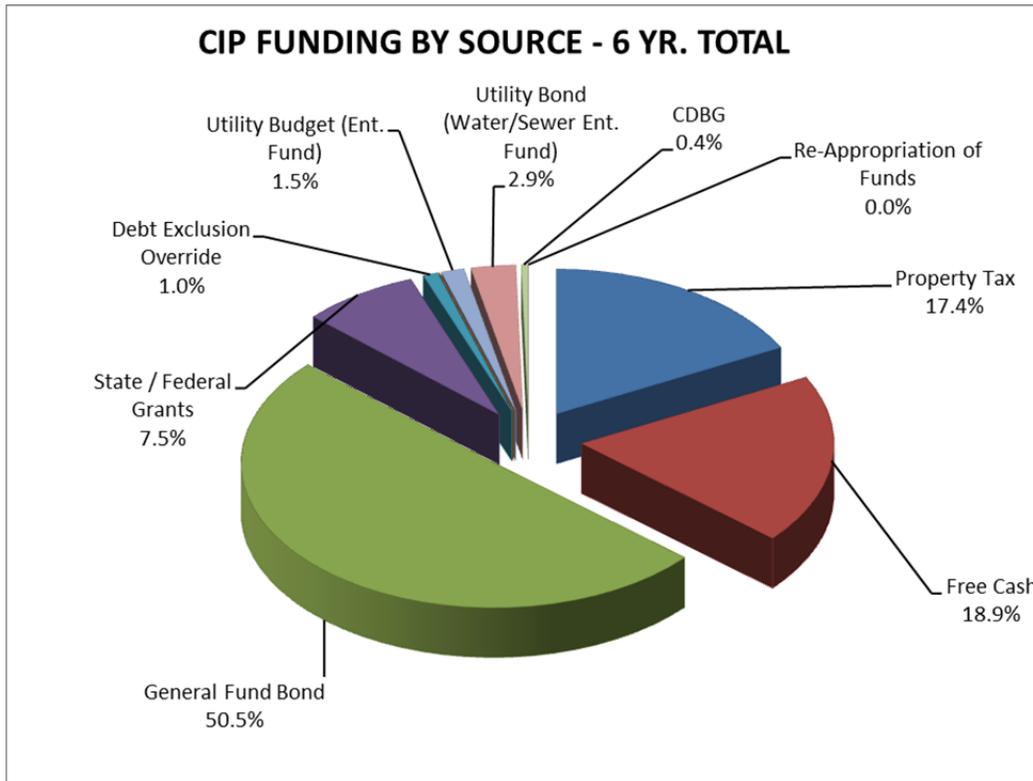
	2018	2019	2020	2021	2022	2023
6% Policy	14,760,065	15,255,474	15,834,855	16,358,623	16,988,996	17,534,576
Net-Debt *	11,241,628	12,062,725	12,659,219	12,267,307	12,825,559	15,364,220
% of Prior Yr Net Rev	4.10%	5.00%	5.04%	5.28%	5.03%	5.26%
Pay-as-you-Go	3,518,436	3,192,749	3,175,636	4,091,316	4,163,437	2,170,355
% of Prior Yr Net Rev	1.90%	1.00%	0.96%	0.72%	0.97%	0.74%
Free Cash	6,058,567	3,327,292	3,260,408	3,236,336	3,114,216	2,891,494
Debt Exclusion	1,020,800	4,505,739	4,469,139	3,517,539	3,517,539	3,517,539
TOTAL	21,839,432	23,088,505	23,564,402	23,112,499	23,620,751	23,943,609
CIP as a % of Prior Yr Net Rev	8.9%	7.6%	7.5%	7.5%	7.4%	7.3%
CIP as a % of Prior Yr Net Rev w/ Debt Excl	9.3%	9.4%	9.3%	8.8%	8.7%	8.6%

* Defined as General Fund debt less debt supported by a debt exclusion.

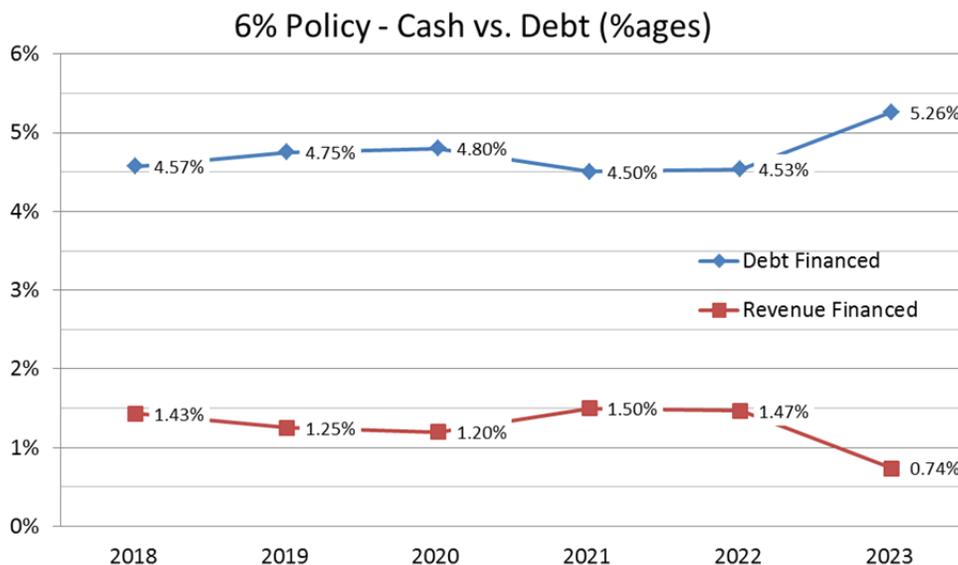
The table and graph on the following page provide more detail on the funding sources for the CIP:

GRAND TOTAL BY SOURCE (in millions)

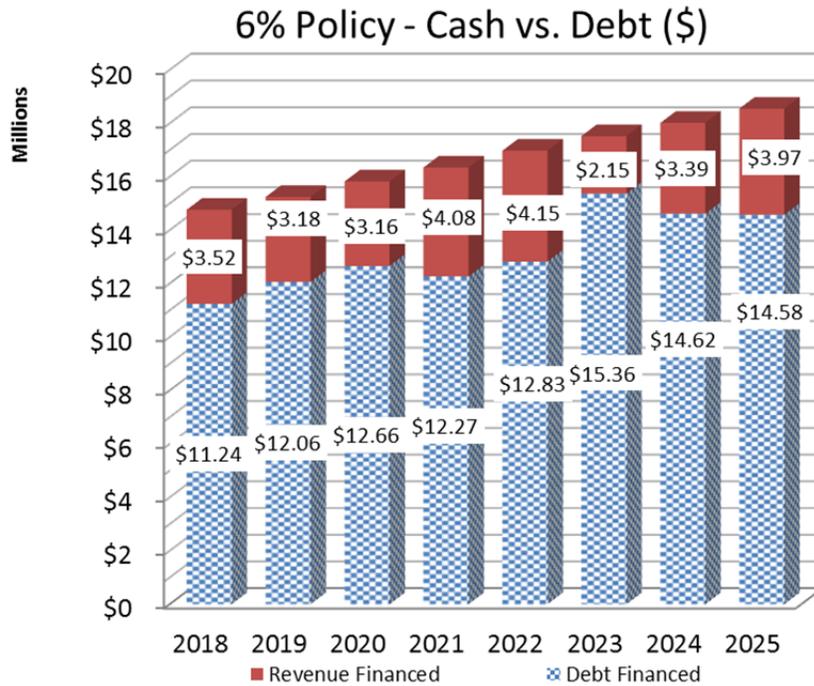
	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL	% OF TOTAL
Property Tax	\$3.51	\$3.17	\$3.15	\$4.06	\$4.12	\$2.14	\$20.15	17.4%
Free Cash	\$6.06	\$3.33	\$3.26	\$3.24	\$3.11	\$2.89	\$21.89	18.9%
General Fund Bond	\$3.70	\$43.51	\$6.10	\$3.29	\$0.97	\$0.80	\$58.37	50.5%
State / Federal Grants	\$1.44	\$1.44	\$1.44	\$1.44	\$1.44	\$1.44	\$8.64	7.5%
Debt Exclusion Override	\$0.00	\$0.09	\$1.02	\$0.00	\$0.00	\$0.00	\$1.11	1.0%
Golf Bond (Ent. Fund)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Utility Budget (Ent. Fund)	\$0.30	\$0.79	\$0.30	\$0.30	\$0.00	\$0.00	\$1.69	1.5%
Utility Bond (Water/Sewer Ent. Fund)	\$0.30	\$3.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.30	2.9%
CDBG	\$0.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.50	0.4%
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Re-Appropriation of Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
TOTAL	\$15.81	\$55.33	\$15.27	\$12.33	\$9.65	\$7.27	\$115.65	100%



Over the six-year period of this Preliminary CIP, 50.5% of funding (\$58.37 million) is financed through the issuance of municipal debt. The reliance on debt to support the CIP could be interpreted as being problematic for the Town’s operating budget. However, since the CIP complies with the Town’s financing policies, the impact on the debt service budget is offset by a decrease in the tax-financed component, thereby eliminating any net impact on the operating budget. Specifically, as the portion of the 6% that is utilized for borrowing increases or decreases, the portion supported by the tax-financed sources moves in the opposite direction. This is shown in the graph below:



This level of debt, however, does impact the amount of revenue-financed CIP in the outer-years of the CIP. The reduction in the revenue-financed portion of the CIP in FY23, due in large part of the BHS project coming on line. The graph below shows this in dollar terms:



This is important to note because the revenue-financed portion funds the mostly-smaller dollar projects in the CIP, along with the annual \$1.6 million - \$1.8 million street rehab item. So a reduction in this portion of the financing stream leads to pressure on those projects.

In terms of the breakdown of the Preliminary CIP by allocation group (i.e., public safety, schools, etc.), 51.9% is for Schools, 17.2% is for Parks/Playgrounds/Open Space, and 18.6% is for Engineering/Highway. This is shown in the following table:

GRAND TOTAL BY ALLOCATION (in millions)

	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL	% OF TOTAL
General Government	\$0.28	\$0.23	\$0.24	\$0.37	\$0.25	\$0.28	\$1.63	1.4%
Planning and Community Devel.	\$0.50	\$0.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.75	0.6%
Public Safety	\$1.03	\$0.66	\$0.50	\$0.80	\$0.27	\$0.00	\$3.25	2.8%
Library	\$0.65	\$0.00	\$0.00	\$0.00	\$0.15	\$0.00	\$0.80	0.7%
Transportation	\$0.55	\$0.28	\$0.16	\$0.37	\$0.05	\$0.05	\$1.46	1.3%
Engineering/Hwy	\$3.70	\$3.47	\$3.52	\$3.57	\$3.61	\$3.67	\$21.54	18.6%
Water / Sewer	\$0.60	\$3.79	\$0.30	\$0.30	\$0.00	\$0.00	\$4.99	4.3%
Parks & Playgrounds	\$2.73	\$5.50	\$4.69	\$4.99	\$1.46	\$0.49	\$19.84	17.2%
Cons./Open Space	\$0.23	\$0.23	\$0.24	\$0.24	\$0.24	\$0.24	\$1.41	1.2%
Recreation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Public Schools	\$5.55	\$40.93	\$5.63	\$1.71	\$3.62	\$2.54	\$59.98	51.9%
TOTAL	\$15.81	\$55.33	\$15.27	\$12.33	\$9.65	\$7.27	\$115.65	100%

FREE CASH

The Town's Free Cash Policy calls for the following allocation of Free Cash:

1. Operating Budget Reserve – an amount equivalent to 0.25% of the prior year’s net revenue to support the Town’s 1% Appropriated Budget Reserve.
2. Unreserved Fund Balance / Stabilization Fund – maintain an Unreserved Fund Balance (including Stabilization Fund) in an amount equivalent to no less than 10% of revenue.
3. Liability/Catastrophe Fund – reach the 1% funding target of the Town’s Liability/Catastrophe Fund.
4. Capital Improvement Program (CIP) – remaining Free Cash is used so that total CIP funding as a percent of the prior year’s net revenue is not less than 7.5%, to the extent made possible by available levels of Free Cash.
5. Affordable Housing Trust Fund (AHTF) – 15% of remaining Free Cash, if any, is used for a deposit into the AHTF if the unreserved fund balance in the fund is less than \$5 million.
6. Special Use – remaining Free Cash, if any, can be used to augment the trust funds related to fringe benefits, unfunded liabilities related to employee benefits, including pensions and Other Post-Employment Benefits (OPEB’s), and other one-time uses, including additional funding for the CIP.

The table below shows the dollar amounts proposed to be allocated from Free Cash in FY18 based on the Policy:

Certification	\$10,854,017
1. Operating Budget Reserve	\$615,003
2. Unreserved Fund Balance/Stabilization Fund	\$2,500,000
3. Liability Reserve	\$203,644
4. Capital Improvements	\$3,690,016
<u>5. Affordable Housing Trust Fund</u>	<u>\$576,803</u>
Sub-Total	\$7,585,466
Amt available for Special Use (#6)	\$3,268,551
<u>6. Special Use:</u>	
Additional CIP	\$2,368,551
OPEB's	\$600,000
Pension Fund	\$300,000
Amount Appropriated	\$8,354,017

SPECIFICS

1. General Government:

Additional funding has been allocated to Town Building Furniture due to the demands placed on the FY2017 appropriation. There is also a new program proposed for the rehabilitation/upgrades to Town facilities. Similar to the way the Town/School Grounds appropriation in the Parks and Open Space Division provides upkeep in between park renovations the Town Rehab/Upgrade program will help the Building Department respond to minor rehab/repair requests that fall outside of a

major renovation schedule. . Items funded under this program include large scale painting programs, new flooring, ceilings, window treatments and toilet upgrades.

2. Planning and Community Development:

The Gateway East/Village Square Circulation Improvements Project involves reconfiguration of the existing circulation system in Brookline Village at Washington Street, Route 9, Walnut Street, High Street, and Pearl Street. Funding for the project is assumed to come from multiple sources:

Funding for project construction is assumed to come from multiple sources:

- Transportation Improvement Program (TIP) – Gateway East is programmed in the Boston MPO’s TIP for \$4,818,000 in Federal Fiscal Year 2018 toward a \$5,818,000 construction project. Recent project cost estimates based on the Town’s August, 2016 project resubmission that includes enhanced bicycle accommodation has increased the construction budget to \$7,933,000. It is estimated that the TIP will cover \$6,933,000 in Federal Fiscal Year 2018 toward a \$7,933,000 revised construction project.
- The Town’s Gateway East construction match of \$1,000,000 will be filled by:
 - A portion of Children’s Hospital’s 1% Off-Site Improvements--2 Brookline Place) \$327,000 and
 - \$673,000 in SAFETEALU earmark

Funding for Right-of-Way Acquisition is assumed to come from multiple sources:

- The Town is responsible for acquisition costs for all Temporary and Permanent easements needed for the Gateway East project. The estimated cost is \$1,300,000. It should be noted that the Town previously sought and received Town Meeting authorization to utilize a Section 108 loan, which is a tool that can be used to undertake CDBG-eligible activities when a lump sum is needed to move a project forward. The Town may once again seek authorization from Town Meeting to secure a Section 108 loan as a funding source to pay for the acquisition of needed permanent and temporary right-of-way to accommodate the Gateway East project. Under a Section 108 loan, a community borrows against its future CDBG funds. Like a conventional loan, the Section 108 loan would have an amortization term, but instead of making payments, the Town's loan is paid back once per year off the top of its CDBG entitlement. The loan must be backed by the Town’s full faith and credit.
- The Town’s Right-of-Way costs of \$1,300,000 will be filled by:
 - A portion of Children’s Hospital’s 1% Off-Site Improvements--2 Brookline Place) \$422,000
 - \$378,000 in prior year CDBG funds
 - \$500,000 from a Section 108 Loan

Please note that the right-of-way acquisition costs are preliminary estimates. Under State statute, the Town may not discuss acquisition costs with property owners until the state has approved 25% the Town's design.

3. Public Safety:

This Preliminary CIP makes some changes to the Town's apparatus replacement program. The Town has an excellent fire apparatus rehab/replacement schedule that calls for rehabbing engines every 10 years and ladders every 12 years and for replacing front line engines every 17 years and front line ladder trucks every 20 years. While it was thought that Ladder #12 could be rehabbed for approximately \$200,000 attempting a rehab is not recommended based on extensive rust and corrosion that currently exists and would only be worse in two years from now. This condition combined with the need to replace Tower 1 during FY2017 leaves the Town in a less than desirable position while waiting for the arrival of a new ladder truck (expected around January, 2018). The Fire Chief is making inquiries on the purchase of a used ladder truck that may need to be funded via a reserve fund transfer. We will be working with the Department to reassess the replacement and refurbishment schedule based on this experience. The Department has also requested the acceleration of the Engine 6 Replacement by one fiscal year so a minimal rehab can be performed on the engine it is replacing to be a quality reserve.

A few years ago, a study was made of the conditions of the fire stations and what was needed to maintain the integrity of the floors and building in regard to the newer, larger fire equipment. The work outlined in the report included flooring, shoring, beams, columns, and structural work. The report also included recommendations for the HVAC systems, generators, lighting, life safety, and mechanical, electrical, plumbing (MEP), along with other peripheral systems. In FY2012, \$650K was appropriated to undertake the Structural component. The next phase for implementation was the Life Safety component, which was funded between FY2013 – FY2015 (\$890K). Given the work planned for Station 6 the funding schedule for Station 6 MEP work was moved from FY2021 to FY2017 in order to allow efficiencies with bids and project schedules. MEP work for the remaining stations is as follows:

Sta 5 (Babcock St)	\$220,000 (FY18)
Sta 4 (Rt. 9/Reservoir Rd)	\$445,000 (\$60K FY18, \$385K FY19)
Sta 1 (Brookline Village)	\$450,000 (FY21)
Sta 7 (Washington Sq)	\$620,000 (\$350K FY21, \$270K FY23)

Work at Station 7 also includes a second means of egress and work on the second floor living area.

4. Library:

The current CIP includes funding for windows, carpeting and an elevator/HP lift at the Coolidge Corner Library. This funding had been postponed pending the outcome of a feasibility study for the Coolidge Corner Library. The lack of capacity in the CIP combined with concerns over the preferred option for that site has caused the Library Trustees to reassess the plans for this Library. The Library Trustees requested that

the renovation project commence as soon as possible. This work will also be timed with roof and masonry work allocated under the Town’s roof and masonry programs.

A request for renovations to the *Putterham Library Bathrooms* has also been funded in FY2022. With the exception of one recently installed ADA compliant bathroom, all five bathrooms at the Putterham library are original to the construction of the building in 1961.

5. Public Works:

Even with the pressure placed on the CIP by the School overcrowding issue; this Preliminary CIP continues the Town’s commitment to upgrading its parks, playgrounds, and other open spaces. There is \$25.6M of specific park projects included, as shown in the table below:

CC	Total	Prior Year (FY17)	FY2018		FY2019		FY2020		FY2021		FY2022		FY2023		Future Years	
			Amount	RC	Amount	RC	Amount	RC	Amount	RC	Amount	RC	Amount	RC	Amount	RC
<u>Parks and Playgrounds</u>																
3	Brookline Reservoir Park	2,340,000	140,000	2,200,000	B											
3	Corey Hill Park	700,000	700,000													
3	Cypress Playground/Athl. Field	2,640,000				240,000	A	2,400,000	B							
3	Emerson Garden Playground	770,000	770,000													
3	Harry Downes Field & Playground	1,070,000	80,000			990,000	B									
3	Heath School Playground Accessibility	1,050,000													1,050,000	A
3	Kraft Family Athl. Field Turf Repl.	1,078,000						98,000	A	980,000	A					
3	Larz Anderson Park	9,000,000				2,700,000	B	600,000	A	2,200,000	B				3,500,000	B
3	Murphy Playground	890,000		70,000	A	820,000	B									
3	Riverway Park	625,000													625,000	A
3	Robinson Playground	1,190,000						100,000	A	1,090,000	B					
3	Schick Playground	1,060,000								90,000	A	970,000	B			
3	Boylston St. Playground	1,180,000													1,180,000	A
3	Griggs Park	970,000													970,000	A
3	Soule Athletic Fields	1,110,000				90,000	K	1,020,000	K							

It should be noted that the projected timeframe for both the 9th School at Baldwin and the High School have necessitated an accelerated schedule for both *Cypress Playground/Athletic Field Renovations* and the *Soule Athletic Field Renovation*. In order to meet that timetable within the constraints of the CIP it is recommended that the funding for the Soule project be part of what will be requested as part of the Debt Exclusion for the 9th School at Baldwin Project.

There is also funding allocated in FY2018 for a *Traffic Calming/Safety Improvement* project that calls for a Pedestrian Crossing LED Warning System at various locations. Flashing warning lights will be installed at either end of the existing cross walks. Lights will be activated by pushing a pedestrian button. These lights are similar to the flashing stop lights at High Street and Allerton Road. There is also funding for improvements to the *Carlton Street / Monmouth Street Traffic Signal*. The *Fire Alarm Call box System* project is currently in “future years”. This was a project that had previously been in the CIP, but subsequently removed. The DPW commissioned a study in partnership with the Fire Department. The recommendations of the study need to be prioritized under the current CIP constraints and a larger conversation on reinvestment in this

system needs to be had considering that a project this large would likely result in the deferment of several significant projects.

6. School Projects:

Overcrowding in the schools is an issue that we must continue to address. Since the plans to address the issue are expensive, it places great pressure on the CIP. The commencement of debt service for the Devotion School in FY2018 and the plans for the High School in FY2019 limits the ability for this CIP to address projected classroom needs over the next several years. The Classroom Capacity item in FY2018 continues to cover the leases at the temples, 62 Harvard, and 24 Webster Place (\$995K) with very limited funding to modify smaller spaces in existing buildings.

This Preliminary CIP adjusts for the projected timetables for the High School and 9th School at Baldwin Projects and reflects the decision to proceed without MSBA partnership. The current plan calls for Feasibility to conclude sometime this spring with funding for Schematic Design Planned for FY2018. For the High School this is estimated at \$1.5M which is planned for bond financing while the \$1.5M for the 9th School at Baldwin will be funded with cash.

CONCLUSION

In closing, I wish to thank Deputy Town Administrator Melissa Goff, Superintendent of Schools Andrew Bott and all the Department Heads who participate on the Inter-Departmental CIP Committee. Inevitably, many challenges present themselves when attempting to develop a balanced CIP that addresses the priorities of the community while staying within the CIP financing policies and the Town's limited financial resources.