



**CAPITAL IMPROVEMENT PLAN  
(FY2018 – FY2022)**



**Town of Monson**



**Submitted for Review January 2017**



THIS PAGE IS INTENTIONALLY BLANK

*Prepared for the Town of Monson by the  
Edward J. Collins, Jr. Center for Public Management  
at the University of Massachusetts, Boston*

## Table of Contents

Introduction .....	1
CIP Overview .....	2
About the Town of Monson .....	3
Town Facilities .....	3
Information Technology .....	4
Parks and Open Space .....	4
Roadways and Sidewalks .....	5
School Facilities .....	6
Water System .....	6
Sewer System .....	7
Stormwater Collection System .....	7
Vehicles and Equipment .....	7
Possible Funding Sources .....	9
Local Resources .....	9
Federal, State, and Private Grants and Loans .....	10
Monson Capital Planning Process (FY2018-FY2022) .....	13
Project Requests .....	13
Resources Available .....	14
General Fund Debt and Pay-as-You-Go .....	14
Water and Sewer Debt and Pay-as-You-Go .....	16
Other Available Funds .....	17
Capital Planning Evaluation Criteria .....	17
FY2018-FY2022 Capital Plan detail .....	19
Appendices .....	31
Appendix 1: Monson at a Glance .....	32
Appendix 2: New Growth History .....	34
Appendix 3: General Fund Capital Investment Plan .....	35
Appendix 4: Water Enterprise Fund Debt and Pay-As-You-Go .....	36
Appendix 5: Select DLS Municipal Finance Glossary .....	37

THIS PAGE IS INTENTIONALLY BLANK



## INTRODUCTION

The Town of Monson's \$8.4 million five-year capital improvement plan (CIP) for FY2018-FY2022 will make major inroads into addressing significant infrastructure needs that exist in Monson today and will start the Town on a path of making a regular and sizeable investments in the maintenance and improvement of its capital assets. Across the community, residents and businesses will begin to feel the positive impact of the CIP through high visibility projects such as: street and landscape improvements on Main Street, replacing ambulances, and the demolition of the closed Hillside School. Less visibly – but also with great impact – are projects such as replacing dump trucks and pickup trucks, replacing water meters, and replacing inefficient heating systems to ensure the comfort, health, and safety of residents and Town employees alike.

By looking out across multiple years, Town officials will be able to carefully schedule projects so that they capture declines in existing debt service and use those same dollars to fund new investments. At the same time, department directors will be able to plan in advance for upgrades of equipment and infrastructure so as to reduce emergency repairs and purchases which inevitably drive up costs. Departments will also be able to plan for multi-year projects such as the design and construction of a major roadway project or a new building, while knowing that their efforts will be tracked as part of regular updates to the CIP.

In this rolling five-year plan, funding for the first year will be included in the Town's FY2018 budget, while years two to five will provide a plan for the future that takes into account the best information currently available. During the FY2018 fiscal year, another plan — building upon this one— will be developed for the subsequent five years e.g., FY2019 - FY2023. Should more funding become available than is currently anticipated, projects could be moved forward in time and/or additional projects could be added. Should finances be more constrained than currently anticipated, projects could be moved back in time or taken off the list. Further, other projects not yet conceived of can be added if they advance the Town's goals better than those included in the current version of the plan.

### **What is a capital budget? What is a capital project?**

A capital budget is distinct from an operating budget in that the items included in a capital budget are typically large or infrequent expenses, such as construction of a new building or acquisition of a new dump truck, whereas an operating budget includes expenses that occur each year or are more modest in what expenses go toward capital, such as salaries or the replacement of a couple computers. A capital budget identifies the array of resources to be used to fund a series of capital projects. In many instances, municipalities establish minimum dollar thresholds for projects to be included in a CIP.

The Massachusetts Association of Town Finance Committees defines capital projects as “major, non-recurring expenditures, for one of the following purposes:

- acquisition of land for a public purpose;
- construction of a new facility or external expansion or major rehabilitation of an existing one. Examples of such town facilities include public buildings, water and sewer lines, roads and playing fields;
- purchase of vehicles or major equipment items;
- any planning, feasibility, engineering or design study related to a capital project or to a capital improvement program consisting of individual projects.

- equipment for public improvements when they are first constructed such as furniture, office equipment, or playground equipment;
- major equipment which is expensive and has a relatively long life such as a fire apparatus, garbage trucks, and construction equipment.”

The Association goes on to indicate that, “typically capital projects do not include:

- equipment such as furniture or police or public works vehicles which are replaced annually in approximately the same quantity;
- equipment with a useful life of five years or less.”

### **What is a capital plan?**

According to the Massachusetts Department of Revenue (DOR), a capital plan is a blueprint for planning a community’s capital expenditure and “one of most important responsibilities of local government officials.” Putting together multiple years of capital spending into a plan, instead of looking at each year in isolation, has multiple benefits including:

- impacts on the operating budget can be minimized through thoughtful debt management;
- high-cost repairs and emergency acquisitions can be reduced by implementing regular vehicle and equipment replacement schedules, and by undertaking major facilities improvements, such as replacing roofs, before a problem becomes chronic and damage occurs;
- large scale, ambitious public improvements can be phased over multiple years;
- critical parcels of land can be purchased before costs increase;
- costly mistakes created by lack of coordination - such as paving a street one year and then cutting into it the next year to install a sewer line – can be avoided; and,
- methodical progress can be made toward meeting community goals.

### **CIP Overview**

In the FY2018-FY2022 Capital Improvement Plan, the Town of Monson will expend approximately \$8.4 million in funds for 69 capital projects ranging in size from \$1,000 for landscaping equipment in the Cemetery Department to \$750,000 for an overhaul of the public safety radio system infrastructure.

Funding for the entire CIP will be provided from an array of sources, including, but not limited to:

- \$1.73 million in general fund debt;
- Just over \$1.35 million in pay-as-you-go projects funded by the general fund;
- \$465,000 funded through water and sewer enterprise fund debt and pay-as-you-go sources; and,
- More than \$700,000 from ambulance receipts.

The Town also anticipates receiving more than \$3.8 million in grant funds for capital projects. This includes the annual Chapter 90 roadway allocation, which is projected to total more than \$2.3 million over the course of the next five years, \$750,000 from the State for regional 911, and \$600,000 from the State’s MassWorks infrastructure grant program. While the figures known today are substantial, grant funding will certainly increase in upcoming years as new grant opportunities are identified and secured. The plan also identifies projects to be considered for Community Preservation Act funding totaling approximately \$260,000 over the five year period.

## ABOUT THE TOWN OF MONSON

Within the Town of Monson’s 44 square miles of land area can be found many significant infrastructure systems that must be maintained each year, including town and school facilities, information technology (IT) systems, parks and open space, roadways and sidewalks, the sewer system, storm drainage system, and the water system. In addition, the many vehicles and pieces of equipment used by Town and School staff to perform their duties must also be maintained and replaced over time.

The maintenance of the Town’s infrastructure systems is critically important to the health and safety of Monson’s approximately 8,560<sup>1</sup> residents and the vitality of the more than 100<sup>2</sup> businesses in the town. Town officials face a significant challenge as they strive to keep these systems and equipment in good working condition while using the public resources available to them wisely and with the greatest impact.

Infrastructure components for which the Town of Monson is responsible include:

### ***Town Facilities***

The Town manages a series of buildings and building complexes that serve a multitude of purposes from Town offices and the Monson Free Library to the Fire Station. Each of these facilities must be maintained on a regular basis to ensure the safety and effectiveness of the working environment. At the same time new initiatives such as land acquisition or building replacements may also be necessary or advantageous.

<b>MONSON TOWN FACILITIES*</b>	
(*Partial List. See later tables for school, recreation, and water/sewer facilities)	
<b>Town Facility</b>	<b>Location</b>
Cemeteries (3)	Bethany Road, Main Street, Moulton Hill Road
Cemetery Department	32 Wilbraham Road
Fire Station	200 Main Street
Highway Department and Town Garage	198/200 Main Street
Hillside Elementary School (Closed)	29 Thompson Street
Keep Homestead Museum	35 Ely Street
Memorial Town Hall	198 Main Street
Monson Free Library	2 High Street
Police Radio/Repeater	Hovey Road
Police Station	110 Main Street
Senior Center	106 Main Street
Town Hall	21 Thompson Street
Town Offices	110 Main Street
Water and Sewer Department	198 Main Street

Altogether, the Town’s insurance provider has placed a replacement value on the buildings (including public schools) and the equipment within them, at more than \$90 million<sup>3</sup>.

<sup>1</sup> U.S. Census 2010 figures, retrieved from <https://www.sec.state.ma.us/census/hampden.htm>, December 30, 2016

<sup>2</sup> 2012 Economic Census of the U.S., retrieved from <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CE>, December 30, 2016

<sup>3</sup> “Statement of Values,” Town of Monson, as of 6/16/2016, obtained from M. Lauria, Town Accountant

Recent and ongoing maintenance and improvement projects include renovations to Memorial Hall, a new Town Offices/Police Station complex, and landscaping along Main Street. The Town Offices/Police Station complex and work on Main Street was completed as part of the rebuilding after the devastating 2011 tornado.

As a participant in the State’s Green Communities program, Monson has undertaken a number of energy efficiency projects, such as weatherization and lighting retrofits. These projects were funded through two grants totaling more than \$350,000 received in FY2011 and FY2016.

**Information Technology**

The Town’s information technology (IT) infrastructure supports approximately 300 users across Town and School departments, using a wide-area network that connects all Town-owned buildings. Software applications used town-wide include the VADAR financial system and the Firstclass email system. The data center supporting the Town network is located on 110 Main Street.

The Town of Monson hosts public WiFi locations at the Town Office Building, Monson Free Library, and Monson Senior Center. The Town supports one main server at 110 Main, several police servers (also at 110 Main Street), and one server at Monson Fire Department. Cisco wireless access points are located in the Town offices, Monson Senior Center, Police Department, Highway Department, Fire Department, and Cemetery Department. All locations within the Town infrastructure are protected by SonicWall firewalls and are updated regularly. The Town also hosts a failover phone system, a camera server for 30 cameras within the Town Office/Police Department, and additional 911 infrastructure.

The Town utilizes VADAR for all of its accounting, collections, and ancillary financial functions. All assessing for the Town is done with software from “Vision” and all Building Department functions run on Geo TMS. The Monson Council on Aging is utilizing “My Senior Center” to streamline processes and increase data collection. The Fire Department utilizes “Image Trend” for most functions and the Police Department utilizes IMC for the majority of its functions. The Town is currently reviewing other software efficiencies.

**Parks and Open Space**

Town residents and visitors have access to hundreds of acres of recreational areas including sports fields, parks, playgrounds, ponds, woodlands, passive recreation areas, and walking trails.

<b>TOWN-OWNED OPEN SPACE AND RECREATIONAL FACILITIES<sup>4</sup></b>		
<b>Town Facility</b>	<b>Acres</b>	<b>Description</b>
Cushman Field	8	Baseball, softball, and soccer fields
Flynt Park	100+	Hiking trails, soccer and baseball fields
Flynt Quarry Lands	165	Trails
Keep Homestead Site	75	Open meadow and woodlands with trails
Monson Brimfield Wales Trail		Rail trail spanning 14.5 miles
Quinlan Memorial Conservation Lands		
Silver Street Conservation Area/ Skorupski Property	40	Trails, conservation area
Veterans Field	8	Soccer, baseball and softball fields, tennis courts, playground

<sup>4</sup> 2014 Open Space and Recreation Plan, Town of Monson



TOWN-OWNED OPEN SPACE AND RECREATIONAL FACILITIES <sup>4</sup>		
Town Facility	Acres	Description
<b>School Properties</b>		
Granite Valley Middle School		¼ mile outdoor track, soccer field, indoor basketball courts
Monson High School		Soccer and baseball fields, indoor basketball courts
Quarry Hill Community School		Soccer, baseball, and softball fields, playgrounds, basketball court

Many acres in Monson are owned by the State or private owners as open space. Major sites include:

- Brimfield State Forest- Managed by the State Division of Conservation Resources, the land may be used for hiking, biking, and other recreational pursuits by the general public; includes Dean Pond, a public swimming area;
- Norcross Wildlife Sanctuary- Approximately 8,000-acre sanctuary, a portion of which is located in Monson, owned by the Norcross Wildlife Foundation;
- Peaked Mountain Reservation- A 500-acre site for hiking owned by the Trustees of Reservation; and,
- Conant Brook Dam- A 300-acre flood control facility managed by the federal Army Corps of Engineers that offers opportunities for recreation including fishing, hiking, cross-country skiing, horseback riding, and hunting with a permit.

In addition, there are three watershed areas in Monson: the Chicopee, the Connecticut, and the Quinebaug. There are multiple streams and brooks throughout town, but the major water body is Chicopee Brook, which flows into the Quaboag River. The Quaboag forms the northern border between Monson and Palmer. While recreational activities such as swimming and canoeing on that river are possible, public access is limited. There are also several small ponds and lakes that are privately owned.

There are also numerous properties in town, estimated to encompass more than 3,000 acres, which fall under the Agricultural Preservation Restriction or Chapter 61 State programs.

**Roadways and Sidewalks**

A network of approximately 110 miles of road crosses Monson. This includes approximately 100 miles of locally accepted roads, eight miles of State roadway maintained by various agencies, and two miles of unaccepted (private) roadway.

Roads are typically classified into three categories:

- *Local streets* provide direct access to residential properties and serve the transportation needs within a particular neighborhood. Approximately 69% of all roads in Monson are local streets.
- *Collector streets* primarily collect traffic off of local streets and lead such traffic to and from arterial roadways. They comprise approximately 16% of the roads in town.
- *Arterial roadways* are typically numbered and serve regional as well as local automobile and truck traffic. Route 32 is one example of an arterial roadway in Monson. These roadways are often owned and maintained

by the state, and function as part of regional highway system. Arterial roads make up approximately 15% of the road network in town.

**School Facilities**

The Monson Public School District operates three school facilities including an elementary school (K-5), a middle school (6-8), and a high school altogether serving 1,042 students.<sup>5</sup> Each school facility has associated play equipment and/or fields.

MONSON PUBLIC SCHOOL FACILITIES	
School Facilities	Location
Granite Valley Middle School	21 Thompson Street
Monson High School	55 Margaret Street
Quarry Hill Community School and School Administration Offices	43 Margaret Street

Monson Public Schools operates transportation services for students in-house. The District owns buses, vans, and other specialty vehicles and has its own fueling station.

**Water System**

Monson’s water supply system services approximately 3,400 people, or slightly less than half of the population, as of 2014. The source of water is four wells on Bunyan Road, Palmer Road, and Bethany Road. The Palmer Road well is the town’s primary source, supplying the vast majority of water consumed in Monson. The water is treated to comply with drinking water regulations. Water is stored in two tanks on Ely Road. Tank #1 has a capacity of 1,000,000 gallons while tank #2 can store up to 500,000 gallons.

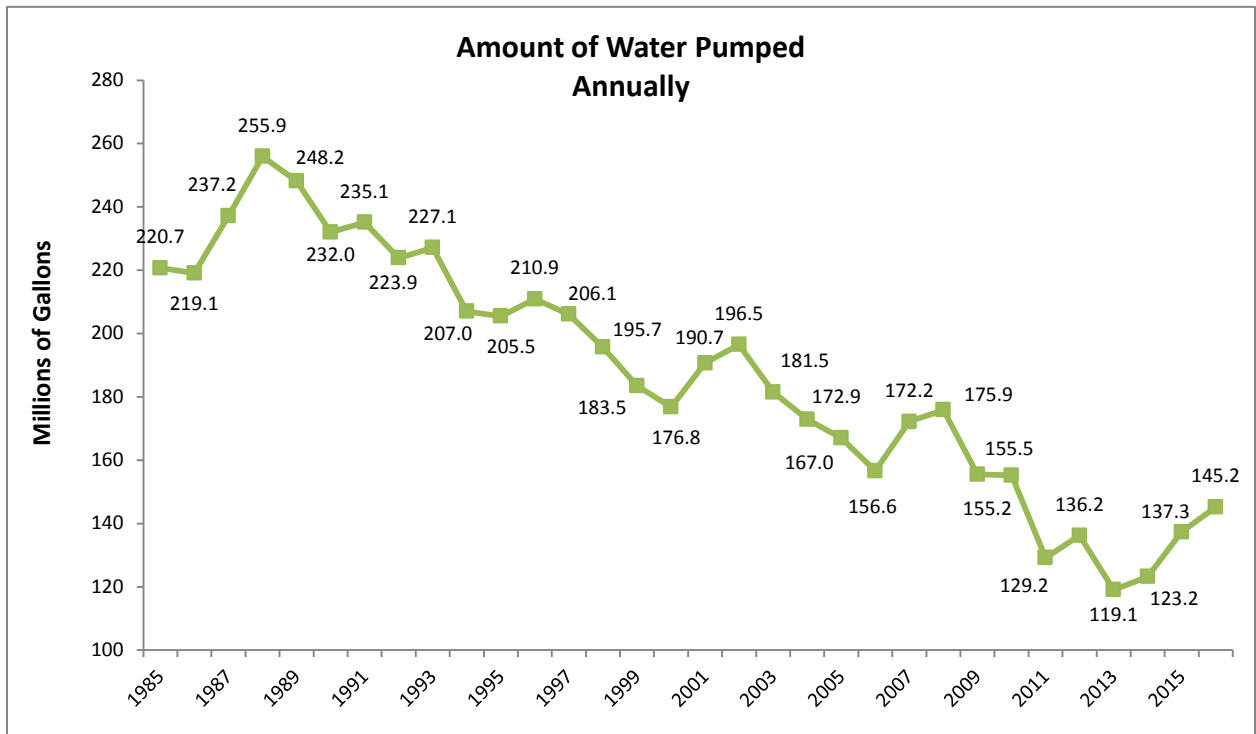
Water is distributed to households, businesses, and other locations through more than 30 miles of water main ranging in diameter from 4” to 16”, which require continual maintenance and occasional upgrades<sup>6</sup>. The Water Department is responsible for maintenance that includes repairing water main breaks, replacing broken hydrants and gate valves, winterizing hydrants, annual flushing, leak detection, maintaining pumping stations, cleaning and relining pipes, and maintaining the water storage tanks. Upgrades include replacing undersized pipes and connecting dead end lines.

MONSON WATER FACILITIES	
Description	Location
Meter Vault	Bunyan Road
Pump Stations (3)	Palmer Road, Bethany Road, Bunyan Road
1 Million Gallon Water Tower	Ely Road
½ Million Gallon Water Tank	Ely Road

<sup>5</sup> Massachusetts DESE District Profiles.

<sup>6</sup> “Sanitary Survey Report: Monson Water and Sewer Department,” MassDEP, November 2014, retrieved from [http://www.monson-ma.gov/sites/monsonma/files/uploads/2014\\_drinking\\_water.pdf](http://www.monson-ma.gov/sites/monsonma/files/uploads/2014_drinking_water.pdf), January 3, 2017

Conservation efforts over the last 5 to 10 years continued a trend that dates back to 1988 when 256 million gallons (MG) was treated and pumped to the community, but gradually decreased to 119 MG in 2013; a reduction of 53%. Subsequent consumption as of last year (2016), was recorded up 26 MG to 145MG.



**Sewer System**

Slightly less than half the population in Monson (~3,000) is served by a municipal sewer system located in the central part of the town. The town’s topography creates severe limitations of the expansion capabilities of the system.

The current system consists of approximately 27.5 miles of sewer lines. There is one wastewater pumping station that can handle up to 1.4 million gallons per day on average and a peak flow of 2.2 million gallons per day. The wastewater is sent to a treatment plant in neighboring Palmer<sup>7</sup>.

**Stormwater Collection System**

The stormwater collection system consists of a variety of drains, catch basins, pipes, and other components designed to collect and convey stormwater to the Chicopee Brook. The Town’s system is separated from its sewer system. Effective stormwater management is an important function for the protection of water quality and public health, since stagnant water creates breeding grounds for mosquitos.

**Vehicles and Equipment**

<sup>7</sup> 2014 Open Space and Recreation Plan, Town of Monson

Many Town departments, such as the Highway Department, Fire Department, Police Department, School District, and Parks and Recreation Department use small and large vehicles and equipment on a daily basis. Town-wide, the auto fleet includes 190 vehicles, trailers, and motorized pieces of equipment (e.g. mowers and trailers). Employees also use countless small and handheld pieces of equipment (e.g., asphalt compactors, shovels, and other grounds maintenance tools as well as hand tools) which typically have short lifespans. All of these vehicles and equipment must be replaced periodically to prevent negative impacts to operations.

The Town’s commitment to cost effective energy efficiency means that “green” replacements, such as electric and hybrid vehicles, are considered whenever possible.

<b>MONSON VEHICLE INVENTORY SUMMARY</b>		
<b>Department</b>	<b>Vehicle Count</b>	<b>Example Vehicles/Equipment</b>
Highway Department	21	Dump truck, loader, tractor
Fire Department	13	Engine, ambulance, SUV
Police Department	11	Sedan/SUV cruiser
School Department	32	Bus, van
Water/Sewer Department	8	Pick-up truck, trailer
Other	18	Sedan, van

Town wide, the fleet is valued at more than \$6 million<sup>8</sup>.

---

<sup>8</sup> “Auto Fleet Schedule,” Town of Monson, as of 6/16/2016, obtained from M. Lauria, Town Accountant

## POSSIBLE FUNDING SOURCES

There are a number of ways to finance municipal capital improvement projects. Some of the most common methods are:

### Local Resources

- **Municipal Indebtedness:** The most commonly used method of financing large capital projects is general obligation bonds (aka, “GO Bonds”). They are issued for a period of time ranging from 5 to 30 years, during which time principal and interest payments are made. Making payments over time has the advantage of allowing the capital expenditures to be amortized over the life of the project. Funding sources used to pay back the debt can include:
  - **Bonds funded within the tax limits of Proposition 2 ½:** Debt service for these bonds must be paid within the tax levy limitations of proposition 2 ½. Funds used for this debt must be carefully planned in order to not impact the annual operating budget.
  - **Bonds funded outside the tax limits of Proposition 2 ½ :** Debt service for these bonds is paid by increasing local property taxes in an amount needed to pay the annual debt service. Known as a Debt Exclusion or Exempt Debt, this type of funding requires approval by 2/3 vote of the local appropriating authority (e.g., town council or town meeting) and approval of the majority of voters participating in a ballot vote. Prior to the vote, the impact on the tax rate must be determined so voters can understand the financial implications.<sup>9</sup>
  - **Bonds funded with Enterprise Funds:** Debt service for these bonds is typically paid by user fees, such as water and sewer revenue. Depending upon the type of project, interest costs may be subsidized by the Commonwealth and at times partial grant funds may be available (see below). Enterprise funds do not affect the general operating budget unless general funds are needed to subsidize revenues from the enterprise. Prior to the issuance of debt, the projects must be analyzed for their impact on rates.
- **Capital Outlay / Pay As You Go:** Pay as You Go capital projects are funded with current revenues and the entire cost is paid off within one year so no borrowing takes place. Projects funded with current revenues are customarily lower in cost than those funded by general obligation bonds because there are no interest costs. However, funds to be used for this purpose must be carefully planned in order to not impact the annual operating budget. For this reason, Pay as You Go capital projects are typically lower in value than projects funded by borrowing.
- **Capital Outlay / Expenditure Exclusion:** Expenditure Exclusion projects are similar to Pay as You Go, above, except taxes are raised outside the limits of Proposition 2 ½ and are added to the tax levy only during the year in which the project is being funded. As with a Debt Exclusion, Expenditure Exclusion funding requires approval by 2/3 vote of the local appropriating authority (e.g., town council or town meeting) and approval of the majority of voters participating in a ballot vote. Prior to the vote, the impact on the tax rate must be determined so voters can understand the financial implications. Capital outlay expenditures may be authorized for any municipal purpose for which the town or town would be authorized to borrow money.

---

<sup>9</sup> A debt exclusion is different from a property tax override in that a debt exclusion is only in place until the incurred debt has been paid off. An override becomes a permanent part of the levy limit base.

- **Capital Stabilization Fund:** Local officials can set aside money in a stabilization fund – outside of the general fund - to pay for all or a portion of future capital projects. A 2/3 vote of town council is required to appropriate money into and out of this fund. Lawrence has a State Mandated Capital Reserve Fund which requires the annual investment of 1.5% of the amount of property taxes committed for the preceding fiscal year. These funds can be used by the School Department for purposes for which the Town could borrow for 10 years or longer under chapter 44 of the Massachusetts General Laws.
- **Sale of Surplus Real Property:** Pursuant to Massachusetts General Laws, when real estate is sold, the proceeds must first be used to pay any debt incurred in the purchase of the property. If no debt is outstanding, the funds “may be used for any purpose or purposes for which the town, town or district is authorized to incur debt for a period of five years or more...except that the proceeds of a sale in excess of five hundred dollars of any park land by a town, town, or district shall be used only by said town, town, or district for acquisition of land for park purposes or for capital improvements to park land” (MGL Chapter 44, Sec. 63).
- **Enterprise Retained Earnings / Stabilization Fund:** Enterprise operations, such as water and sewer, are able to maintain an operating surplus that can be utilized for future enterprise fund costs. These funds can be used to stabilize the user rates, apply to annual budget needs, and/or invest in capital replacement and expansion. Lawrence presently manages three such enterprise funds including the Water/Sewer Fund, the Airport Fund, and the Parking Garage and Lots Fund.
- **Free Cash:** Free Cash is the difference between annual revenues and expenditures and is certified by the Commonwealth each year. After certification, free cash is available for appropriation for any municipal purpose, including capital projects.
- **Special Purpose Funds:** Communities also have established numerous “Special Purpose Accounts” for which the use is restricted for a specific purpose, such as investment in department facilities and equipment. There are numerous state statutes that govern the establishment and use of these separate accounts. Examples include the sale of cemetery lots and ambulance receipts accounts.

## **Federal, State, and Private Grants and Loans**

Special revenue sources include grants or loans from federal, state, or private sources. Examples include:

- **Federal Community Development Block Grant (CDBG):** The U.S. Department of Housing & Urban Development (HUD) “provides communities with resources to address a wide range of unique community development needs.”<sup>10</sup> Funds are granted directly to “entitlement” communities which are cities with a population of at least 50,000 or counties with a population of at least 200,000. To secure entitle funds, each town must prepare a Consolidated Plan every five years outlining the town’s goals for use of the funds, and an annual plan must be prepared each year. Funding for smaller communities flow through State administered CDBG programs. As it relates to capital projects, HUD funds can be used for: acquisition of real property; relocation and demolition of housing; rehabilitation of residential and non-residential structures; construction of public facilities and improvements, such as water and sewer facilities, streets,

---

<sup>10</sup> U.S. Department of Housing and Urban Development (HUD), “Community Development Block Grant (CDBG) Program”, retrieved December 3, 2015 from [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/programs](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs).



neighborhood centers, and the conversion of school buildings for eligible purposes; activities relating to energy conservation and renewable energy resources.

- **Massachusetts Chapter 90 Roadway Funds:** Each year, the Massachusetts Department of Transportation (MassDOT) allocates funds to cities and towns for roadway construction, maintenance, or improvement. Funds may also be used for other work incidental to roadway work, such as the construction of a garage to house related vehicles, or the purchase of related vehicles, equipment, and tools. Chapter 90 is a 100% reimbursable program. Funding is accomplished through the issuance of transportation bonds and apportioned to municipalities based on three factors: 1) accepted road miles, 2) population, and 3) total employment within the municipal borders. Road miles is the most heavily weighted factor at 58.33%; the others are each weighted at 20.83%.
- **Massachusetts Department of Environmental Protection’s State Revolving Loan Funds (SRF):** The Clean Water State Revolving Loan Fund (CWSRF) provides financing for sewer and drainage projects intended to reduce sewer overflows and the Drinking Water State Revolving Loan Fund (DWSRF) provides financing to improve the quality of the drinking water system. The CWSRF and DWSRF programs typically offer a mix of low interest (2%) loans and grant funds. Repayment does not begin until two years after the monies have been borrowed.
- **Massachusetts School Building Authority (MSBA)** – The MSBA provides funding for school repair and construction via a series of programs. In the School Building Program, projects must be accepted into the process in response to the submission of a Statement of Interest which identifies a facility problem to be solved. Subsequently, the community must appropriate funding for schematic design and later for construction before the MSBA will commit to its share of the project. If accepted, the MSBA determines the amount of reimbursement it will offer based upon community need, with a minimum base rate of 31%. The percent of reimbursement can then be increased based upon three factors: community income factor, community property wealth factor, and community poverty factor. Through the Accelerated Repair Program, the MSBA will fund roof, window, and boiler projects with an expected 18-month completion date. Funding can be provided for multiple projects in a single district in a year. The Major Repair Program includes roofs, windows, and boilers, but can also include other significant building renovations. Districts are limited to one project per year under the Major Repair Program, but work can be more substantial than the Accelerated Repair Program.

Many state departments also offer annual grant opportunities that are available to municipalities typically through a competitive application process. State grant programs including, but not limited to: Green Community grants (project to improve sustainability), Parkland Acquisitions and Renovations for Communities grants (PARC), and the MassWorks Infrastructure Program.

For additional definitions, please refer to the Glossary in the appendices.

THIS PAGE IS INTENTIONALLY BLANK

## **MONSON CAPITAL PLANNING PROCESS (FY2018-FY2022)**

The Town of Monson hired the Edward J. Collins, Jr. Center for Public Management at the University of Massachusetts Boston to facilitate preparation of the Town's five-year Capital Improvement Plan (CIP) for FY2018 to FY2022. The project team met with leadership of all Town departments to explain the process to be followed and discuss the types of projects that would be eligible for funding in the capital plan. Departments were provided with a Capital Improvement Project Request Form asking them to describe their proposed project(s), the justification for why each project was needed, the priority placed on the project by the department, and the fiscal year or years in which the funds were needed. In addition, departments were asked to indicate if outside funds might be available to support the project and to anticipate the impact of the project on the Town's operating budget. In particular, departments were asked if any savings could be realized, for example, if the purchase of new equipment could reduce the cost of annual repairs. Department directors were encouraged to contemplate needs over multiple years and to be ambitious with their proposals. Particular attention was paid to equipment needs with a goal of developing a regular replacement schedule that would reduce, if not eliminate, emergency replacement and costly repairs.

The project team also met with the Town's financial staff and contacted the Town's financial advisor and bond counsel to gain an understanding of the current debt service profile and the revenues available that could be used for capital projects. Information gathered included official financial statements, bond rating agency reports, the debt schedule for existing debt, and present and proposed borrowings, among other sources. Various capital funding alternatives were explored until one was selected, as will be discussed under the "Resources Available" section below.

### **Project Requests**

Altogether, 77 project requests were submitted, totaling more than \$9 million across all five years of the plan and across all funds. Among the most significant requests were:

- \$750,000 for a radio systems overhaul for public safety agencies;
- \$740,000 to demolish the closed Hillside School; and,
- \$640,026 for street and landscape improvements on Main Street

The greatest dollar amount of capital requests was from the Highway Department. In addition to the more than \$2.4 million in anticipated investment in the Town's roadways, the department requested \$626,000 for vehicle and equipment replacements. Fire and Emergency Services was the next highest department with requests totaling \$1.8 million.

When analyzing project requests by fund, it is clear that significant resources can be made available through funding sources other than the general fund. These sources include the water and sewer enterprise funds, the Town's annual allocation of roadway funds from the State (i.e., Chapter 90), special-purpose funds, and other State or Federal loan or grant programs as shown in the following table. Altogether Town departments and the project team identified non-general fund resources that could potentially cover up to 35% of total project requests.

DEPARTMENT REQUESTS BY FUND (ALL YEARS)								
Department	GF Debt	PayGo	Water/Sewer	Chp 90	MSBA	Fed / State	Other	Total
Building/Assessor		40,000						40,000
Cemetery Dept.	100,000	302,700						402,700
Council on Aging		27,250				52,000	4,750	84,000
Fire & Emergency Services	1,751,615	50,000						1,801,615
Highway	560,000	66,000		1,817,936		600,000		3,043,936
Parks and Recreation	400,000	295,000						695,000
Police Department	750,000	80,000						830,000
School Department		488,600			122,400			611,000
Town Administrator	700,000						110,200	810,200
Town Clerk	210,000	21,000						231,000
Water & Sewer Dept.		5,000	465,000					470,000
<b>Total</b>	<b>4,471,615</b>	<b>1,375,550</b>	<b>465,000</b>	<b>1,817,936</b>	<b>122,400</b>	<b>652,000</b>	<b>114,950</b>	<b>9,019,451</b>
<b>% of Total</b>	<b>49.6%</b>	<b>15.3%</b>	<b>5.2%</b>	<b>20.2%</b>	<b>1.4%</b>	<b>7.2%</b>	<b>1.3%</b>	<b>100.0%</b>

### **Resources Available**

The funding available to the Town of Monson has been broken down into four broad categories, each of which will be discussed below:

- General fund debt and pay-as-you-go
- General fund debt exclusions
- Water/sewer debt and pay-as-you go
- Other Funds (Chapter 90, Community Preservation Act, etc.)

### ***General Fund Debt and Pay-as-You-Go***

Utilizing the Town of Monson's FY2017 authorized budget, projections were made using reasonable assumptions about revenue and expenditure growth over a five-year period. This projection was used to determine the total amount of funding available for capital investment from FY2018 to FY2022.

The FY2017 Monson capital budget authorization is \$474,130. This consists of \$223,640 in existing non-excluded debt service, \$250,490 of pay-as-you-go, of which \$43,000 is provided from the operating budget and \$207,490 in free cash. A comparison of the amount of FY2017 capital investments to the total general fund operating budget indicates that 2.10% of the annual budget is presently dedicated to capital improvement funding.

On a positive note, the existing non-excluded debt service (e.g., funded through the current tax levy and not via a debt exclusion) is rapidly declining and will be fully retired at the end of FY2020. By capturing the decrease in debt service and using it as a source of future capital funding, the Town's commitment to capital funding will remain at 2.10% over the next five-year period. However, in order to address a greater share of

the Town’s capital needs each year, the FY2018-FY2022 will begin a process to gradually increase the percentage of capital commitment from 2.1% to 2.5% over an eight-year period, and will reduce the use of Free Cash as a primary revenue source for Capital Improvements over the same period. Both of these are best practices in capital planning and the rationale and change is described more fully below:

1. The percentage of capital funding to the overall annual budget is generally low in comparison to other communities and could be increased over time. In order to accomplish this while not putting strain on the direct services portion of the future annual budgets, this increase has been projected to phase up to 2.5% over a period of eight years at a rate of five basis points (.05%) per year.
2. A significant portion of the FY2017 capital plan is shown to be supported by non-recurring funds (i.e. free cash). The best practice is for a community to support its capital plan with a consistent and dependable revenue stream (i.e. tax levy). This places the proper emphasis on the need to support ongoing capital improvements and can provide stability to capital investment. To accomplish this while not putting strain on the direct services portion of the future annual budgets, it is proposed to phase out the use of free cash as a source for funding capital improvements over a period of twenty years, reducing this source by \$10,000 per year. The Town may accelerate this phase down, if it feels that it can accept increased budgetary pressure on direct services.

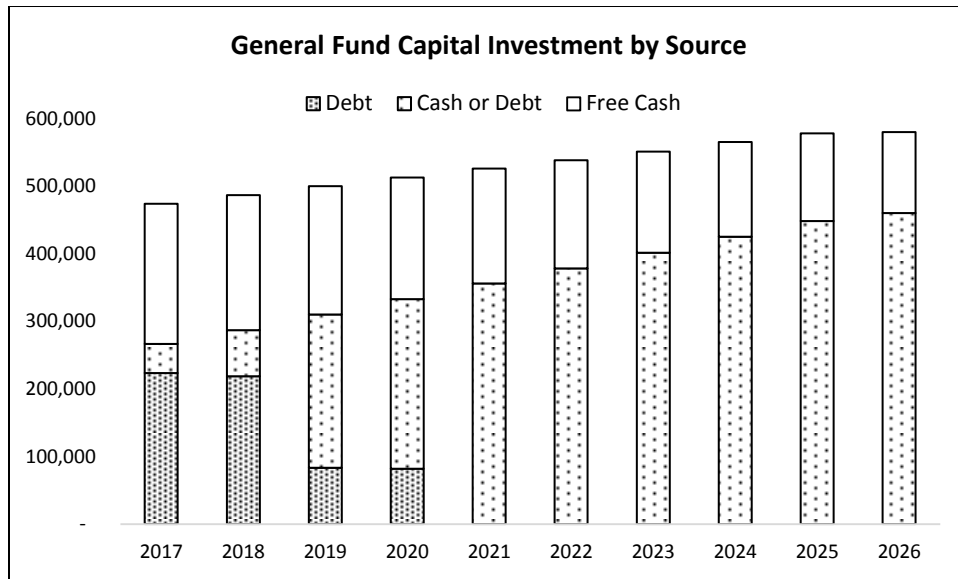
The implementation of these practices will strengthen the Town’s commitment to the development and implementation of a long-range capital plan. The Town will then have the opportunity to use free cash for a number of other purposes such as increasing strategic reserves, funding long term unfunded liabilities (e.g. OPEB or “Other Post-Employment Benefits”), or supplementing the capital plan.

This combination of declining debt service and increasing revenues provide a timely opportunity for Monson to stabilize its capital budget and make a regular investment in capital improvements, without adversely impacting to the operating budget. The proposed FY2018 – FY2022 CIP increases the Town’s annual capital spending until the total capital investment reaches 2.5% of prior year net operating revenues. Under the proposed plan, this threshold will be reached in FY2025.

<b>TOWN OF MONSON CAPITAL INVESTMENT PLAN (FY2018-FY2026)</b>					
<b>Fiscal Year</b>	<b>Existing Debt</b>	<b>Proposed Additional Investment</b>	<b>Free Cash Investment</b>	<b>Total Capital Investment</b>	<b>Capital Invest as % of GF Op Budget</b>
2017	223,640	43,000	207,490	474,130	2.10%
2018	218,540	68,210	200,000	486,750	2.15%
2019	83,440	226,938	190,000	500,378	2.20%
2020	81,720	251,016	180,000	512,736	2.25%
2021	0	356,057	170,000	526,057	2.30%
2022	0	378,299	160,000	538,299	2.35%
2023	0	401,431	150,000	551,431	2.40%
2024	0	425,488	140,000	565,488	2.45%
2025	0	448,508	130,000	578,508	2.50%
2026	0	460,448	120,000	580,448	2.50%

As can be seen from the graphic below, not only does existing debt service decline significantly between FY2017 and FY2020, the use of free cash for capital will also be phased down in each year. At the same time,

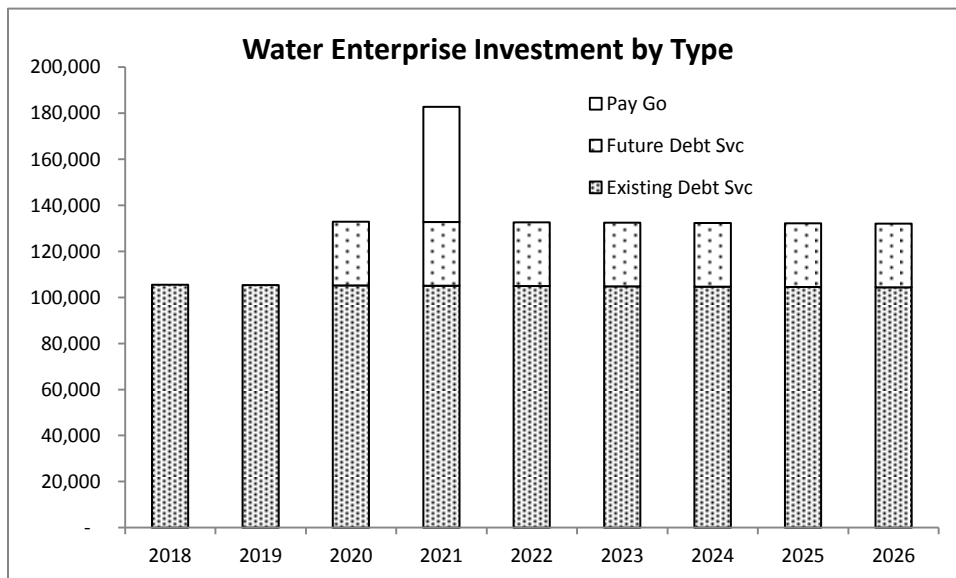
tax-supported capital investment will increase to replace debt service and free cash, and increase the total commitment to 2.5% of the operating budget by 2025.



The *FY2018-FY2022 CIP* will make \$3,080,700 available for general fund capital projects over the next five years (see *FY2018-FY2022 Capital Plan Detail* below.)

**Water and Sewer Debt and Pay-as-You-Go**

The Town of Monson currently has debt service supported by water and sewer revenue. The *FY2017 Water Enterprise* budget includes debt service of \$105,577. The amount will decline over a sixteen-year period, until all existing water debt service is retired in *FY2032*. The *FY2018-FY2022 CIP* will make \$465,000 available for capital projects over the next five years.



The Sewer Enterprise budget includes debt service in the amount of \$60,000 which will decline and be fully retired in *FY2038*. No sewer infrastructure capital projects are identified the *FY2018-FY2022 CIP*.



## **Other Available Funds**

There are numerous other funding sources available to the Town of Monson that can support capital investment. Below, the CIP identifies other sources that could become available. These include:

- Community Preservation Act – Monson has accepted the provisions of the Community Preservation Act at 0.75% and is currently raising approximately \$95,000 in additional levy for FY2017. Assuming the Town increases its annual levy by 2.5% (excluding “New Growth”), CPA funding will increase to approximately \$156,000 by FY2037. Decisions on expenditure of these funds are granted to the Community Preservation Committee (CPC). Town projects which qualify can be considered by the CPC for funding.
- Chapter 90 Funds – All municipalities in Massachusetts receive an annual allotment of funds from MassDOT for roadway construction, maintenance, or improvement. In the FY2017, the Town received \$467,319 from the State. The CIP uses this figure as an estimate for Chapter 90 funds available in each year of the plan. This is a conservative approach, but the Town may receive more or less money in future years.
- Existing Debt Exclusions – The Town has authorized debt exclusions in the amount of \$1,121,450 in FY2017. This debt service declines and is permanently retired at the end of FY2024.
- Authorized but Unissued Debt Exclusions – The Town has authorized funding for the Town Hall, but has not as yet borrowed for this project. However, it is anticipated that this debt service will begin in FY2018 in the amount of approximately \$321,000, a figure that will be added to the tax levy. The debt service will decline over a twenty-year period to the end of FY2037, when it will be fully retired.

## **Capital Planning Evaluation Criteria**

After reviewing each project request to determine if it was complete and CIP-eligible, the project team then evaluated the proposed projects based upon a series of criteria. The categories included:

- Preserve or enhance Town assets – Does the proposed project maintain or improve an existing facility? What is the anticipated useful life of the investment? Does the proposed project replace a piece of equipment needed to provide public services? Is the vehicle beyond its reasonable life? Is the acquisition part of a scheduled replacement plan that will keep vehicles operational and preclude major repair costs?
- Increase efficiency and effectiveness of government – Does the project reduce operating costs (e.g., eliminate costly repairs) or increase the effectiveness of government? Does the project reduce potential legal liability (e.g. repair of a broken sidewalk) or threats to operations (e.g., replacement of a needed street sweeper before it breaks down completely)? Does it improve customer service or provide a new, needed service?
- Good steward of public resources – Does the project increase revenues? Are outside grant funds available to cover a portion or all of the cost?

- Specific impacts on operating budget – What types of ongoing savings might be realized from the project? Does the project increase operating costs?

In addition, each project was evaluated to see how it would influence a series of key policy areas. These included:

- Aesthetics / Historic Preservation
- Cultural and Recreational Opportunities
- Economic Growth
- Education
- Environmental Sustainability
- Public Health
- Public Safety

While these criteria were used to differentiate between the merits of the 71 project requests, it should be noted that they were not used rigidly in developing the FY2018-FY2022 CIP. At times, projects that received modest scores, predominantly because they did not contribute to the policy areas, but are critically needed – for example the demolition of a vacant school – was elevated for consideration in the plan based upon need and resource availability.

## FY2018-FY2022 CAPITAL PLAN DETAIL

### Projects by Department

The *FY2018-FY2022 CIP* funds the vast majority of project requests from department heads (approximately 90%). However, strategic decisions were made to align the projects costs with the Town’s projected available resources across each year of the five year plan, and the timing or scope of some projects was changed to accommodate the CIP’s spending plan. In addition, the plan identifies eight projects that will be exclusively funded through federal, state, or other grant programs.

These capital investments will have a direct impact on the lives of Monson residents, students, businesses, and visitors. The plan prioritizes public safety and public health, and many projects will have significant impacts in these areas. Projects will ensure road infrastructure is safe, improve the school environment for student learning, increase recreational opportunities for residents, and look to upgrade public safety facilities, while improving the safety of staff and the residents they serve. As shown in the table below, significant investments will be made via the highway department, fire department, police department, school district, and parks and recreation department. More modest investments will be made in other departments as well.

<b>INVESTMENT BY DEPARTMENT All Projects, All Funding Sources (FY2018-FY2022)</b>		
<b>Department</b>	<b>Project Count</b>	<b>Amount</b>
Building/Assessors	1	25,000
Cemetery Dept.	15	240,700
Council on Aging	2	84,000
Fire Department	5	1,376,615
Highway Department	14	3,362,595
Police Department	2	790,000
Parks & Recreation	12	683,000
School District	12	571,000
Town Administrator	4	850,200
Water & Sewer Dept	2	465,000
<b>Total</b>	<b>69</b>	<b>8,448,110</b>

### Projects by Asset Type

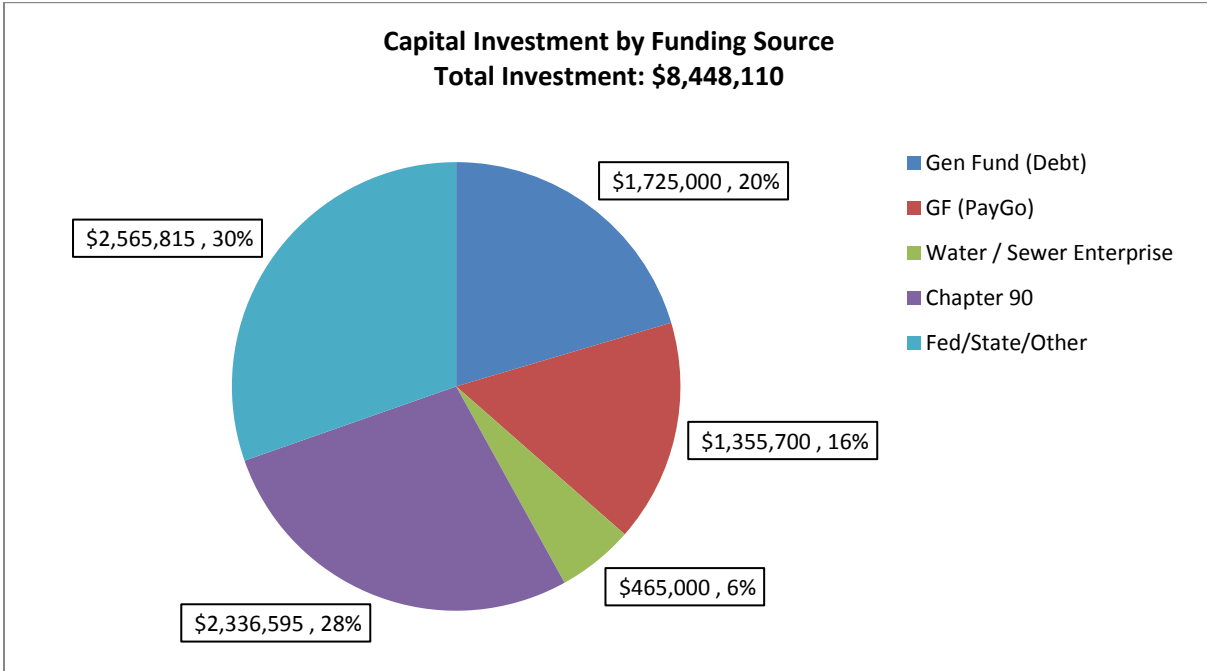
As shown in the table below, across all asset types, the most significant capital investment is on road and sidewalk projects (nearly \$3 million); projects that constitute about 35% of the total expenditure over five years. These will be funded almost entirely by Monson’s Chapter 90 allocation and a MassWorks infrastructure grant from the State. However a few smaller improvements will be made to cemetery roadways utilizing local funds. Investments in vehicles and equipment represent the second most significant asset category at \$2.8 million, or about 34% of the total. Water infrastructure projects represent less than 6% of the

total investment and there are no anticipated sewer projects, which is a reflection of significant capital investments made recently in the water and sewer systems.

INVESTMENT BY ASSET TYPE (FY2018-FY2022)		
Asset Type	Total Investment	% of Total
Facilities	985,500	11.7%
Parks & Open Space	613,200	7.3%
Roads/Sidewalks	2,936,595	34.8%
Schools	571,000	6.8%
Vehicles/Equipment	2,876,815	34.1%
Water Infrastructure	465,000	5.5%
<b>Grand Total</b>	<b>8,448,110</b>	<b>100.0%</b>

**Projects by Funding Sources**

The projects included in the CIP will be funded through a composite of funding sources, including general fund debt and pay-as-you-go, water enterprise funds, and state grants. A total of 36% of projects will be paid for through the Town’s general fund, either as a result of borrowing or as a pay as you go project, and 6% of projects will be funded by the water/sewer enterprise fund. The balance of projects (58% of total) will be funded from non-local sources including state, federal, and other sources amounting to nearly \$5 million over five years.



## **Impact on Annual Debt**

Projected annual debt service from the new projects is expected to be relatively low. Estimated total general fund debt service will be \$38,188 in FY2018, rising to a high of \$173,156 by FY2022. There are five debt-funded general fund projects, totaling \$1.725 million.

Only one debt-funded project is planned for the water enterprise fund, which may be funded through a State loan program that delays payments for two years and carries a 2% interest rate. The annual debt service for the enterprise fund is projected to be \$27,681 for FY2020 through FY2022.

Depending on when the Town authorizes the borrowing and the type of financial vehicle used, actual payments can be lower than presently estimated.

THIS PAGE IS INTENTIONALLY BLANK



## Project Description and Cost by Department

Project #	Project Title	Project Description	Total Cost
<b>Building Department/Assessor</b>			
BLDG/AS1	Replace vehicle shared by building department/assessor	Replace the pick-up truck shared by the assessor and building department.	25,000
<b>Cemetery Department</b>			
CEM10	Replace tractor and attachments	Replace the 30-year old tractor with a new compact utility tractor with loader, backhoe, two stage snow blower, and rotary cutter.	30,000
CEM11	Replace oil furnace	Replace the inefficient oil burning furnace at the cemetery garage.	3,000
CEM12	Replace backpack blowers	Replace backpack blowers with new models.	1,200
CEM13	Replace generator	Replace the generator with a new portable generator with 17,500 running watts.	3,000
CEM14	Replace air compressor	Replace the air compressor with a new 80-100 gallon stationary air compressor with 7.5 horsepower.	3,000
CEM15	Replace Mayhill Cemetery fencing	Replace failing wooden fence with white vinyl picket fence.	2,500
CEM16	Replace Butler Road Cemetery fencing	Replace the old split rail fence with new pressure treated split rail fence	3,000
CEM2	Replace walk-behind mower	Purchase a commercial walk-behind mower with weight kit and sulky to replace nearly 20 year old walk-behind model.	5,000
CEM3	New post frame addition to cemetery building	Add a 30' x 40' x 10' post frame addition to existing cemetery building to alleviate storage issues.	60,000
CEM4	Replace 3 string trimmers	Purchase 3 new string trimmers to replace 3 10-year old trimmers.	1,500
CEM5	Purchase new multi-function handheld landscaping equipment with 3 attachments	Purchase new combination tool with blade, hedge trimmer, and shaft extension attachments.	1,000
CEM7A	Hillside Cemetery road overlay	Add overlay to prolong life of road at Hillside Cemetery.	30,000
CEM7B	Hillcrest Cemetery road improvements	Make improvements to failing road at Hillcrest Cemetery.	20,000
CEM8	Hillcrest Cemetery Expansion	Complete the next phase of Hillcrest Cemetery expansion, including: survey, land clearing, section and lot grid layout, road, drainage, and waterline construction, map design and metal pins for lot layout.	75,000
CEM9	Purchase new 3-stage snow blower	Purchase new 3-stage snow blower.	2,500
<b>Council on Aging/Senior Center</b>			
COA1	Replace kitchen appliances at Senior Center	Replace kitchen appliances at Senior Center, including: commercial gas stove, 2 freezers, and refrigerator.	19,000
COA2	Purchase new transportation van	Purchase 1 ADA-accessible van for transportation of elderly and disabled residents	65,000
<b>Fire &amp; Emergency Services Department</b>			
FD1	Replace Ambulance 1	Replace Ambulance 1, a 2006 Ford E456 Class 1 Ambulance.	275,000
FD2	Replace Ambulance 2	Replace Ambulance 2.	426,615
FD3	Capital assessment of Fire Station	Conduct a feasibility study to determine whether to build a new fire station or remodel current, outdated station.	50,000
FD4	Replace Engine 1	Replace Engine 1, a 1995 E-One Freightliner FL 80.	425,000
FD6	Replace SCBAs	Replace all self-contained breathing apparatus (SCBAs) which are necessary personal protective equipment for firefighters to be able to perform interior firefighting operations.	200,000
<b>Highway Department</b>			
HWY1	Replace front-end loader	Replace 3 cubic yard front-end loader, which is used on a daily basis in the department.	160,000
HWY10	Improve Upper Hampden Road	Complete improvements to Upper Hampden Road from Wilbraham Road to the Town line, including reclamation and resurfacing.	304,472

Project #	Project Title	Project Description	Total Cost
HWY11	Resurface Woodhill Road	Resurface Woodhill Road from Upper Hampden Road to Lower Hampden Road with 1.5" of Type 1 top.	229,665
HWY12	Improve Bethany Road	Complete improvements to Bethany Road from Brimfield Rd to Route 32, including milling 2" of existing asphalt and resurfacing with 2" of modified top.	185,646
HWY16	FY22 misc. road projects	Road projects yet-to-be-determined	467,319
HWY17	FY18- FY19 misc. road projects	Road projects yet-to-be-determined	429,199
HWY18	FY21 misc. road projects	Road projects yet-to-be-determined	237,654
HWY3	Replace 1997 dump truck	Replace 1997 dump truck with a 35,000 GVW dump truck equipped with combination body and new snowplow.	200,000
HWY4	Replace 4WD pick-up truck with snowplow	Replace 2008 pick-up truck with a 9600 GVW 4WD pick-up with an 8' snowplow.	40,000
HWY5	Replace brush chipper	Replace brush chipper with a new model with a 12" capacity.	26,000
HWY6	Resurface Brimfield Road	Resurface Brimfield Road from Crest Road to East Hill Road, including milling 2" of existing pavement and resurfacing 2" with Type 1 top.	205,784
HWY7	Reconstruct Washington Road	Reconstruct Washington Rd from State St to Main St.	119,883
HWY8	Resurface Lower Hampden Road	Resurface Lower Hampden Road from Elm Street to Bogan Road using 1.5" Type 1 Top, applying leveling coarse where necessary.	116,947
HWY9	Improve Main Street	The project includes mill and pave, new pavement markings, and storm drain replacements as needed.	640,026
<b>Police Department</b>			
PD2	Replace portable radios	Replace portable radios that are used daily by officers. Existing radios have approached 'end of life' status with manufacturer and have begun experiencing sudden and unexpected failures that place officers at risk	40,000
PD3	Overhaul radio system infrastructure	Replace existing radio system infrastructure, which is used by all public safety agencies in town. New system would significantly improve reliability and coverage.	750,000
<b>Parks &amp; Recreation Department</b>			
PR1	Purchase new infield machine	Purchase infield groomer.	16,000
PR10	Replace air handling unit for pool	Replace failing air handling/heating system for the pool.	200,000
PR11	Replace pick-up truck with 1 ton dump truck	Replace pick-up with a 1 ton dump truck, which is a more effective model for the department's work.	85,000
PR12	Add lighting at athletic fields	Add lighting for athletic fields to allow for night games.	100,000
PR2	Purchase new hydro seeder	Purchase hydro seeder for reseeding athletic fields and any town areas needed	7,000
PR3	Establish replacement schedule for mowers	Replace the department's mowers on a cyclical basis.	45,000
PR4	Add playground at Cushman Field	Add playground at Cushman Field to complement athletic fields and engage siblings of athletes.	100,000
PR5	Add irrigation system for athletic fields	Add irrigation system for athletic fields to improve their look and performance.	75,000
PR6	Purchase storage units	Purchase storage units to be use for supplies for baseball, summer camp, and summer theater programming.	8,000
PR7	Replace tractor	Replace tractor which was purchased in the mid-1980s.	25,000
PR8	Replace 2 trailers	Replace 2 trailers with 1 open and 1 enclosed model.	19,000
PR9	Replace pool vacuum	Replace pool vacuum since parts are no longer available and the unit is starting to fail periodically.	3,000
<b>School Department</b>			
SCH1	Replace phone system district-wide	Replace phone systems district-wide for compatibility to call building-to-building directly. New features will improve community access to the schools with more direct lines and enhanced voice messaging.	50,000
SCH10	Address issues with oil line at Quarry Hill Community School	Address issues with underground fuel oil line under loading dock/driveway at Quarry Hill School. Full scope to be	32,000

Project #	Project Title	Project Description	Total Cost
		determined through study.	
SCH11	Repair windows at Quarry Hill Community School	Replace all internal window hardware and springs, which no longer function properly, and conform with school safety protocols.	50,000
SCH13	Replace gutters at Quarry Hill Community School	Replace all existing gutters at Quarry Hill School to reduce maintenance costs and safety risk.	30,000
SCH2	Repair and level unsafe sidewalks at school facilities	Repair sidewalks at school facilities which are a safety liability. Sidewalks have been damaged by weather, specifically freeze/thaw cycles.	90,000
SCH3	Replace 2 of 4 air compressors for the Granite Valley Middle School auditorium	Replace 2 air compressors in AC system for auditorium. The room is used not only for school purposes, but also other town wide functions.	42,000
SCH4	Replace electrical service line for the Granite Valley Middle School cafeteria	Replace and bring up to code the electrical service line in the middle school cafeteria, which is original to the building (circa late 1960s).	65,000
SCH5	Repair or replace air conditioning system for the Granite Valley Middle School library	Repair or replace AC system in the middle school library, which does not function properly and is impacting library materials and technology.	42,000
SCH6	Add playground at Granite Valley Middle School	Add playground at middle school, to include site work and paving an approximately 50' X 100' area accessed through the gym doors. The students currently have recess in the loading dock area near trash bins, parked cars, and traffic.	20,000
SCH7	Repair or replace boiler at Monson High School	The school has 3 boilers, 2 of which have been repaired or replaced already. The third is the same make and model and so similar performance issues are anticipated.	40,000
SCH8	Replace clocks at Quarry Hill Community School	Replace broken and missing clocks at the facility and tie into a central system.	30,000
SCH9	Replace air conditioning units at Quarry Hill Community School	A number of split-system uni-vent A/C's need to be replaced because components are obsolete.	80,000
<b>Town Administrator</b>			
TA1	Install lawn sprinklers at Dave Grieve Park	Install lawn sprinklers at Dave Grieve Park to improve look and make watering more efficient.	4,700
TA2/SCH12	Demolish Hillside School and relocate school fuel tank	Abate, remediate, demolish, and grade the closed Hillside School building and relocate the school fuel tank.	740,000
TA3	Repair ceiling at Memorial Hall	Secure and resurface ceiling. Paint ceiling and walls.	100,000
TA4	Install lawn sprinklers at Memorial Hall	Install lawn sprinklers at Memorial Hall to improve look and make watering more efficient.	5,500
<b>Water &amp; Sewer Department</b>			
WS2	Replace pick-up truck	Purchase new 4WD truck with utility body, plow, AC inverter, and safety lights.	50,000
WS3	Water Meter Replacement Program	Replace existing water meters, install new automated meter reading (AMR) system, and purchase associated software. This will save staff time and improve the efficiency of water readings.	415,000

THIS PAGE IS INTENTIONALLY BLANK

## Project Schedule by Fiscal Year and Funding Source

### General Fund Projects

Project #	Project Title	Cost by Fiscal Year					Total Project Cost	Cost by Funding Source			Describe Other
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		Gen Fund (Debt)	Gen Fund (Pay Go)	Other	
HWY3	Replace 1997 dump truck	200,000					200,000	200,000			
HWY1	Replace front-end loader	160,000					160,000	160,000			
SCH2	Repair and level unsafe sidewalks at school facilities	50,000				40,000	90,000		90,000		
FD3	Capital assessment of Fire Station	50,000					50,000		50,000		
PR3	Establish replacement schedule for mowers	30,000			15,000		45,000		45,000		
CEM7A	Hillside Cemetery road overlay	30,000					30,000		30,000		
PR5	Add irrigation system for athletic fields	25,000		25,000		25,000	75,000		75,000		
BLDG/AS1	Replace vehicle shared by building department/assessor	25,000					25,000		25,000		
PR6	Purchase storage units	8,000					8,000		8,000		
PR9	Replace pool vacuum	3,000					3,000		3,000		
TA2/SCH12	Demolish Hillside School and relocate school fuel tank		740,000				740,000	740,000			
PR12	Add lighting at athletic fields		100,000				100,000		50,000	50,000	Potential CPA funds
SCH5	Repair or replace air conditioning system for the Granite Valley Middle School library		42,000				42,000		42,000		
SCH3	Replace 2 of 4 air compressors for the Granite Valley Middle School auditorium		42,000				42,000		42,000		
PD2	Replace portable radios		40,000				40,000		40,000		
CEM10	Replace tractor and attachments		30,000				30,000		30,000		
PR7	Replace tractor		25,000				25,000		25,000		
SCH6	Add playground at Granite Valley Middle School		20,000				20,000		20,000		
CEM7B	Hillcrest Cemetery road improvements		20,000				20,000		20,000		

Project #	Project Title	Cost by Fiscal Year					Total Project Cost	Cost by Funding Source			Describe Other
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		Gen Fund (Debt)	Gen Fund (Pay Go)	Other	
CEM2	Replace walk-behind mower		5,000				5,000		5,000		
CEM4	Replace 3 string trimmers		1,500				1,500		1,500		
CEM5	Purchase new multi-function handheld landscaping equipment with 3 attachments		1,000				1,000		1,000		
FD4	Replace Engine 1			425,000			425,000	425,000			
PR11	Replace pick-up truck with 1 ton dump truck			85,000			85,000		85,000		
SCH11	Repair windows at Quarry Hill Community School			50,000			50,000		50,000		
HWY4	Replace 4WD pick-up truck with snowplow			40,000			40,000		40,000		
SCH13	Replace gutters at Quarry Hill Community School			30,000			30,000		30,000		
SCH9	Replace air conditioning units at Quarry Hill Community School				80,000		80,000		80,000		
CEM3	New post frame addition to cemetery building				60,000		60,000		60,000		
SCH7	Repair or replace boiler at Monson High School				40,000		40,000		40,000		
SCH10	Address issues with oil line at Quarry Hill Community School				32,000		32,000		32,000		
SCH8	Replace clocks at Quarry Hill Community School				30,000		30,000		30,000		
HWY5	Replace brush chipper				26,000		26,000		26,000		
CEM8	Hillcrest Cemetery Expansion				25,000	50,000	75,000		75,000		
PR8	Replace 2 trailers				19,000		19,000		19,000		
PR1	Purchase new infield machine				16,000		16,000		16,000		
PR2	Purchase new hydro seeder				7,000		7,000		7,000		
CEM11	Replace oil furnace				3,000		3,000		3,000		
CEM14	Replace air compressor				3,000		3,000		3,000		
CEM13	Replace generator				3,000		3,000		3,000		
CEM9	Purchase new 3-stage snow blower				2,500		2,500		2,500		
CEM12	Replace backpack blowers				1,200		1,200		1,200		
PR10	Replace air handling unit for pool					200,000	200,000	200,000			
SCH4	Replace electrical service line for the Granite Valley Middle					65,000	65,000		65,000		

Project #	Project Title	Cost by Fiscal Year					Total Project Cost	Cost by Funding Source			Describe Other
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		Gen Fund (Debt)	Gen Fund (Pay Go)	Other	
	School cafeteria										
SCH1	Replace phone system school district-wide					50,000	50,000		50,000		
COA1	Replace kitchen appliances at Senior Center					19,000	19,000		17,000	2,000	Friends of the Monson Senior Center grant
COA2	Purchase new transportation van					65,000	65,000		13,000	52,000	State Mobility Assistance Grant (80%)
CEM16	Replace Butler Road Cemetery fencing					3,000	3,000		3,000		
CEM15	Replace Mayhill Cemetery fencing					2,500	2,500		2,500		
	<b>Subtotal</b>	<b>581,000</b>	<b>1,066,500</b>	<b>655,000</b>	<b>362,700</b>	<b>519,500</b>	<b>3,184,700</b>	<b>1,725,000</b>	<b>1,355,700</b>	<b>104,000</b>	

### Water Enterprise Fund Projects

Project #	Project Title	Cost by Fiscal Year					Total Project Cost	Cost by Funding Source	
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		Water (Debt)	Water (Pay Go)
WS3	Water Meter Replacement Program	415,000					415,000	415,000	
WS2	Replace pick-up truck				50,000		50,000		50,000
	<b>Subtotal</b>	<b>415,000</b>			<b>50,000</b>		<b>465,000</b>	<b>415,000</b>	<b>50,000</b>

### Chapter 90 Projects

Project #	Project Title	Cost by Fiscal Year					Total Project Cost	Cost by Funding Source		Describe Other
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		Chapter 90	Other	
HWY6	Resurface Brimfield Rd	205,784					205,784	205,784		
HWY7	Reconstruct Washington Rd	119,883					119,883	119,883		
HWY8	Resurface Lower Hampden Rd	116,947					116,947	116,947		
HWY17	FY18-FY19 misc. road projects	24,705	404,494				429,199	429,199		
HWY9	Improve Main Street		640,026				640,026	40,026	600,000	MassWorks

Project #	Project Title	Cost by Fiscal Year					Total Project Cost	Cost by Funding Source		Describe Other
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		Chapter 90	Other	
HWY10	Improve Upper Hampden Road			304,472			304,472	304,472		
HWY12	Improve Bethany Road			185,646			185,646	185,646		
HWY18	FY21 additional road projects				237,654		237,654	237,654		
HWY11	Resurface Woodhill Road				229,665		229,665	229,665		
HWY16	FY22 road projects					467,319	467,319	467,319		
	<b>Subtotal</b>	467,319	1,044,520	490,118	467,319	467,319	2,936,595	2,336,595	600,000	

### Projects Funded Exclusively by Other Sources

Project #	Project Title	Cost by Fiscal Year					Total Project Cost	Describe Other
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		
TA4	Install lawn sprinklers at Memorial Hall	5,500					5,500	Potential CPA funds
FD1	Replace Ambulance 1		275,000				275,000	Ambulance receipts
TA3	Repair ceiling at Memorial Hall		100,000				100,000	Potential CPA funds
TA1	Install lawn sprinklers at Dave Grieve Park		4,700				4,700	Potential CPA funds
PR4	Add playground at Cushman Field			100,000			100,000	Potential CPA funds
FD6	Replace SCBAs				200,000		200,000	FEMA Assistance to Firefighters grant
PD3	Overhaul radio system infrastructure					750,000	750,000	Regional 911 grant
FD2	Replace Ambulance 2					426,615	426,615	Ambulance receipts
	<b>Subtotal</b>	5,500	379,700	100,000	200,000	1,176,615	1,861,815	

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
<b>GRAND TOTAL</b>	1,468,819	2,490,720	1,270,118	1,080,019	2,138,434	8,448,110



## **APPENDICES**

Appendix 1: Monson at a Glance

Appendix 2: New Growth History

Appendix 3: General Fund Capital Investment Plan

Appendix 4: Water Enterprise Fund Debt and Pay-As-You-Go

Appendix 5: Select DLS Municipal Finance Glossary

## DLS At A Glance Report for Monson

Socioeconomic	
County	HAMPDEN
School Structure	K-12
Form of Government	OPEN TOWN MEETING
2013 Population	8,722
2015 Labor Force	4,768
2015 Unemployment Rate	4.30
2012 DOR Income Per Capita	25,522
2009 Housing Units per Sq Mile	72.56
2013 Road Miles	110.21
EQV Per Capita (2014 EQV/2013 Population)	87,733
Number of Registered Vehicles (2012)	9,685
2012 Number of Registered Voters	5,661

Bond Ratings	
Moody's Bond Ratings as of December 2015*	A1
Standard and Poor's Bond Ratings as of December 2015*	

\*Blank indicates the community has not been rated by the bond agency

Fiscal Year 2016 Estimated Cherry Sheet Aid	
Education Aid	7,646,225
General Government	1,345,777
Total Receipts	8,992,002
Total Assessments	278,829
Net State Aid	8,713,173

Fiscal Year 2017 Tax Classification			
Tax Classification	Assessed Values	Tax Levy	Tax Rate
Residential	664,622,756	11,571,082	17.41
Open Space	0	0	0
Commercial	22,935,425	399,306	17.41
Industrial	12,646,440	220,175	17.41
Personal Property	43,133,600	750,956	17.41
<b>Total</b>	<b>743,338,221</b>	<b>12,941,519</b>	

Fiscal Year 2017 Revenue by Source		
Revenue Source	Amount	% of Total
Tax Levy	12,941,518	46.57
State Aid	9,853,217	35.46
Local Receipts	3,988,494	14.35
Other Available	1,005,189	3.62
<b>Total</b>	<b>27,788,419</b>	

Fiscal Year 2017 Proposition 2 1/2 Levy Capacity	
New Growth	123,026
Override	
Debt Exclusion	390,125
Levy Limit	13,013,080
Excess Capacity	71,561
Ceiling	18,583,456
Override Capacity	5,960,501

Other Available Funds		
2017 Free Cash	FY2015 Stabilization Fund	FY2017 Overlay Reserve
1,404,642	1,089,205	72,739

Fiscal Year 2017 Average Single Family Tax Bill**	
Number of Single Family Parcels	2,630
Assessed Value of Single Family	213,860
Average Single Family Tax Bill	3,723
State Average Family Tax Bill	
Fiscal Year 2013	4,846
Fiscal Year 2014	5,020
Fiscal Year 2015	5,214

*Monson issues tax bills on a Quarterly basis*

\*\*For the communities granting the residential exemptions, DLS does not collect enough information to calculate an average single family tax bill. In FY15, those communities are Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Somerville, Somerset, Tisbury, Waltham and Watertown. Therefore, the average single family tax bill information in this report will be blank.

Fiscal Year 2015 Schedule A - Actual Revenues and Expenditures						
	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
<b>Revenues</b>	23,622,824	3,836,699	2,750,947	1,805,126	123,170	32,138,766
<b>Expenditures</b>	22,553,873	3,427,916	5,944,835	1,572,158	94,956	33,593,738
<b>Police</b>	1,024,605	0	0	0	0	1,024,605
<b>Fire</b>	373,688	0	0	0	0	373,688
<b>Education</b>	12,133,457	1,468,551	0	0	0	13,602,008
<b>Public Works</b>	1,339,868	790,222	46,075	880,576	0	3,056,741
<b>Debt Service</b>	1,380,366					1,380,366
<b>Health Ins</b>	1,973,264				0	1,973,264
<b>Pension</b>	1,133,750				0	1,133,750
<b>All Other</b>	3,194,875	1,169,143	5,898,760	691,582	94,956	11,049,316

Total Revenues and Expenditures per Capita						
	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
<b>Revenues</b>	2,708.4	439.9	315.4	207.0	14.1	3,684.8
<b>Expenditures</b>	2,585.9	393.0	681.6	180.3	10.9	3,851.6

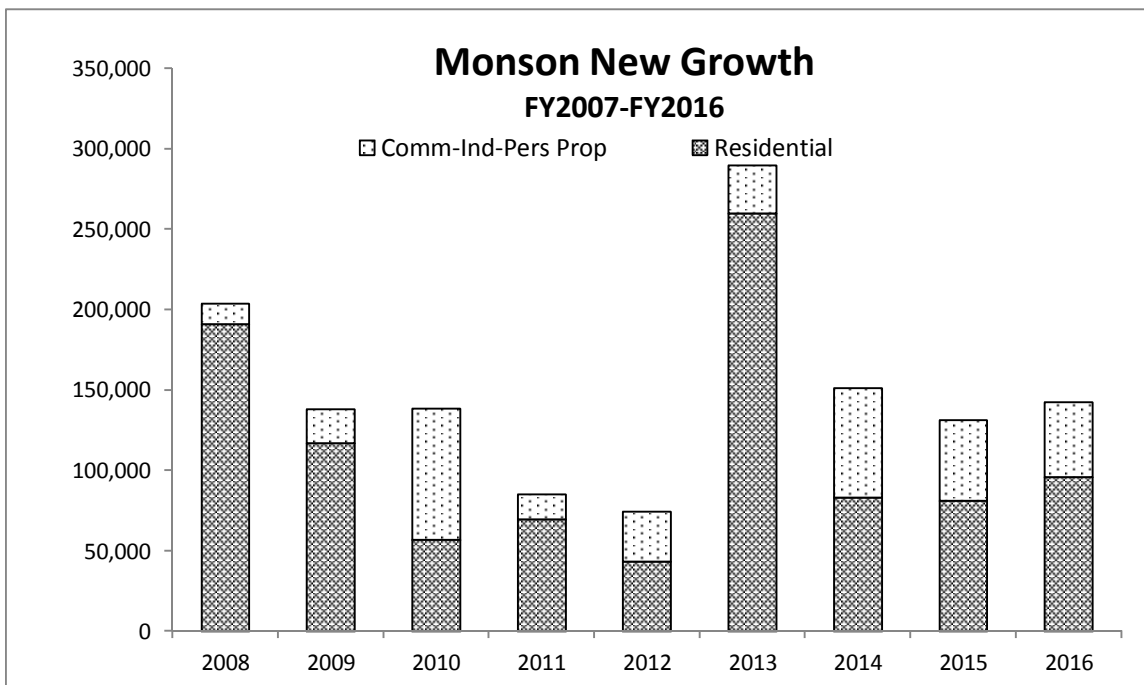
This data only represents the revenues and expenditures occurring in these funds and does not reflect and transfers to or from other funds. Therefore, this data should not be used to calculate an ending fund balance.

If you have questions regarding the data contained in this report, please contact the Municipal Databank/Local Aid Section at (617) 626-2384 or databank@dor.state.ma.us

[Click here to see if the Division of Local Services' Technical Assistance Section has conducted a financial management review or other analysis for Monson](#)

## MONSON NEW GROWTH HISTORY

Year	Residential New Growth	Comm Ind Per Prop New Growth	Total New Growth Applied to the Levy Limit
2008	191,154	12,766	203,920
2009	116,910	21,113	138,023
2010	57,020	81,276	138,296
2011	69,670	15,283	84,953
2012	43,403	31,026	74,429
2013	259,677	29,976	289,653
2014	83,056	68,232	151,288
2015	81,338	49,892	131,230
2016	96,033	46,548	142,581
<b>Average</b>	<b>110,918</b>	<b>39,568</b>	<b>150,486</b>

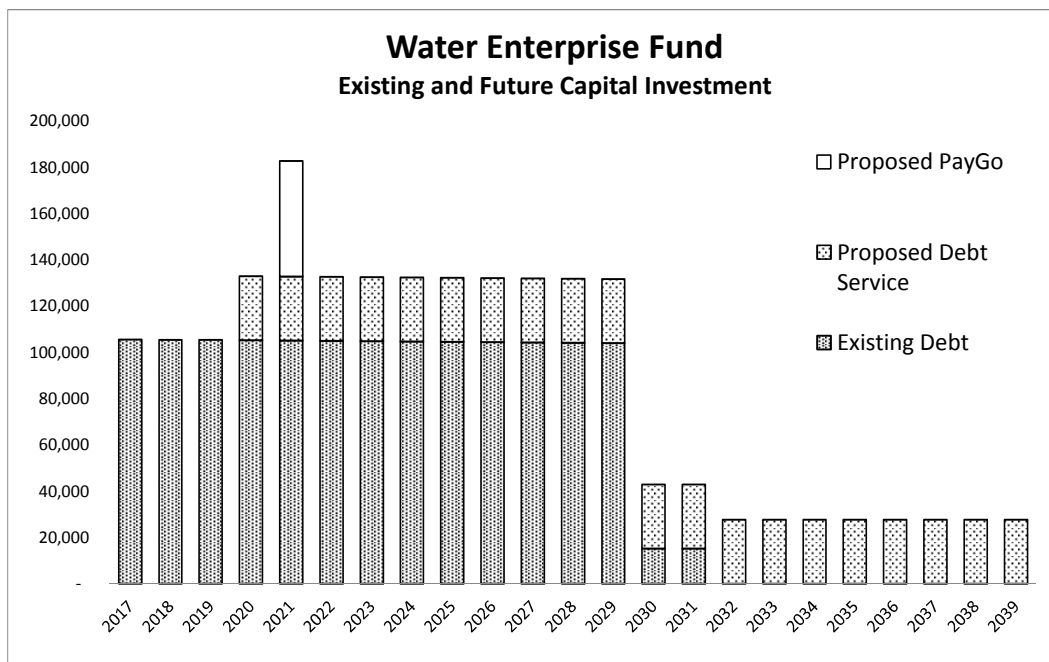


Source: Division of Local Services, MA Department of Revenue, Municipal Databank



**MONSON WATER DEBT SERVICE and PAY AS YOU GO**

FISCAL YEAR	Existing Water Debt Service	Authorized Unissued Est Debt	FY18-FY22 Proposed Debt	FY18-FY22 Proposed Pay as You Go	GRAND TOTAL Net Investment
2017	105,577				105,577
2018	105,455				105,455
2019	105,330				105,330
2020	105,204		27,681		132,885
2021	105,075		27,681	50,000	182,756
2022	104,942		27,681		132,623
2023	104,809		27,681		132,490
2024	104,681		27,681		132,362
2025	104,530		27,681		132,211
2026	104,388		27,681		132,069
2027	104,242		27,681		131,923
2028	104,094		27,681		131,775
2029	103,941		27,681		131,622
2030	15,224		27,681		42,905
2031	15,201		27,681		42,882
2032			27,681		27,681
2033			27,681		27,681
2034			27,681		27,681
2035			27,681		27,681
2036			27,681		27,681
2037			27,681		27,681
2038			27,681		27,681
2039			27,681		27,681
2040					
<b>TOTAL</b>	<b>1,392,693</b>	<b>0</b>	<b>553,627</b>	<b>50,000</b>	<b>1,996,320</b>



**SELECTED GLOSSARY OF TERMS ----- CAPITAL IMPROVEMENT PROGRAM**

**Available Funds** – Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other onetime costs. Examples of available funds include free cash, stabilization funds, overlay surplus, water surplus, and enterprise net assets unrestricted (formerly retained earnings).

**Betterments** (Special Assessments) – Whenever part of a community benefits from a public improvement, or betterment (e.g., water, sewer, sidewalks, etc.), special property taxes may be assessed to the property owners of that area to reimburse the governmental entity for all, or part, of the costs it incurred in completing the project. Each property parcel receiving the benefit is assessed a proportionate share of the cost which may be paid in full, or apportioned over a period of up to 20 years. In this case, one year's apportionment along with one year's committed interest computed from October 1 to October 1 is added to the tax bill until the betterment has been paid.

**Block Grant** – A Block Grant is a Federal grant of money awarded by formula under very general guidelines that allow grantees broad latitude in spending activities. Recipients are normally state or local governments.

**Bond** – A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year.

**Bond and Interest Schedule Record** (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

**Bond Anticipation Note** (BAN) – Short-term debt instrument used to generate cash for initial project costs and with the expectation that the debt will be replaced later by permanent bonding. Typically issued for a term of less than one year, BANs may be re-issued for up to five years, provided principal repayment begins after two years (MGL Ch. 44 §17). Principal payments on school related BANs may be deferred up to seven years (increased in 2002 from five years) if the community has an approved project on the Massachusetts School Building Authority (MSBA) priority list. BANs are full faith and credit obligations.

**Bond Authorization** – The action of town meeting or a city council authorizing the executive branch to raise money through the sale of bonds in a specific amount and for a specific purpose. Once authorized, issuance is by the treasurer upon the signature of the mayor, or selectmen. (See Bond Issue)

**Bond Buyer** – A daily trade paper containing current and historical information of interest to the municipal bond business.

**Bond Counsel** – An attorney or law firm engaged to review and submit an opinion on the legal aspects of a municipal bond or note issue.

**Bond Issue** – The actual sale of the entire, or a portion of, the bond amount authorized by a town meeting or city council.

**Bond Rating** (Municipal) – A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

**Bonds Authorized and Unissued** – Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes, but must be rescinded by town meeting or the city council to be removed from community's books.

**Capital Assets** – All tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Asset)

**Capital Budget** – An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Asset, Fixed Asset)

**Capital Improvements Program** – A blueprint for planning a community's capital expenditures that comprises an annual capital budget and a five-year capital program. It coordinates community planning, fiscal capacity and physical development. While all of the community's needs should be identified in the program, there is a set of criteria that prioritizes the expenditures.

**Capital Outlay** – The exchange of one asset (cash) for another (capital asset), with no ultimate effect on net assets. Also known as "pay as you go," it is the appropriation and use of available cash to fund a capital improvement, as opposed to incurring debt to cover the cost.

**Capital Outlay Expenditure Exclusion** – A temporary increase in the tax levy to fund a capital project or make a capital acquisition. Exclusions require two-thirds vote of the selectmen or city council (sometimes with the mayor's approval) and a majority vote in a community-wide referendum. The exclusion is added to the tax levy only during the year in which the project is being funded and may increase the tax levy above the levy ceiling

**Chapter 90 Highway Funds** – State funds derived from periodic transportation bond authorizations and apportioned to communities for highway projects based on a formula under the provisions of MGL Ch. 90 §34. The Chapter 90 formula comprises three variables: local road mileage (58.33 percent) as certified by the Massachusetts Highway Department (MHD), local employment level (20.83 percent) derived from the Department of Employment and Training (DET), and population estimates (20.83 percent) from the US Census Bureau. Local highway projects are approved in advance. Later, on the submission of certified expenditure reports to MHD, communities receive cost reimbursements to the limit of the grant.

**Contingent Appropriation** – An appropriation that authorizes spending for a particular purpose only if subsequently approved in a voter referendum. Under MGL Ch. 59 §21C (m), towns may make appropriations from the tax levy, available funds or borrowing, contingent upon the subsequent passage of a Proposition 2½ override or exclusion question for the same purpose. If initially approved at an annual town meeting, voter approval of the contingent appropriation must occur by September 15. Otherwise, the referendum vote must occur within 90 days after the town meeting dissolves. The question may be placed before the voters at more than one election, but if not approved by the applicable deadline, the appropriation is null and void. If contingent appropriations are funded through property taxes, DOR cannot approve the tax rate until the related override or exclusion question is resolved or the deadline passes, whichever occurs first.



**Debt Authorization** – Formal approval by a two-thirds vote of town meeting or city council to incur debt, in accordance with procedures stated in MGL Ch. 44 §§1, 2, 3, 4a, 6-15.

**Debt Burden** – The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

**Debt Exclusion** – An action taken by a community through a referendum vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy, but outside the limits under Proposition 2½. By approving a debt exclusion, a community calculates its annual levy limit under Proposition 2½, then adds the excluded debt service cost. The amount is added to the levy limit for the life of the debt only and may increase the levy above the levy ceiling.

**Debt Limit** – The maximum amount of debt that a municipality may authorize for qualified purposes under state law. Under MGL Ch. 44 §10, debt limits are set at 5 percent of EQV. By petition to the Municipal Finance Oversight Board, cities and towns can receive approval to increase their debt limit to 10 percent of EQV.

**Debt Policy** – Part of an overall capital financing policy that provides evidence of a commitment to meet infrastructure needs through a planned program of future financing. Debt policies should be submitted to elected officials for consideration and approval.

**Debt Service** – The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

**Enterprise Fund** – An enterprise fund, authorized by MGL Ch. 44 §53F½, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery--direct, indirect, and capital costs--are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services. See DOR [IGR08-101](#)

**Free Cash (Also Budgetary Fund Balance)** – Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Important: free cash is not available for appropriation until certified by the Director of Accounts.

**General Obligation Bonds** – Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

**Levy Limit** – A levy limit is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that the real and personal property taxes imposed by a city or town may only grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or

exclusions. The levy limit can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt exclusion, or special exclusion. (See Levy Ceiling)

**Massachusetts School Building Authority (MSBA)** – Administers the state program that reimburses cities, towns, and regional school districts varying percentages of their school construction costs depending on the wealth of the community or district and the category of reimbursement. Projects that received their first reimbursement payment prior to July 26, 2004 will continue to get annual state payments to offset the related annual debt service. Thereafter, cities, towns, and regional school districts will receive a lump sum amount representing the state's share of the eligible project costs.. (See DOR [IGR 06-101](#))

**New Growth** – The additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. It does not include value increases caused by normal market forces or by revaluations. New growth is calculated by multiplying the assessed value associated with new construction, renovations and other increases by the prior year tax rate. The additional tax revenue is then incorporated into the calculation of the next year's levy limit. For example, new growth for FY07 is based on new construction, etc. that occurred between January and December 2005 (or July 2005 and June 2006 for accelerated new growth communities). In the fall of 2006, when new growth is being determined to set the FY07 levy limit, the FY06 tax rate is used in the calculation.

**Non-Recurring Revenue Source** – A one-time source of money available to a city or town. By its nature, a non-recurring revenue source cannot be relied upon in future years. Therefore, such funds should not be used for operating or other expenses that continue from year-to-year. (See Recurring Revenue Source)

**Principal** – The face amount of a bond, exclusive of accrued interest.

**Receipts Reserved for Appropriation** – Proceeds that are earmarked by law and placed in separate accounts for appropriation for particular purposes. For example, parking meter proceeds may be appropriated to offset certain expenses for parking meters and the regulation of parking and other traffic activities.

**Sale of Cemetery Lots Fund** – A fund established to account for proceeds of the sale of cemetery lots. The proceeds may only be appropriated to pay for the cost of the land, its care and improvement or the enlargement of the cemetery under provisions of MGL Ch. 114 §15.

**Sale of Real Estate Fund** – A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure. MGL Ch. 44 §63 states that such proceeds shall be applied first to the retirement of debt on the property sold. In the absence of such debt, funds may generally be used for purposes for which the city or town is authorized to borrow for a period of five years or more

**Short-Term Debt** – Outstanding balance, at any given time, on amounts borrowed with a maturity date of 12 months or less.

**Special Exclusion** – For a few limited capital purposes, a community may exceed its levy limit or levy ceiling without voter approval. Presently, there are two special expenditure exclusions: 1) water and sewer project debt service costs which reduce the water and sewer rates by the same amount; and 2) a program to assist homeowners to repair or replace faulty septic systems, remove underground fuel storage tanks, or remove dangerous levels of lead paint to meet public health and safety code requirements. In the second special exclusion, homeowners repay the municipality for the cost plus interest apportioned over a period of time, not to exceed 20 years

**Special Revenue Fund** – Funds, established by statute only, containing revenues that are earmarked for and restricted to expenditures for specific purposes. Special revenue funds include receipts reserved for appropriation, revolving funds, grants from governmental entities, and gifts from private individuals or organizations.

**Stabilization Fund** – A fund designed to accumulate amounts for capital and other future spending purposes, although it may be

appropriated for any lawful purpose (MGL Ch. 40 §5B). Communities may establish one or more stabilization funds for different purposes and may appropriate into them in any year an amount not to exceed ten percent of the prior year's tax levy. The total of all stabilization fund balances shall not exceed ten percent of the community's equalized value, and any interest shall be added to and become a part of the funds. A two-thirds vote of town meeting or city council is required to establish, amend the purpose of, or appropriate money into or from the stabilization fund.