

THE ABRAHAMS GROUP

FOR BETTER GOVERNMENTS

May 10, 2017

Mr. James Boudreau
Town Administrator
Town Hall
55 Summer Street
Lynnfield, MA 01940

Dear Mr. Boudreau:

I am pleased to submit this report summarizing our work to create a 10-year, all-inclusive capital plan for the Town of Lynnfield.

INTRODUCTION

This project is funded by the Community Compact Cabinet initiative (www.mass.gov/CCC). Through this grant, The Abrahams Group developed a capital plan for the Town of Lynnfield. The goal of the program is to encourage the implementation of municipal best practices that promote good governance, in this case by developing a capital plan, thereby fostering efficiency, accountability, and transparency in local government and allowing the Town the ability to plan for capital expenses over multiple years.

BACKGROUND

The Town of Lynnfield ("Town") relied on departments' capital needs on a year-to-year basis as part of the budget cycle. Some departments had capital plans for multiple years in place, but, in general, most Town departments did not.

The 10-year capital plan was created based on heavy input from Town departments. The capital plan resulted in the following breakdown of capital items and costs, in FY 2018 dollars, by department or group, in total for FY 2018 to FY 2027.

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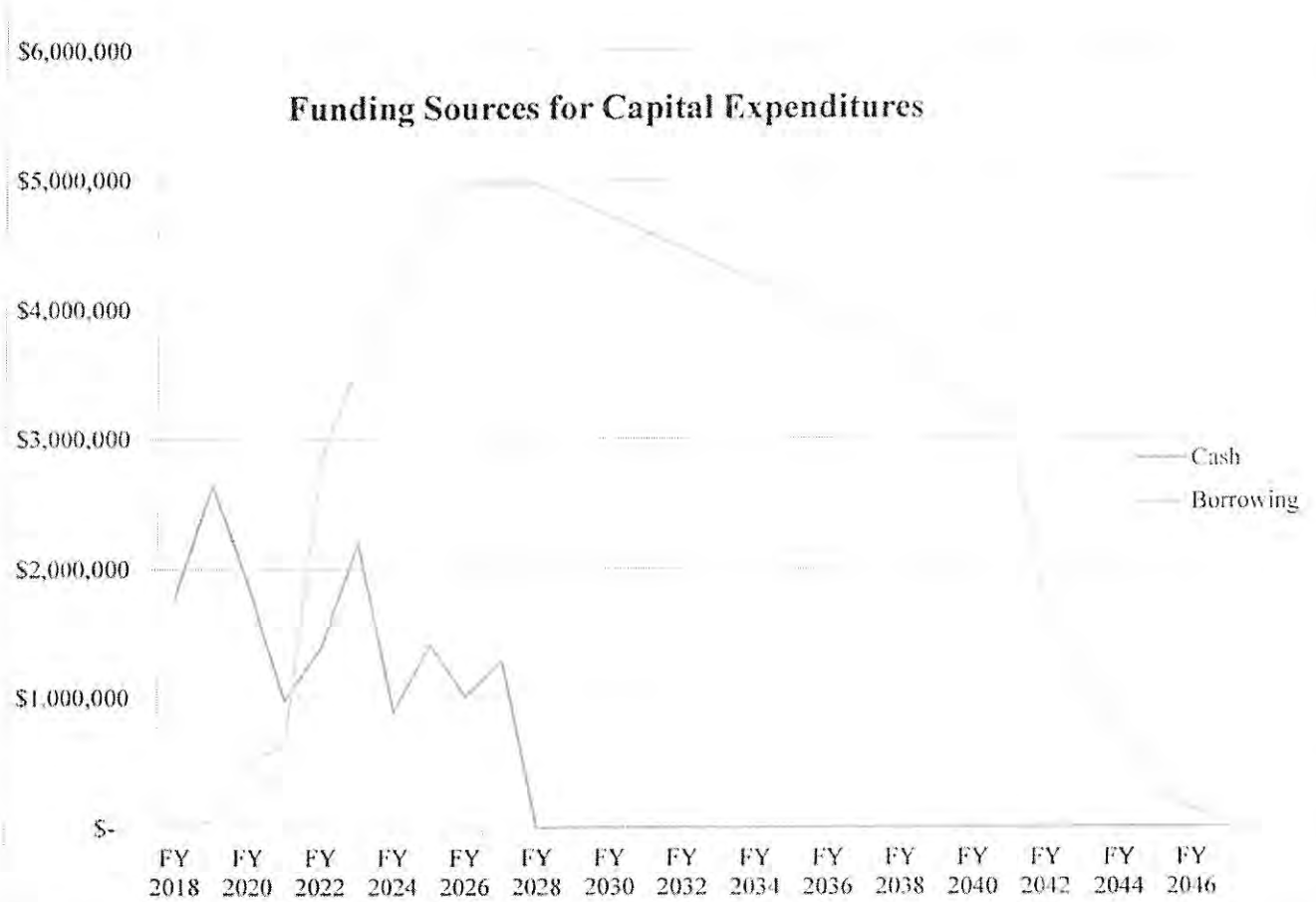
| Totals By Dept/Group | \$ Amount | # |
|-----------------------------|----------------------|------------|
| Schools | \$ 2,500,000 | 10 |
| Fire Dept | \$ 3,355,900 | 82 |
| Police Dept | \$ 1,038,227 | 33 |
| Public Works | \$ 28,509,405 | 206 |
| Other Town Dept | \$ 460,250 | 19 |
| Facilities | \$ 37,100,000 | 16 |
| Golf Courses | \$ 9,120,000 | 38 |
| Totals | \$ 82,083,782 | 404 |

Most of the maintenance of facilities and equipment, as well as the purchase of new equipment, falls under the Department of Public Works' jurisdiction, which is the main reason why the most items are listed for the Department of Public Works. The Department of Public Works' plan includes regular maintenance for each of the Town's buildings, including the schools. The School Department's capital in the plan is solely a yearly allotment for technology. The Facilities capital plan contains items and costs related to some potential larger projects in Town, like a new library and a new public safety building. The golf courses have large capital needs, in large part due to the lack of capital investment in the golf courses in the recent past.

PROJECTIONS

The 10-year capital plan created for the Town of Lynnfield shall be used on a consistent basis for capital planning. The main tab in the Excel file, which is called "Town-Wide Capital Planning", contains cells for the user to make certain selections to help the Town understand expenses related to the capital items in the plan. Selections include a funding source (Cash or Borrowing), term and interest rate for borrowing schedules created, and an inflation rate, if the Town wishes to inflate the costs to account for inflation in future years, considering the costs contained in the file are in FY 2018 dollars. The setting of these cells for those items the Town plans to fund in a given year allows the Town to see the impact of those purchases on Town finances, by year. Based on initial selections in the file, the projected amounts of cash (capital outlay) and borrowing expenses, by year, for the all-inclusive plan are presented in the graph below.

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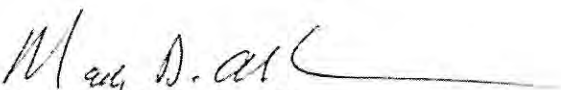
Any adjustments to the capital plan, including the exclusion of items to be funded and the changing of the interest rate on a borrowing, would have an impact on the above graph.

As capital needs for departments change, the Town should update the capital plan so it has the most up-to-date information in it that can be used for yearly capital planning.

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We are pleased to provide assistance to the Town of Lynnfield on this important and challenging project. I will be pleased to discuss this letter with you at your earliest convenience.

Sincerely yours,


Mark D. Abrahams, CPA
President