

Town of Millville, Massachusetts

Five Year Capital Planning Schedule

Overview

A Capital Improvement Program is a blueprint for planning a community's capital expenditures. A CIP is typically a multi-year plan identifying capital projects and equipment to be funded during the planning period. The plan is composed of two main parts; a capital program and a capital budget. The capital program is a plan for capital expenditures that extends out past the capital budget into the foreseeable future. The capital budget is the year to year financing, and an important component of the upcoming year's spending which specifically addresses the items listed on the capital plan. The Town has undertaken the process of updating a five-year Capital Improvement Plan to identify and address capital needs and planning for the impact on budget development.

Developing a Capital Improvement Program that will ensure sound financial and capital planning requires effective leadership and the involvement and cooperation of all municipal departments. A properly developed program will help the Town of Millville in many ways such as enhancing the community's credit rating, stabilizing debt service, and identifying the most economical and sustainable means of financial capital projects. The Capital Improvement Program will also assist with increasing opportunities for the solicitation of State and Federal funding by demonstrating a well thought out plan, as well as avoiding duplication of requests by overlapping governmental units.

The Town of Millville has identified several means of financing the Capital Improvement Program, including appropriations under the tax levy, outlay from special purpose Capital Stabilization fund, State and Federal funding, and the use of long term capital leases and long-term debt service. Depending on the cost and the useful life, the Town Administrator will make recommendations to the Capital Planning Committee, the Board of Selectmen, and the Finance Committee for funding options to address capital needs.

The Capital Improvement Program dovetails into the Town of Millville's five-year financial forecast for planning purposes. The program has to be worked into the omnibus portion of the budget so that both operational and capital needs are addressed and met for the municipal departments. Oftentimes a capital program suffers as fixed costs such as health insurance and retirement assessments continue to rise and place pressure on operational budgets. It is incumbent upon the Board of Selectmen and Town Administrator to ensure that both the operating budget and the capital program are reasonable and obtainable to ensure fiscal stability.

What is a Capital Asset?

The definition of a Capital Asset varies from Town to Town; however, they share common elements. For the Town of Millville, there are two main components that are looked at:

- Capital items are tangible assets or projects with a value of \$25,000 or more
- Must have a depreciable life of five (5) or more years.

The Town of Millville's capital program does include items or projects that are less than \$25,000 as they are infrastructure or one-time improvements in excess of available operational funding. While these items may not be applicable to capitalize as part of normal financial statements, they have been included in the long-term spending plan.

During Fiscal 2017 and throughout the Fiscal 2018 budget development process, the Town of Millville through its Town Administrator and Capital Planning Committee met with department heads to review the requests for the financial period of 2018 through 2023. A detailed schedule of meetings was developed cooperatively with the Board of Selectmen and Capital Planning Committee for budget and capital hearings. The Town Administrator subsequently reviewed and discussed funding options and priority levels for the requested items relative to available funds. The Fiscal 2018 Capital Program includes funding for Public Safety, and the Regional Schools through a capital assessment. It has been funded primarily through one time revenue sources rather than long term borrowing to minimize the financial impact on the operating budget in future years.

The included attachment named "Millville_Capital Summary" has been compiled based on the information provided by the department heads, and subsequently reviewed by the Capital Planning Committee. The timeline for projects or replacements have been prioritized based on need and financing source based on input from the originator. The Capital Improvement Program should be reviewed semi-annually with a focus on estimated cost, re-prioritization based on updated information from the departments, and the availability of funding that is above estimates, or was not known to be estimated at the time of the last revision. The Capital Improvement Program is a living document that requires regular review and updating in conjunction with the budget and financial forecast.

Respectfully Submitted,

Justin Cole
Baystate Municipal Accounting Group

Function	Department	Project Desc.	Type	Target Fiscal Year	Multi-Year	Projected Cost	Tax Levy; Annual Budget	Tax Levy; Lease	Tax Levy; Long Term Debt	Special Revenue	Free Cash	Stabilization	Mass Highway Chapter 90	Mass Works	Other Grants	Total	Deferred
200	Fire	Turnout Gear	Equipment	2018		6,250									6,250	6,250	-
200	Police	Cruiser Replacement	Equipment	2018	x	38,500			-	38,500					-	38,500	-
2018 Total						44,750	-	-	-	38,500	-	-	-	-	6,250	44,750	-
200	Fire	Station 1 Heating Replacement	Building	2019		10,000					10,000					10,000	-
200	Police	Cruiser Replacement	Equipment	2019	x	38,500			-	38,500						38,500	-
200	Police	Cruiser Replacement	Equipment	2019	x	38,500	38,500		-	-						38,500	-
200	Fire	Ambulance	Equipment	2019	s	180,000			180,000							180,000	-
400	Public Works	Loader (\$180,000 5 Year Lease)	Equipment	2019	x	36,000		36,000								36,000	-
300	School	Water Main Improvements	Infrastructure	2019		37,000						37,000				37,000	-
400	Public Works	Central Street Improvements	Infrastructure	2019	x	2,100,000							500,000	1,000,000	600,000	2,100,000	-
2019 Total						2,440,000	38,500	36,000	180,000	38,500	10,000	37,000	500,000	1,000,000	600,000	2,440,000	-
300	School	HVAC Replacement MES	Building	2020		21,000			21,000							21,000	-
200	Police	Police Station Window Replacements	Building	2020		5,000	5,000									5,000	-
200	Police	Cruiser Replacement	Equipment	2020	x	38,500	38,500									38,500	-
400	Public Works	Loader (\$180,000 5 Year Lease)	Equipment	2020	x	36,000		36,000								36,000	-
400	Public Works	Truck Replacement	Equipment	2020		50,000					50,000					50,000	-
300	School	Oil Tank Replacement	Infrastructure	2020		60,000			60,000							60,000	-
300	School	Fire Suppression Water Tank	Infrastructure	2020		120,000				100,000		20,000				120,000	-
600	Library	Parking Lot Replacement	Infrastructure	2020		30,000					30,000					30,000	-
2020 Total						360,500	43,500	36,000	81,000	100,000	80,000	20,000	-	-	-	360,500	-
200	Police	Cruiser Replacement	Equipment	2021	x	40,000	40,000									40,000	-
400	Public Works	Loader (\$180,000 5 Year Lease)	Equipment	2021	x	36,000		36,000								36,000	-
2021 Total						76,000	40,000	36,000	-	-	-	-	-	-	-	76,000	-
200	Police	Cruiser Replacement	Equipment	2022	x	40,000	40,000									40,000	-
400	Public Works	Loader (\$180,000 5 Year Lease)	Equipment	2022	x	36,000		36,000								36,000	-
2022 Total						76,000	40,000	36,000	-	-	-	-	-	-	-	76,000	-
200	Police	Cruiser Replacement	Equipment	2023	x	42,000	42,000									42,000	-
400	Public Works	Loader (\$180,000 5 Year Lease)	Equipment	2023	x	36,000		36,000								36,000	-
2023 Total						78,000	42,000	36,000	-	-	-	-	-	-	-	78,000	-
100	General Govt	Town Hall Masonry Repair	Building	2099		80,000										-	80,000
100	General Govt	Town Hall Ext Stairs Replacement	Building	2099		24,000										-	24,000
100	General Govt	Town Hall Window Replacements	Building	2099		80,000										-	80,000
100	General Govt	Town Hall Rear Parking Lot Replacement	Infrastructure	2099		30,000										-	30,000
100	General Govt	Town Hall Sidewalk Replacement	Infrastructure	2099		6,000										-	6,000
200	Fire	High Volume Water Tank	Infrastructure	2099		1,400,000										-	1,400,000
200	Fire	Water System Interconnection	Infrastructure	2099		315,000										-	315,000
2099 Total						1,935,000	-	-	-	-	-	-	-	-	-	-	1,935,000
Grand Total						5,010,250	204,000	180,000	261,000	177,000	90,000	57,000	500,000	1,000,000	606,250	3,075,250	1,935,000

Notes On Funding Sources

- 1) Tax Levy Budget & Tax Levy Lease - We have chosen to differentiate between capital items funded as a regularly recurring part of the budget in perpetuity versus "short term" budgeted items such as leases with a 3-5 year life.
- 2) Tax Levy Long Term Debt encompasses items for which the Town will borrow and repay the principle and interest over the life of the loan. Educational items for the Regional School will be borrowed through the region itself. All other capital borrowing will be five or less years.
- 3) Special Revenue - The Town has established an Ambulance Receipts Reserved account that is not used to fund the annual operating budget of the Fire/EMS department. Funding is appropriated to address public safety capital issues. Other secondary SR funds are also available
- 4) Free Cash - The Town is utilizing Free Cash for items that non emergency or critical in nature, and one time in nature. The Town budgets in such a way that it attempts to estimate a certain level of Free Cash at the end of the fiscal year. The use of Free Cash in any year is limited to \$80,000, while anything generated in excess is diverted to funding other long term obligations such as stabilization savings and OPEB.
- 5) Grants - The Town attempts to solicit outside grant funding for the payment of particular capital projects. This has historically been for capital roadway infrastructure projects, however in recent years additional funding has become available to begin addressing other capital needs.

Deferred Projects

Deferred projects are those which have been identified as being unnecessary at this time, non critical, or lacking a sufficient implementation plan by the requesting department to be considered. At the time of this revision, projects related to the Millville Town Hall have been deferred due to the establishment of the new Town Hall locations at 290 Main Street in Millville. The building referenced in the capital planning document has been condemned and as such the projects placed in deferred status. The Town has plans for the disposition of the property, however until such time as a sale or auction has been completed, the capital document will hold the previously requested projects as a placeholder. If the Town decides to retain the property for municipal purposes, the identified projects would most likely be required at that time. The remains projects related to the upgrade and improvement to the town wide fire suppression system have not been through the feasibility study or engineering phase. At this time these projects are placeholder estimates with no timeline to move forward.