

OFFICE OF THE SELECT BOARD

MEMORANDUM

TO: Each Member of the Board

FROM: Melvin A. Kleckner, Town Administrator

RE: Fiscal Year 2019-2024 Preliminary Capital Improvement Program (CIP)

DATE: December 15, 2017

INTRODUCTION

Attached you will find the Fiscal Year (FY) 2019-2024 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.

Since 2005, K-8 enrollment in Brookline has increased from 3,896 students to 6,193 students, a 40% increase in enrollment. 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 is currently experiencing the initial wave of rapid enrollment growth that will increase the student body from 1,800 students in 2015, to at least 2,600 or more students by 2023.

As presented, this proposed \$126.9M 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. .

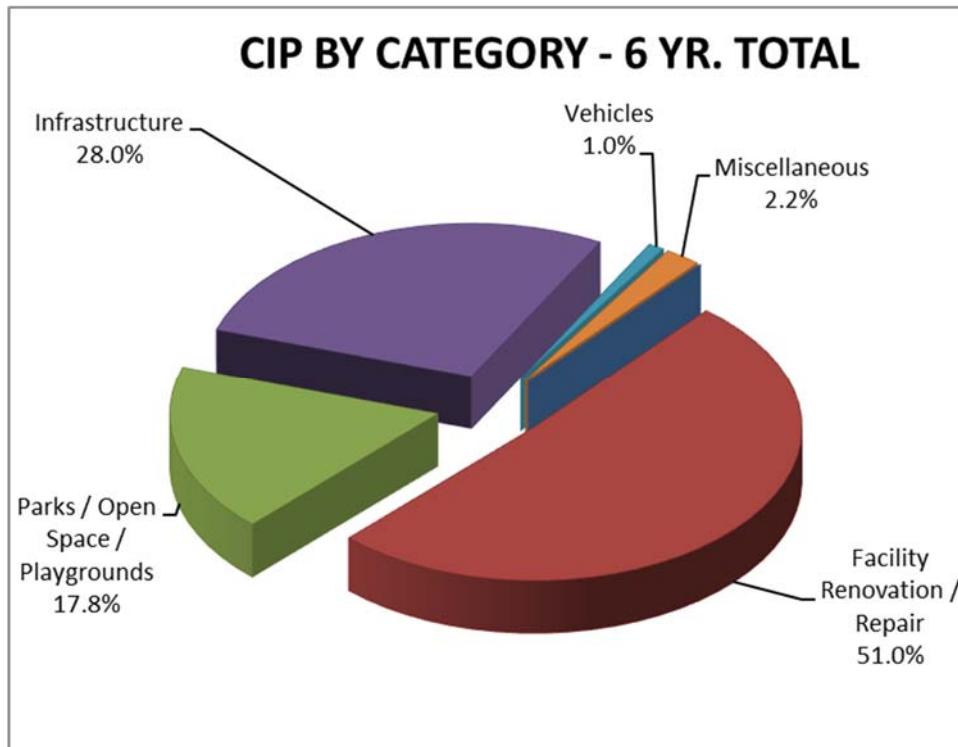
In addition to the school enrollment demands, the Deputy Town Administrator has worked with the Inter-Departmental CIP Committee to evaluate and propose other projects incorporated within this Preliminary CIP. Needless to say, it is an enormous challenge to develop a balanced CIP that continues to reflect 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 \$126.9 million. The projects are divided into six main categories, as shown in the table and graph below:

GRAND TOTAL BY CATEGORY (in thousands)

	FY19	FY20	FY21	FY22	FY23	FY24	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	\$44.52	\$3.38	\$6.63	\$4.34	\$2.78	\$3.15	\$64.78	51.0%
Parks / Open Space / Playgrounds	\$6.51	\$3.58	\$4.15	\$2.70	\$1.97	\$3.69	\$22.60	17.8%
Infrastructure	\$14.89	\$6.30	\$4.04	\$3.76	\$3.24	\$3.30	\$35.55	28.0%
Vehicles	\$0.00	\$0.50	\$0.00	\$0.00	\$0.73	\$0.00	\$1.23	1.0%
Miscellaneous	\$0.55	\$0.31	\$0.47	\$0.51	\$0.52	\$0.41	\$2.76	2.2%
TOTAL	\$66.46	\$14.08	\$15.29	\$11.30	\$9.22	\$10.54	\$126.90	100%



The table and graph illustrate that 51% of CIP funding is for renovation/repair of facilities, 28% is dedicated to infrastructure projects, and 17.8% 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.

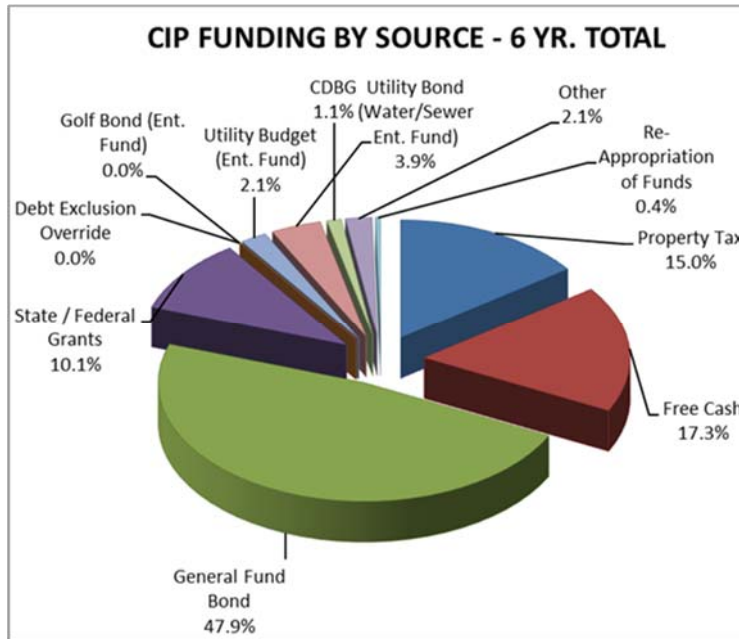
The Preliminary FY19 – FY24 CIP conforms to these funding policies. The table below summarizes the portion of the CIP funded by the General Fund:

	2019	2020	2021	2022	2023	2024
6% Policy	15,293,222	15,766,962	16,343,173	16,986,769	17,531,482	18,023,596
Net-Debt *	12,443,000	13,106,653	12,365,333	12,876,561	15,321,810	14,763,332
% of Prior Yr Net Rev	4.88%	4.99%	4.54%	4.55%	5.25%	4.92%
Pay-as-you-Go	2,850,222	2,660,309	3,977,840	4,110,208	2,209,672	3,260,264
% of Prior Yr Net Rev	1.12%	1.01%	1.46%	1.45%	0.75%	1.08%
Free Cash	8,551,363	3,357,272	3,338,117	3,144,318	3,085,994	3,039,455
Debt Exclusion	4,833,739	5,518,935	4,567,335	4,567,335	4,567,335	4,567,335
TOTAL	28,678,323	24,643,169	24,248,625	24,698,422	25,184,811	25,630,386
CIP as a % of Prior Yr Net Rev	9.4%	7.3%	7.2%	7.1%	7.1%	7.0%
CIP as a % of Prior Yr Net Rev w/ Debt Excl	11.3%	9.4%	8.9%	8.7%	8.6%	8.5%

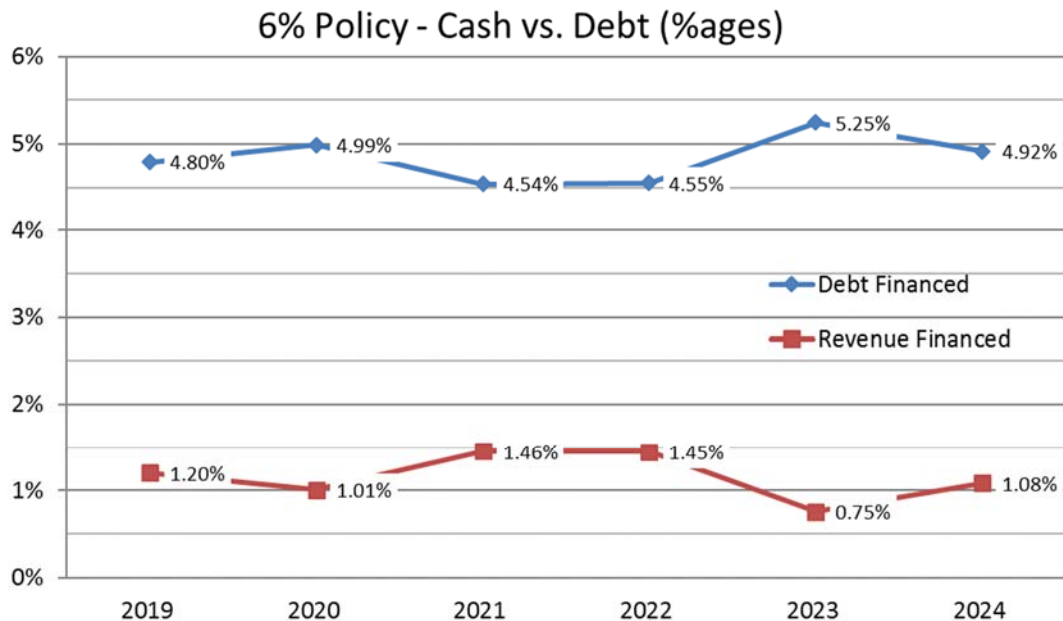
The table and graph on the following page provide more detail on the funding sources for the CIP:

GRAND TOTAL BY SOURCE (in millions)

	FY19	FY20	FY21	FY22	FY23	FY24	TOTAL	% OF TOTAL
Property Tax	\$3.05	\$2.64	\$3.96	\$4.00	\$2.20	\$3.24	\$19.09	15.0%
Free Cash	\$6.01	\$3.36	\$3.34	\$3.14	\$3.09	\$3.04	\$21.98	17.3%
General Fund Bond	\$44.15	\$1.50	\$6.45	\$2.62	\$2.77	\$3.30	\$60.78	47.9%
State / Federal Grants	\$8.07	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$12.87	10.1%
Debt Exclusion Override	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Golf Bond (Ent. Fund)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Utility Budget (Ent. Fund)	\$0.42	\$1.06	\$0.58	\$0.58	\$0.00	\$0.00	\$2.63	2.1%
Utility Bond (Water/Sewer Ent. Fund)	\$3.00	\$2.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5.00	3.9%
CDBG	\$1.27	\$0.16	\$0.00	\$0.00	\$0.00	\$0.00	\$1.43	1.1%
Other	\$0.00	\$2.40	\$0.00	\$0.00	\$0.22	\$0.00	\$2.62	2.1%
Re-Appropriation of Funds	\$0.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.50	0.4%
TOTAL	\$66.46	\$14.08	\$15.29	\$11.30	\$9.23	\$10.54	\$126.90	100%

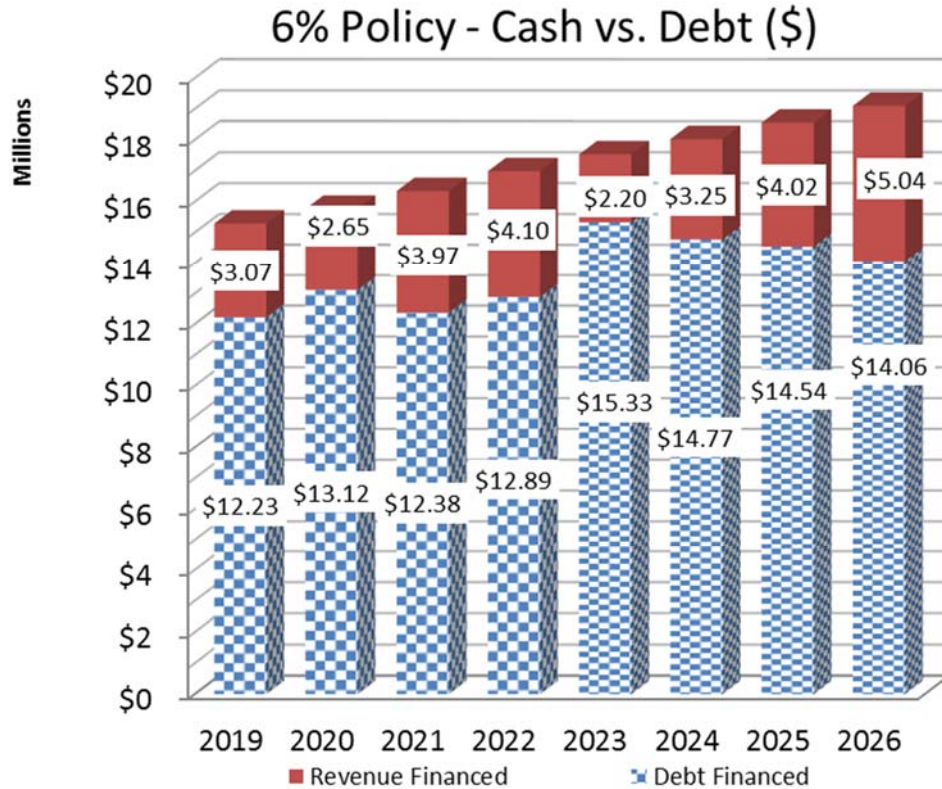


Over the six-year period of this Preliminary CIP, 47.9% of funding (\$60.78 million) is financed through the issuance of municipal debt. The reliance on debt to support the CIP could be interpreted as being problematic for the Town’s operating budget. However, since the CIP complies with the Town’s financing 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.), 49.6% is for Schools, 18% is for Parks/Playgrounds/Open Space, and 14.7% is for Engineering/Highway. This is shown in the following table:

GRAND TOTAL BY ALLOCATION (in millions)

	FY19	FY20	FY21	FY22	FY23	FY24	TOTAL	% OF TOTAL
General Government	\$0.23	\$0.20	\$0.48	\$0.38	\$0.38	\$0.26	\$1.91	1.5%
Planning and Community Devel.	\$8.58	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.58	6.8%
Public Safety	\$0.59	\$0.50	\$0.80	\$0.27	\$0.73	\$0.00	\$2.88	2.3%
Library	\$0.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.15	0.1%
Transportation	\$0.26	\$0.21	\$0.37	\$0.05	\$0.05	\$0.05	\$0.99	0.8%
Engineering/Hwy	\$2.99	\$3.04	\$3.09	\$3.13	\$3.19	\$3.25	\$18.70	14.7%
Water / Sewer	\$3.42	\$3.06	\$0.58	\$0.58	\$0.00	\$0.00	\$7.63	6.0%
Parks & Playgrounds	\$6.28	\$3.35	\$4.17	\$2.46	\$1.73	\$3.45	\$21.42	16.9%
Cons./Open Space	\$0.23	\$0.24	\$0.24	\$0.24	\$0.24	\$0.25	\$1.43	1.1%
Recreation	\$0.23	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.23	0.2%
Public Schools	\$43.53	\$3.49	\$5.57	\$4.20	\$2.92	\$3.30	\$63.00	49.6%
TOTAL	\$66.46	\$14.08	\$15.29	\$11.30	\$9.23	\$10.54	\$126.90	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 FY19 based on the Policy:

Free Cash Certification	\$11,151,363
1. Operating Budget Reserve	\$637,218
2. Unreserved Fund Balance/Stabilization Fund	\$2,600,000
3. Liability Reserve (to get fund to 1% of Prior Yr Net Revenue)	\$456,762
4. Capital Improvements (to get to 7.5% of Prior Yr Net Revenue)	\$3,823,305
5. <u>Affordable Housing Trust Fund (since Fund Balance below \$5M)</u>	<u>\$545,112</u>
Sub-Total	\$8,062,397
Amt available for Special Use (#6)	\$3,088,966
<u>6. Special Use:</u>	
Additional CIP	\$2,188,966
Pension Fund	\$300,000
OPEB's	\$600,000
Amount Appropriated	\$8,551,363

SPECIFICS

1. General Government:

Additional funding has been allocated to Town Building Furniture due to the demands placed on the appropriation over the past few years. The Town Rehab/Upgrade program continues at \$50,000 to help the Building Department respond to minor rehab/repair requests that fall outside of a major renovation

schedule. The Public Safety HVAC Modifications project addresses equipment upgrades to support the communication and data system rooms in the Public Safety building.

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:

1. 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 October 20, 2017 75% design submittal to MassDOT has increased the construction budget to \$8,107,000. It is estimated that the TIP will cover \$7,107,000 in Federal Fiscal Year 2018 toward a \$8,107,000 construction project.

- The Town’s Gateway East construction match of \$1,000,000 will be filled by:
 - Children’s Hospital mitigation (1% Off-Site Improvements--2 Brookline Place) \$750,000 and
 - \$250,000 in CDBG (or combination of Ch. 90 and/or other Town sources)

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:
 - \$280,000 in prior year CDBG funds earmarked for acquisition (FY17 CDBG allocation)
 - \$1,020,000 from a Section 108 Loan combination of Ch. 90 and/or other Town sources

Right-of-way acquisition costs presented are preliminary estimates. Under State statute, the Town may not discuss easement acquisition with property owners until MassDOT's Environmental and Community Compliance divisions give clearance for the Town to move forward.

3. Public Safety:

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. *Fire Station Renovation* 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.

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. *Engine #1* is scheduled for replacement in FY2023 and Quint #4 is scheduled for *Rehabilitation* in FY2020.

4. Library:

The request for renovations to the *Putterham Library Bathrooms* has been able to move up in the schedule and be funded in FY2019. 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 \$29M of specific park projects included, as shown in the table below:

	Total	Prior Year (FY18)	FY2019		2020		FY2021		FY2022		FY2023		FY2024		Future Years	
			Amount	RC	Amount	RC	Amount	RC	Amount	RC	Amount	RC	Amount	RC	Amount	RC
<u>Parks and Playgrounds</u>																
Amory tennis courts, Parking and Halls	1,650,000															1,650,000
Brookline Reservoir Park	2,200,000	2,200,000														
Cypress Playground/Athl. Field	2,640,000		240,000	A	2,400,000	A										
Fisher Hill Gatehouse Safety and Struct	175,000												175,000	A		
Harry Downes Field & Playground/Kra	2,450,000		2,450,000	B												
Heath School Playground Accessibility	1,110,000															1,110,000
Larz Anderson Park	8,400,000		2,700,000	B			2,200,000	B					2,500,000	B	1,000,000	
Larz Anderson Park cash	600,000		425,000	A	175,000	A										
Murphy Playground	965,000	70,000							895,000	B						
Riverway Park	625,000															625,000
Robinson Playground	1,250,000				100,000	A	1,150,000	B								
Schick Playground	1,060,000						90,000	A	970,000	B						
Boylston St. Playground	1,350,000								110,000	A	1,240,000	B				
Griggs Park	1,060,000												90,000	A	970,000	
Soule Athletic Fields	1,450,000															1,450,000
Skyline Park Turf replacement and Par	1,980,000												180,000	A	1,800,000	

It should be noted that the projected timeframe for both the 9th School at Baldwin and the High School have necessitated changes for both *Cypress Playground/Athletic Field Renovations* and the *Soule Athletic Field Renovation*. A portion of the funding for the Cypress Field Project is included in the General Fund (as shown above); any additional scope not included in the \$2.64M budget is assumed to be covered via the High School Debt exclusion. Given the uncertainty around the site for the 9th School the Soule Athletic Field project has been moved to future years.

There is also funding allocated in FY2019 for a *Traffic Calming/Safety Improvement* project that calls will address improvements to the Walnut--Chestnut-Kennard Intersection.

6. Recreation Project:

With over 50,000 patrons visiting the The Evelyn Kirrane Aquatics Center annually, the facility is one of the most frequented public spaces in Brookline. The facility is now in need of new systems for filtering water for the three pools. The current systems are over 30 years old and have recently been failing, allowing sand back into the pool. A new system would be more energy efficient, filter water more quickly and effectively, saving the department in time, labor, and materials.

7. 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 FY2019 continues to cover the leases at the temples, 62 Harvard, and 24 Webster Place (\$1,165,000) with very limited funding to modify smaller spaces in existing buildings.

A new appropriation for HVAC equipment has been funded in this CIP. This appropriation would replace the larger, more expensive parts up to and including the entire unit for air conditioners, HVAC equipment and boilers. Funding has also been included for Underground Oil tank removal. There are 26 tanks at various school and town sites, which are nearing the end of their warranty. The plan is to remove the tanks and replace with smaller units that could potentially fit inside the building. Public Building Fire Alarm Upgrades have also been added based on a study conducted by the Building Department this fiscal year.

The School Department has requested a new Climate Control item to deal with a variety of requests for cooling in some of their buildings. Some requests stem from a documented medical need, and others stem from maintaining an environment that is conducive to teaching and learning. Given the change in use since these buildings have been renovated it is necessary to gauge the desirability of the community to accommodate these requests. Should the request be unfavorable I would recommend that this funding be converted to the School Rehab / Upgrade appropriation.

In November 2017, the ongoing process to build a 9th elementary school in Brookline restarted the site selection process. On November 14, Town Meeting voted in favor of Special Town Meeting Warrant Article 1 to spend \$300,000 on further site evaluation at Baldwin/Pine Manor, Baker School, Pierce School, and other possible sites identified by the town or offered by landowners. The approved warrant allows for additional expenditures for further feasibility study should a single site or multi-site solution be chosen. The extended site evaluation study will be completed within 90 to 120 days, after which time feasibility study will commence. \$1.5 million is available in FY19 for schematic design at the chosen site, some of which is re-appropriated from remaining balance in the FY2018 9th School CIP item voted last year.

The BHS Expansion Project entered the Schematic Design Phase during FY2018. During this phase, the architectural firm William Rawn Associates is working with the School Building Committee to develop designs for the exterior facade of the new buildings, the layout of the building's technical systems such as electrical and plumbing, and provide more detailed cost estimates. The cost estimates for the expansion of BHS developed during this phase will be the basis for the funding request that goes to Town Meeting in 2018 and the anticipated debt exclusion override to fund construction.

CONCLUSION

As the process to site a new elementary school has shown, the availability of Town owned land for certain uses is often burdened by open space land use restrictions or other limitations. The Strategic Asset Plan and Large Parcel studies will also identify the

limitations on Town owned land and the opportunities that the acquisition of private land parcels can have to meet the Town's needs. It is not always practical to wait until a specific need is identified to seek acquisition authority and funding. Rather, an ongoing yet strategic land acquisition program as land parcels become available for sale may be the most practical approach for the Town to pursue. We intend to evaluate the best practices or vehicles for such a program, including use of the CIP to identify funding sources and/or properties.

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.