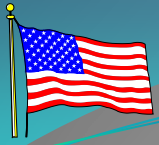


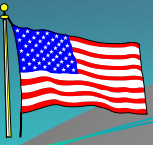
# Capital Planning: Affording the Big \$tuff

MMA Annual Meeting  
Charles Foskett  
January 21, 2012



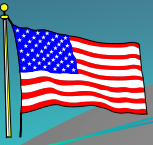
# Table of Contents

- Why Plan Capital Expenditures
- Criteria and Priorities
- The Capital Plan and Annual Budgets
- Sources of Funding
- Planning Long Range Debt
- Role of Capital Planning Committees
- Winning Town Meeting Approval



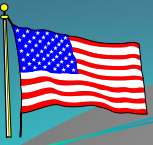
# Why Capital Planning?

- The last several years have been a reminder that there are economic ups and downs.
- We may yet see a double-dip recession with serious impact on state and local revenues.
- Many cities and towns are now faced with the need to increase operating expenses, satisfy capital needs and rebuild reserves. The latter two objectives can conflict.
- Capital expenditures require both short-term and long-term commitments.
- There are many ways to approach capital planning, this is one used in Arlington.



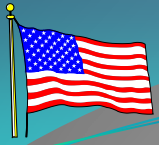
# Capital Planning

- Capital Planning sets and meets long-range expectations for current and future capital expenditures.
- Capital Planning sets and meets expectations for Town executives and management, the Finance Committee, Town Meeting and citizens.
- Successful Capital Planning reduces or eliminates uncertainty in the acquisition of capital assets.
- Successful Capital Planning facilitates postponing some capital expenditures in favor of others as part of the planning process.
- Successful Capital Planning gives Town Meeting and voters comfort while spending large sums of taxpayers money.
- *Choose a good database tool to maintain records!*



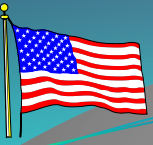
# Capital Assets in Arlington

- Dollar value – greater than \$3,000 or \$x,000.
- Tangible nature: Identifiable entity or large group of entities.
- Depreciable life – usually three years or more.
- Asset class: characteristics defined by Mass General Law



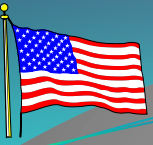
# Examples of Capital Assets

- Fire trucks, police cars, DPW loaders.
- Transfer station, school building.
- Some voting machines; parks, fields.
- Computers, servers, communication systems.
- Large purchases of smaller, but durable, assets
- Building plans, some studies.
- Major, infrequent repairs.
- Large tools or equipment.



# Not Capital Assets

- Services
- Painting rooms or buildings
- Medical treatments
- Books (for students or for lending)
- Field maintenance
- Routine building maintenance

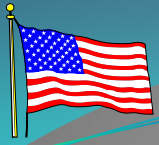


# Prioritization

Arlington has developed these guidelines for prioritizing projects:

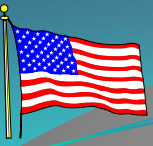
- Imminent **threat to health and safety** of citizens, employees or property (police cruisers and radios, SCBA –self contained breathing apparatus),
- **Maintenance and improvement** of capital assets (major repairs of buildings, replacement of vehicles and equipment, park and play area renovations),
- Requirement of **state or federal law** (asbestos cleanup program mandated by federal law in 1986, removal of gas tanks, etc),
- Improvement of the **infrastructure** (streets and sidewalks, water and sewer programs),
- Improvement of **productivity** (equipment replacement, microcomputer program) and
- Improvement of an **overburdened situation** (Town Hall renovations, cemetery expansion program).



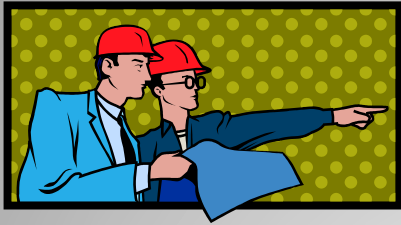


# Capital Planning Committee

- Advises Town Manager, FinCom and Town Meeting
- Members represent:
  - FinCom
  - Treasurer
  - School Department
  - Town Manager
  - Comptroller
  - Town Meeting and Citizens

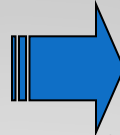


# The Process



Department Five Year Requests - August

Monitor Prior Expenditures



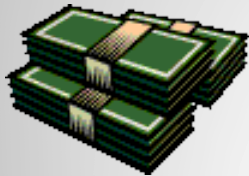
Capital Planning Committee Review  
September to January



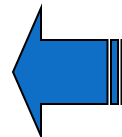
Capital Planning Committee:  
One Year Budget, Five year Plan



Department Expenditures Throughout Fiscal year



July 1 Funding



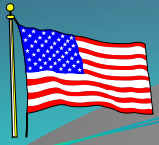
Town Meeting Approves Next FY Budget



Town Manager and FinCom

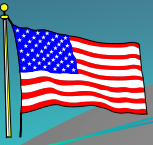


Spring Town Meeting



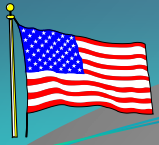
# Sources of Funds

- Current FY non-exempt budget direct appropriation (“Cash”).
- Current FY non-exempt bonded appropriation (“Bonds”).
- Grants, CDBG, Trusts, enterprise funds, other off-balance sheet income (“Other”).
- Proposition 2½ exempt borrowing.



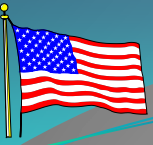
# Uses of Funds

- Purchase of qualifying equipment, material, buildings and other assets.
- Interest on bonds or bond anticipation notes (BANS).
- Principal on bonds (principal and interest on bonds together called “debt service”.)
- Distinguish between exempt and non-exempt debt service.



## Non-exempt Capital Spending Policy

- Set aside debt exclusions for now as extraordinary situations.
- How do we plan aggregate spending from our non-exempt budget?
  - Level fund
  - Base on detailed annual requirements
  - *Plan to a constant percentage of budget*
  - Other possibilities...

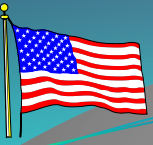


# Defining the Capital Budget

- Note: Bonds usually have interest only or small principal effect in current year.
- Total capital budget for FY is sum of:
  - Direct cash expenditures for capital items in FY, and
  - Interest and principal impact in FY of new bonds, if any, and
  - Debt service on all prior bonded expenditures.

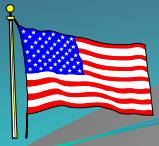
Capital Budget = Cash Purchases + New Debt Service + Prior Debt Service

- One planning approach fixes this sum as a percentage of the annual Town Budget.



# Managing The Information Flow

- A good database system is required.
- We have found that MS-Excel works, but poorly because it is not a true database, but a spreadsheet.
- We have used MS-Access, a relational database, with some success, but it requires some programming.
- A relational database preserves historical data, offers flexible manipulation and has export and other capabilities to Excel and other programs.

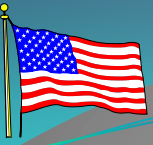


# Input Form

- Manages consistent data
- Integrity of format
- Reduces rework
- Preserves year-to-year history

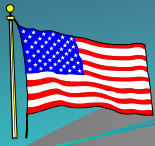
ID	11		
Department	Community Safety- Fire Services		
Fiscal year of Request:	2004		
Department priority	1		
Project Description	Demolition and construction of Park Circle Fire Station		
Type of Request	New		
Justification	The building of this new facility will enhance the safety of the firefighters who work and live there and enable them to continue to serve and protect the citizens in this section of Arlington.		
Funding Priority	Infrastructure Improvement		
Source of Funding	General Fund		
Year 1 Cost	\$2,200,000	Year 4 Cost	\$0
Year 2 Cost	\$0	Year 5 Cost	\$0
Year 3 Cost	\$0	Year 6 Cost	\$0
Estimated Life	50		
Annual Operating Cost of Project	\$0		
Annual Maintenance Cost of Project	\$0		
Comments	At present an RFP for architectural design is being reviewed.		





# Situation in March 2010

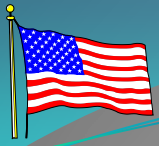
- Prior Five Year (actually 6.5) plan expired
- \$5-\$6 million deficit looming
- Override vote scheduled in June
- Thompson School rebuild up before MSBA for July approval (\$20 million)
- Town unions had voted down GIC twice



# Plan and Budget Format

Note: List is truncated

Sum of AMOUNT			FISCAL YEAR					Grand Total	
DEPARTMENT	PROGRAM	EXPENDITURE	2012	2013	2014	2015	2016	Grand Total	
BOARD OF SELECTMEN	PHOTOCOPIER PROGRAM	Photocopier lease			\$5,500	\$5,500	\$5,500	\$16,500	
<b>BOARD OF SELECTMEN Total</b>					<b>\$5,500</b>	<b>\$5,500</b>	<b>\$5,500</b>	<b>\$16,500</b>	
COMMUNITY SAFETY - FIRE SERVICES	DEPARTMENTAL PROJECT	Automatic Defibrillators		\$16,000				\$16,000	
		Protective Gear Replacement		\$32,000	\$40,000	\$40,000		\$112,000	
	EQUIPMENT REPLACEMENT	Amicus Tool cutters	\$18,000						\$18,000
		Breathing apparatus, SCBA					\$70,000		\$70,000
		Replace fire alarm system	\$75,000						\$75,000
		Self Contained Breathing Apparatus			\$70,000	\$70,000			\$140,000
		Thermal Imaging Cameras	\$24,000						\$24,000
	INFRASTRUCTURE IMPROVEMENT	Fire Station - Central				\$5,200,000			\$5,200,000
		Fire Station Plan - Central Station			\$320,000				\$320,000
	PHOTOCOPIER PROGRAM	Photocopier lease	\$1,500						\$1,500
	VEHICLE REPLACEMENT	Ambulance replacement			\$170,000				\$170,000
		Fire prevention vehicle				\$30,000			\$30,000
		Replace 1 Engine					\$525,000		\$525,000
Replace C2						\$40,000		\$40,000	
<b>COMMUNITY SAFETY - FIRE SERVICES Total</b>			<b>\$118,500</b>	<b>\$48,000</b>	<b>\$600,000</b>	<b>\$5,340,000</b>	<b>\$635,000</b>	<b>\$6,741,500</b>	
TOWN MANAGER	EQUIPMENT REPLACEMENT	AHS maintenance of steam traps	\$12,780					\$12,780	
		Hardy School replacement head end - energy mgmt system	\$19,825					\$19,825	
		Streetlights - conversion high pressure sodium to LED	\$268,500					\$268,500	
	PHOTOCOPIER PROGRAM	Photocopier		\$5,000	\$5,000	\$5,000	\$3,000	\$18,000	
<b>TOWN MANAGER Total</b>			<b>\$301,105</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$3,000</b>	<b>\$319,105</b>	
TREASURER	PHOTOCOPIER PROGRAM	Photocopier		\$5,300	\$1,400			\$6,700	
<b>TREASURER Total</b>				<b>\$5,300</b>	<b>\$1,400</b>			<b>\$6,700</b>	
VETERANS' MEMORIAL RINK ENTERPRISE FUND	INFRASTRUCTURE IMPROVEMENT	Rank Renovations: Electrical/ Lighting					\$110,000	\$110,000	
		Rank Renovations: Roof/ceiling/dehumidification		\$280,000				\$280,000	
		Rank Renovations: Zamboni room/locker rooms				\$265,000		\$265,000	
<b>VETERANS' MEMORIAL RINK ENTERPRISE FUND Total</b>				<b>\$280,000</b>		<b>\$265,000</b>	<b>\$110,000</b>	<b>\$655,000</b>	
<b>Grand Total</b>			<b>\$5,472,035</b>	<b>\$8,638,750</b>	<b>\$6,297,400</b>	<b>\$11,357,650</b>	<b>\$11,426,124</b>	<b>\$43,191,959</b>	



# Funding Summary

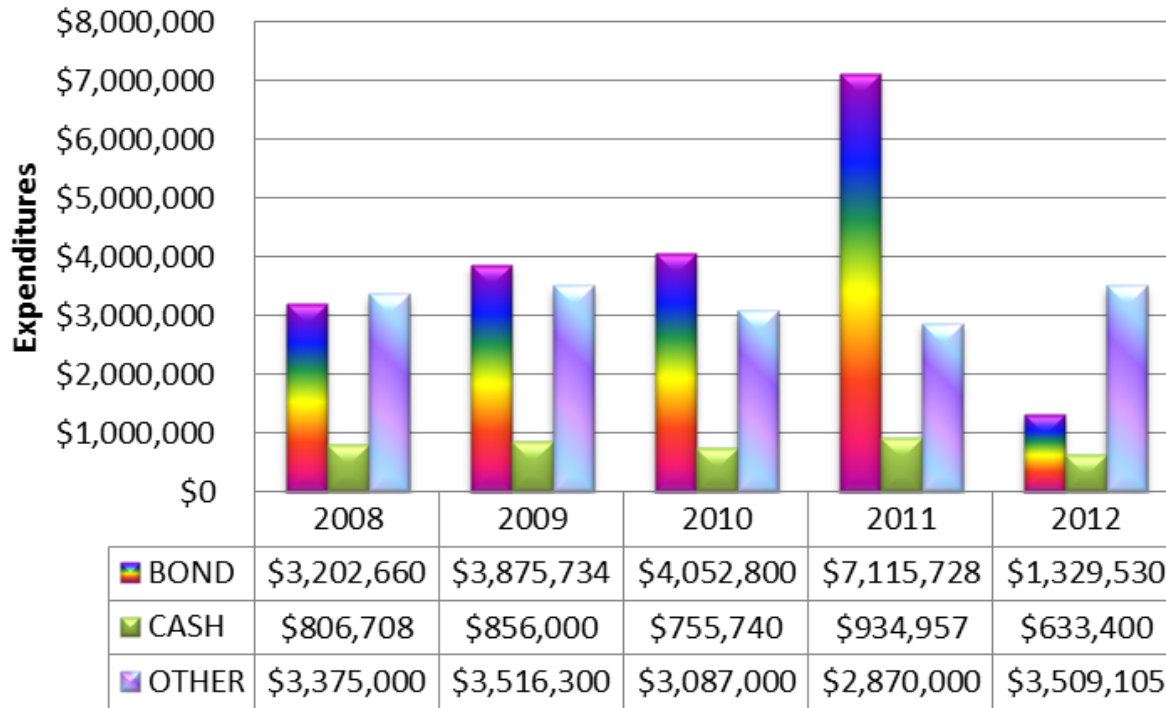
Sum of AMOUNT FUNDING SOURCE	FISCAL YEAR					Grand Total
	2012	2013	2014	2015	2016	
BOND	\$1,329,530	\$4,735,600	\$1,843,900	\$7,447,350	\$6,838,624	\$22,195,004
CASH	\$633,400	\$678,150	\$630,500	\$670,300	\$789,500	\$3,401,850
OTHER	\$3,509,105	\$3,225,000	\$3,823,000	\$3,240,000	\$3,798,000	\$17,595,105
Grand Total	\$5,472,035	\$8,638,750	\$6,297,400	\$11,357,650	\$11,426,124	\$43,191,959

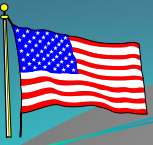
- Shows total of acquisitions by funding category
- Totals foot to five year plan presentation
- First column is budget for initial FY of plan period



# Arlington, MA - Historical Spending

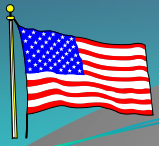
## Five Year History By Funding Source





# Planning the Future

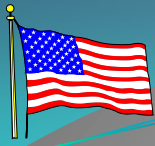
- Calculate % of each year's budget for total capital and debt service = capital budget
- Adjust for exempt debt, re-imbursments
- Add in each year's new planned debt service to known non-exempt debt service now and in future
- Add in direct cash expenditures as planned
- Compare to budget



# Forecasting Debt Service

St	YearInUse						
DEPARTMENT	EXPENDITURE	2012	2013	2014	2015	2016	Grand Total
COMMUNITY SAFETY - FIRE	Fire Station Plan - Central Station			\$5,139	\$26,278	\$25,764	\$57,180
	Automatic Defibrillators		\$257	\$2,114	\$2,062	\$2,011	\$6,444
	Protective Gear Replacement		\$514	\$4,870	\$10,052	\$14,463	\$29,899
	Fire Station - Central				\$83,506	\$427,013	\$510,519
	Thermal Imaging Cameras	\$385	\$5,571	\$5,417	\$5,262	\$5,108	\$21,744
	Self Contained Breathing Apparatus			\$1,124	\$13,372	\$24,175	\$38,672
	Replace fire alarm system	\$1,204	\$6,159	\$6,038	\$5,918	\$5,798	\$25,117
	Replace 1 Engine					\$8,431	\$8,431
	Amkus Tool cutters	\$289	\$3,150	\$3,067	\$2,984	\$2,902	\$12,392
	Breathing apparatus, SCBA					\$1,124	\$1,124
VETERANS' MEMORIAL RINK	Rink Renovations: Zamboni room/Locker rooms				\$4,256	\$26,178	\$30,434
	Rink Renovations: Electrical/ Lighting					\$1,766	\$1,766
	Rink Renovations: Roof/ceiling/dehumidification		\$4,496	\$27,660	\$27,060	\$26,461	\$85,677
VETERANS' MEMORIAL RINK ENTERPRISE FUND Total			\$4,496	\$27,660	\$31,316	\$54,405	\$117,877
0 Total		\$43,673	\$438,546	\$1,052,492	\$1,406,540	\$2,053,164	\$4,994,415
Grand Total		\$43,673	\$438,546	\$1,052,492	\$1,406,540	\$2,053,164	\$4,994,415

Note: List is truncated



# Planned Composition of Appropriation for Five Years

Fiscal Year	2012	2013	2014	2015	2016	Total
Prior Non-Exempt Debt	\$5,140,725	\$4,781,640	\$4,519,891	\$3,952,031	\$3,455,666	\$21,849,953
Cash	\$633,400	\$678,150	\$630,500	\$670,300	\$789,500	\$3,401,850
New Non-Exempt Debt Service	\$43,673	\$438,546	\$1,052,492	\$1,406,540	\$2,053,164	\$4,994,415
<b>Total Non-Exempt Tax Burden</b>	\$5,817,798	\$5,898,336	\$6,202,883	\$6,028,871	\$6,298,330	\$30,246,218
Adjust for Rink Enterprise Funds	(\$50,000)	(\$54,496)	(\$77,660)	(\$81,316)	(\$104,405)	(\$367,877)
Adjust for Ambulance Revolving	(\$49,300)	(\$47,600)	(\$45,900)	(\$47,600)	(\$47,600)	(\$238,000)
Antenae Funds	(\$110,000)					(\$110,000)
Adjust for Ottoson	(\$436,717)	(\$436,717)	(\$436,717)	(\$436,717)	(\$436,717)	(\$2,183,585)
<b>Net Non-Exempt Plan</b>	\$5,171,781	\$5,359,523	\$5,642,606	\$5,463,239	\$5,709,608	\$27,346,756

- Includes exempt and non-exempt debt service.
- Includes carryover amounts.
- Includes cash expenditures.
- Shows transfers of reserves (rainy day funds).

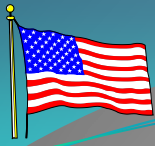


# Forecast of Non-exempt Capital and Debt Service vs. Budget

Fiscal Year	2012	2013	2014	2015	2016	Total
Prior Non-Exempt Debt	\$5,140,725	\$4,781,640	\$4,519,891	\$3,952,031	\$3,455,666	\$21,849,953
Cash	\$633,400	\$678,150	\$630,500	\$670,300	\$789,500	\$3,401,850
New Non-Exempt Debt Service	\$43,673	\$438,546	\$1,052,492	\$1,406,540	\$2,053,164	\$4,994,415
<b>Total Non-Exempt Tax Burden</b>	<b>\$5,817,798</b>	<b>\$5,898,336</b>	<b>\$6,202,883</b>	<b>\$6,028,871</b>	<b>\$6,298,330</b>	<b>\$30,246,218</b>
Adjust for Rink Enterprise Funds	(\$50,000)	(\$54,496)	(\$77,660)	(\$81,316)	(\$104,405)	(\$367,877)
Adjust for Ambulance Revolving	(\$49,300)	(\$47,600)	(\$45,900)	(\$47,600)	(\$47,600)	(\$238,000)
Antenae Funds	(\$110,000)					(\$110,000)
Adjust for Ottoson	(\$436,717)	(\$436,717)	(\$436,717)	(\$436,717)	(\$436,717)	(\$2,183,585)
<b>Net Non-Exempt Plan</b>	<b>\$5,171,781</b>	<b>\$5,359,523</b>	<b>\$5,642,606</b>	<b>\$5,463,239</b>	<b>\$5,709,608</b>	<b>\$27,346,756</b>
<b>Pro Forma Budget</b>	<b>\$ 103,539,548</b>	<b>\$ 106,020,619</b>	<b>\$ 108,391,438</b>	<b>\$ 110,958,476</b>	<b>\$ 113,489,477</b>	<b>\$542,399,558</b>
<b>Budget For Plan at 5%</b>	<b>\$5,176,977</b>	<b>\$5,301,031</b>	<b>\$5,419,572</b>	<b>\$5,547,924</b>	<b>\$5,674,474</b>	<b>\$27,119,978</b>
<b>Plan as % of Revenues</b>	<b>4.99%</b>	<b>5.06%</b>	<b>5.21%</b>	<b>4.92%</b>	<b>5.03%</b>	<b>5.04%</b>
<b>Variance From Budget</b>	<b>\$5,197</b>	<b>(\$58,492)</b>	<b>(\$223,035)</b>	<b>\$84,685</b>	<b>(\$35,134)</b>	<b>(\$226,778)</b>

- Looks at committed debt service, cash expenditures and new debt service.
- Comparison to 5% of budget based on **assumed revenue** (state aid and local receipts) parameters.



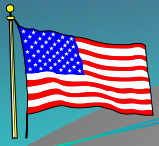


# Arlington Vote

FY2012	Expenditures
By Funding Source	
Cash	\$633,400
Bond	\$1,329,530
Other	\$3,509,105
<b>Total</b>	<b>\$5,472,035</b>
<b>Calculation of Net Appropriation of Article</b>	
<b>FY2011</b>	<b>Capital and Debt Service</b>
Prior Years Non-exempt Debt Service	
Principal	\$4,165,400
Interest	\$975,325
<b>Total Prior Non-exempt Debt Service</b>	<b>\$5,140,725</b>
Plus W/S Enterprise Fund Debt Svc. Appropriation	\$246,775
Plus MWRA Loan Payments	\$731,649
Net Prior Non-Exempt Debt Service	\$6,119,149
New Non-exempt Debt Service	\$43,673
Less Veterans Memorial Rink	(\$50,000)
Less Ambulance Revolving Fund	(\$49,300)
Less Antennae Funds	(\$110,000)
Current Year Cash Outlay	\$633,400
<b>Total Non-exempt Appropriation</b>	<b>\$6,586,922</b>
Exempt Principal	\$2,189,730
Total Exempt Interest	\$646,597
<b>Total Exempt Debt Service</b>	<b>\$2,836,327</b>
Less W/S Enterprise Fund Debt Svc Approp.	(\$246,775)
Less MWRA Loan Payments	(\$731,649)
<b>Total Tax Rate Appropriation</b>	<b>\$8,444,825</b>

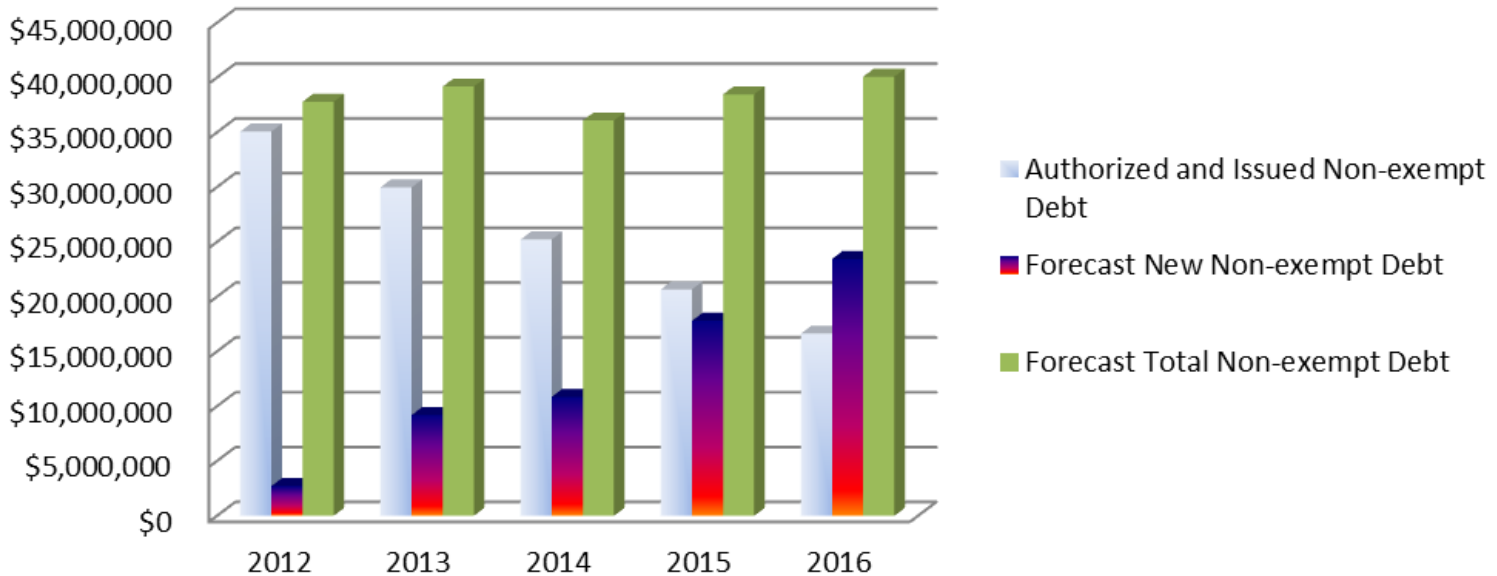
Exempt and Non-exempt Tax Impact





## Forecast of Non-exempt Debt

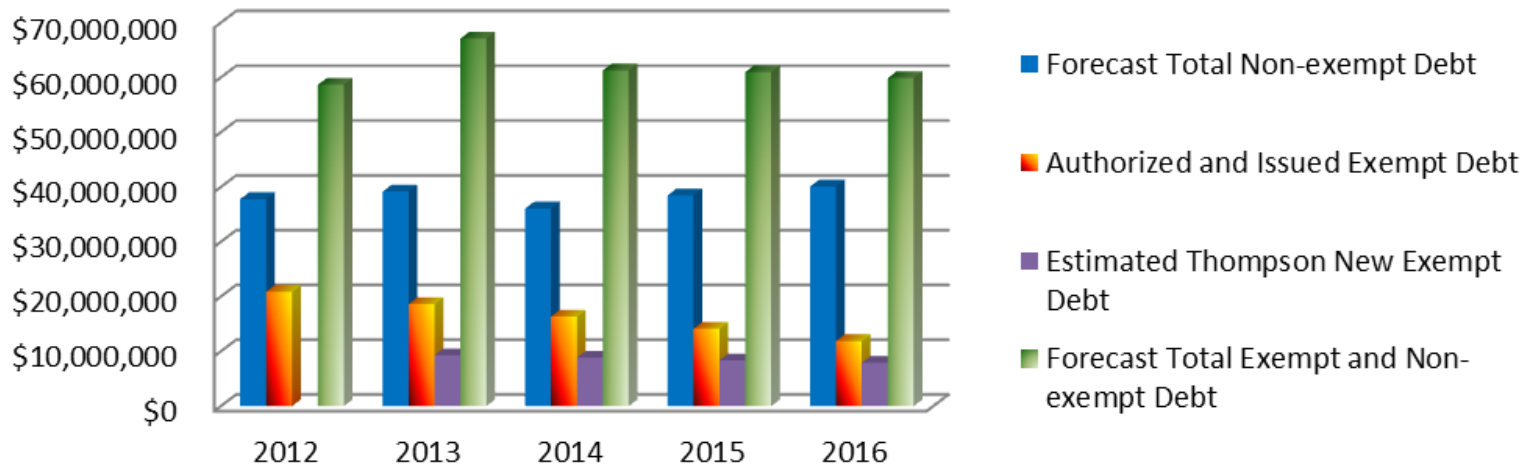
### Estimated Non-exempt Debt Balance Components Fiscal Years 2012 - 2016

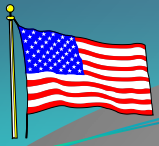




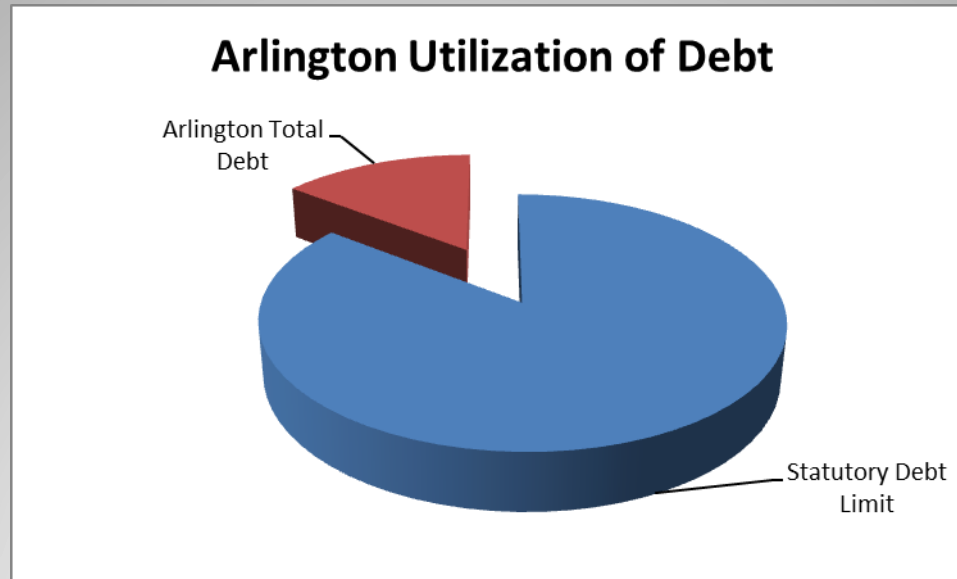
# Estimated Total Debt Balances

## Estimated Total Debt Balances Fiscal Years 2012 -2016





# Arlington and Debt Limit

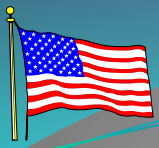




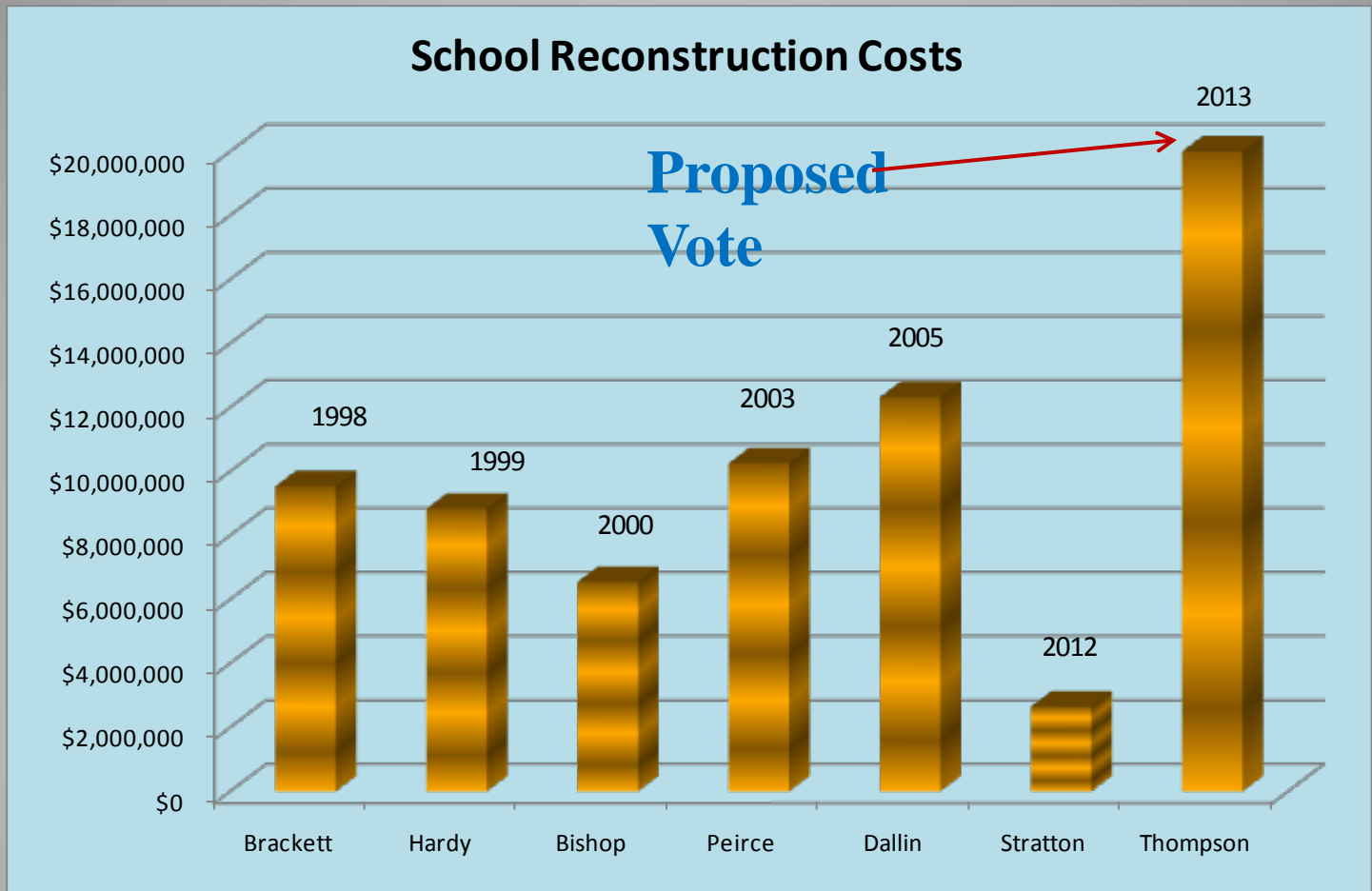
# Past Present and Future

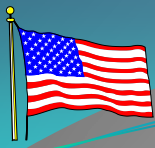
*Arlington non-exempt capital spending viewed by Program as of June 2010:*

AMOUNT	FISCAL YEAR									Grand Total
	PROGRAM	2009	2010	2011	2012	2013	2014	2015	2016	
DEPARTMENTAL PROJECT	\$138,300	\$29,000	\$39,000	\$16,000	\$51,500	\$90,000	\$72,000	\$94,500	\$530,300	
EQUIPMENT REPLACEMENT	\$119,000	\$240,000	\$161,000	\$562,105	\$201,000	\$283,000	\$291,000	\$683,500	\$2,540,605	
INFORMATION TECHNOLOGY	\$310,650	\$282,500	\$382,500	\$376,700	\$319,200	\$318,700	\$319,600	\$742,750	\$3,052,600	
INFRASTRUCTURE IMPROVEMENT	\$3,364,300	\$3,656,000	\$7,315,000	\$2,523,000	\$3,122,000	\$3,063,000	\$7,835,000	\$3,920,000	\$34,798,300	
MAJOR REPAIRS	\$80,000	\$10,000	\$15,000	\$30,000		\$5,000	\$15,000	\$5,000	\$160,000	
PARKS & PLAYGROUNDS		\$25,000	\$535,728	\$40,000	\$724,500		\$656,250	\$1,221,874	\$3,203,352	
PHOTOCOPIER PROGRAM	\$121,200	\$146,740	\$152,490	\$95,400	\$97,300	\$11,900	\$10,500	\$8,500	\$644,030	
PUBLIC BUILDING MAINTENANCE	\$840,584	\$1,916,300	\$4,293,450	\$526,830	\$2,604,250	\$264,800	\$274,300	\$2,701,000	\$13,421,514	
ROADS AND PATHS INFRASTRUCTURE	\$1,500,000	\$975,000	\$975,000	\$1,054,000	\$1,090,000	\$1,340,000	\$1,115,000	\$965,000	\$9,014,000	
STUDENT TRANSPORTATION			\$85,000			\$124,000	\$60,000	\$40,000	\$309,000	
VEHICLE REPLACEMENT	\$1,304,000	\$530,000	\$494,000	\$248,000	\$429,000	\$797,000	\$709,000	\$1,044,000	\$5,555,000	
PARKS PLAYGROUNDS & FIELDS	\$470,000								\$470,000	
<b>Grand Total</b>	<b>\$8,248,034</b>	<b>\$7,810,540</b>	<b>\$14,448,168</b>	<b>\$5,472,035</b>	<b>\$8,638,750</b>	<b>\$6,297,400</b>	<b>\$11,357,650</b>	<b>\$11,426,124</b>	<b>\$73,698,701</b>	



# Arlington's Investment in Education

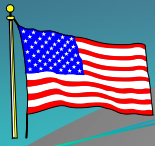




# Estimated Breakdown of Funding Sources & Uses

Estimated Rebuild Debt Exclusion Balance	\$12,704,107
Estimated Project Cost with \$1 M Reserve	\$20,000,000
MSBA Reimbursement Rate	47.21%
Est. Non-reimbursible Costs, incl Reserve	\$2,000,000
Reimbursable Project Portion	\$18,000,000
Allowed Reimbursement Amount	\$8,497,800
	FY2012
<b>Sources</b>	
Unused Debt Exclusion Capacity	\$6,706,498
Annual CPC Program for Thompson	\$1,211,148
Disposition of Assets	
Parmenter	\$1,500,000
Crosby	\$1,500,000
School Capital Balances for Thompson	\$814,000
School Fund Interest Balance	\$20,000
MSBA Participation Funds	\$8,497,800
<b>Total Sources</b>	\$20,249,446
<b>Uses</b>	
Thompson Renovations	\$20,000,000
Reserve (Shortfall)	\$249,446
<b>Total Uses</b>	\$20,249,446

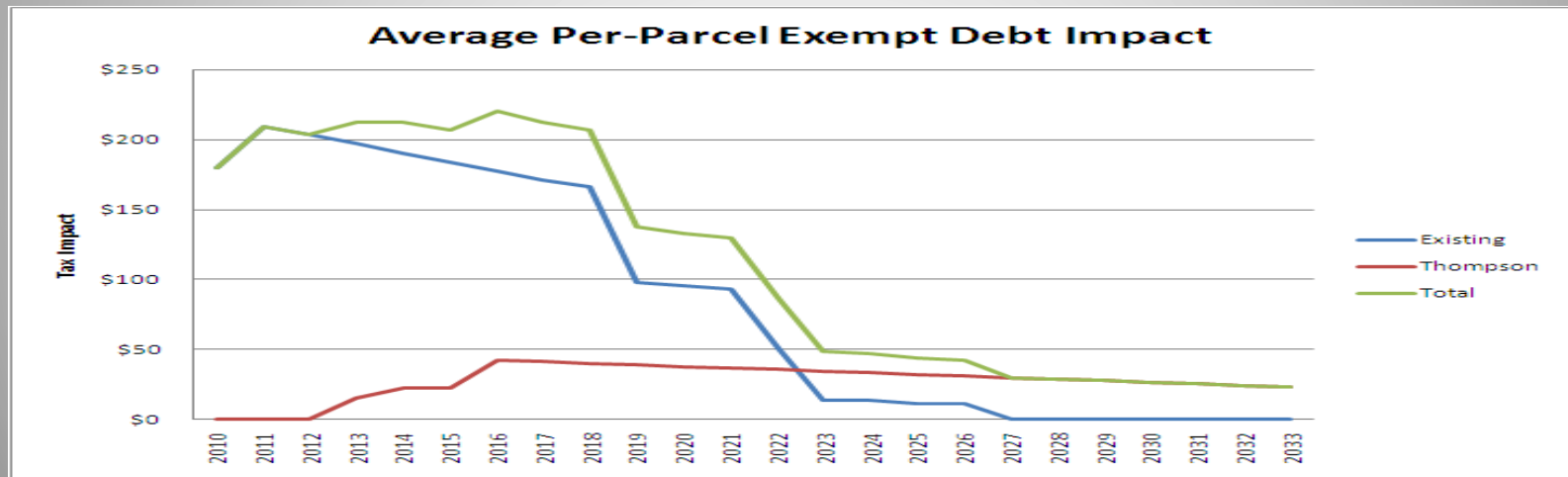
- Table on left is Table 5 in Capital Report, adjusted for DOR audited Debt Exclusion Referendum balance
- Asset disposition values are estimates
- Reserve is to accommodate changes in interest rates and similar effects (about a 0.5% interest change)
- \$6.7 million is new exempt debt



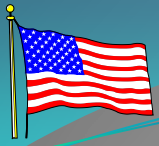
# Estimated Incremental Tax Impact

Est. Incremental Tax Impact Annual			
Funding Source	Amount	Household	Comment
Rebuild Debt exclusion	\$6,706,498	\$29.65	New Exempt Debt
School Capital & Interest Balances	\$834,000		In Capital Plan
Annual CPC Program	\$1,211,148		In Capital Plan
Asset Sales	\$3,000,000		From Asset Sale
MSBA Reimbursement	\$8,497,800		From MSBA
<b>Totals</b>	<b>\$20,249,446</b>	<b>\$29.65</b>	

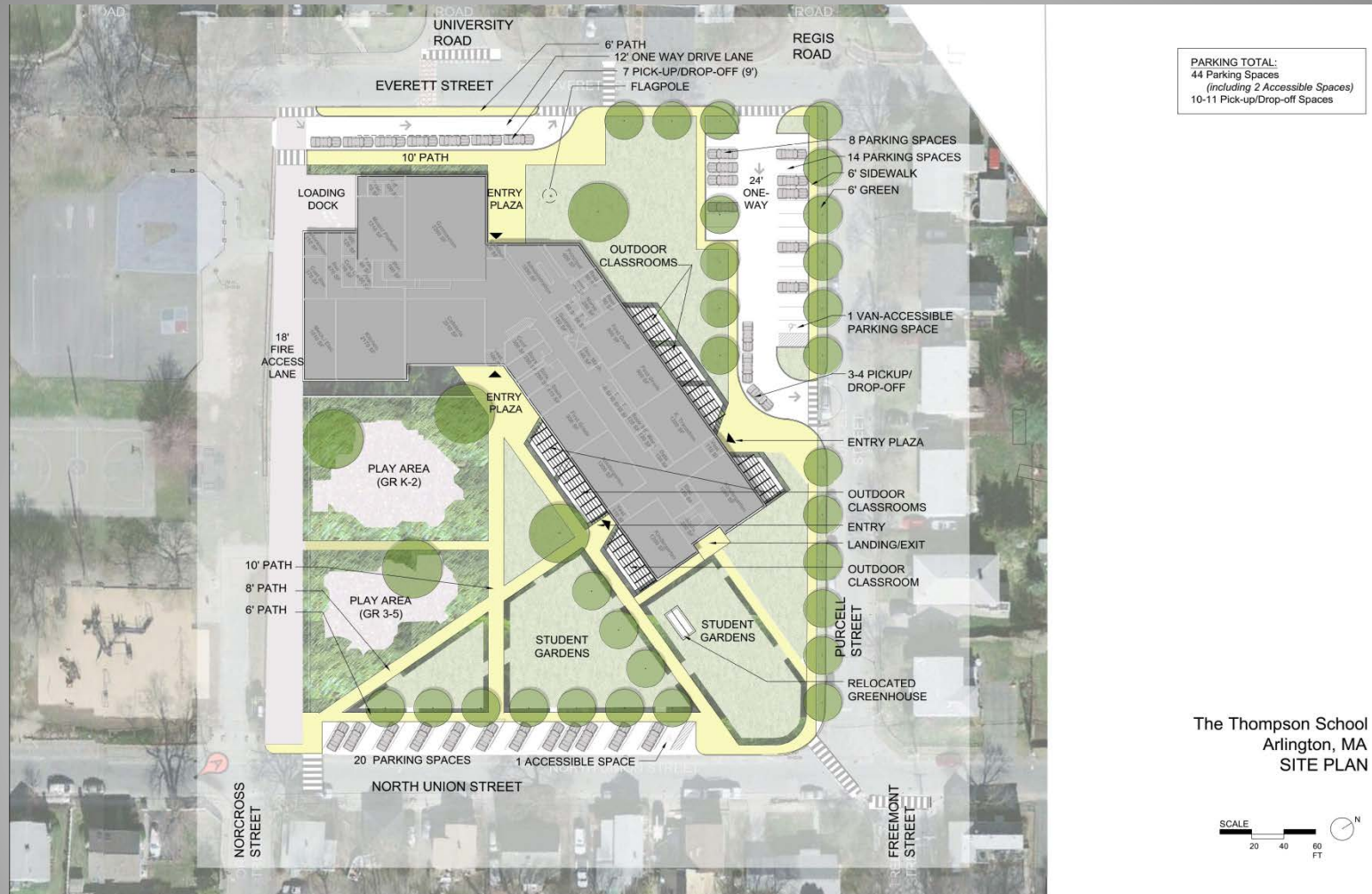
Existing Exempt Debt		
17-Yr. Existing Exempt Debt	17 Yr. Exempt Debt	
	No. Parcels	per Parcel
\$ 31,052,715.38	15,021	\$ 2,067.29
Thompson School Projection		
21 Yr. Projected Thompson Exempt Debt	21 Yr. Projected Thompson Exempt	
	No. Parcels	per Parcel
\$ 9,798,750.00	15,021	\$ 652.34
Actual and Projected		
24 Yr. Actual & Proj. Total Exempt Debt	24 Yr. Actual & Proj.	
	No. Parcels	per Parcel
\$ 40,851,465.38	15,021	\$ 2,719.62







# Thompson Approved: TM and MSBA

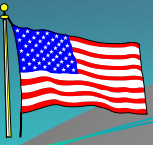




# Key: Forecast of Non-exempt Capital and Debt Service vs. Budget

Fiscal Year	2012	2013	2014	2015	2016	Total
Prior Non-Exempt Debt	\$5,140,725	\$4,781,640	\$4,519,891	\$3,952,031	\$3,455,666	\$21,849,953
Cash	\$633,400	\$678,150	\$630,500	\$670,300	\$789,500	\$3,401,850
New Non-Exempt Debt Service	\$43,673	\$438,546	\$1,052,492	\$1,406,540	\$2,053,164	\$4,994,415
Total Non-Exempt Tax Burden	\$5,817,798	\$5,898,336	\$6,202,883	\$6,028,871	\$6,298,330	\$30,246,218
Adjust for Rink Enterprise Funds	(\$50,000)	(\$54,496)	(\$77,660)	(\$81,316)	(\$104,405)	(\$367,877)
Adjust for Ambulance Revolving	(\$49,300)	(\$47,600)	(\$45,900)	(\$47,600)	(\$47,600)	(\$238,000)
Antenae Funds	(\$110,000)					(\$110,000)
Adjust for Ottoson	(\$436,717)	(\$436,717)	(\$436,717)	(\$436,717)	(\$436,717)	(\$2,183,585)
Net Non-Exempt Plan	\$5,171,781	\$5,359,523	\$5,642,606	\$5,463,239	\$5,709,608	\$27,346,756
<i>Pro Forma Budget</i>	\$ 103,539,548	\$ 106,020,610	\$ 100,001,180	\$ 110,050,176	\$ 113,489,477	\$542,399,558
<i>Budget For Plan at 5%</i>	\$5,176,977	\$5,301,031	\$5,419,572	\$5,547,924	\$5,674,474	\$27,110,978
<i>Plan as % of Revenues</i>	4.99%	5.06%	5.21%	4.92%	5.03%	5.04%
<i>Variance From Budget</i>	\$5,197	(\$58,492)	(\$223,035)	\$84,685	(\$35,134)	(\$226,778)

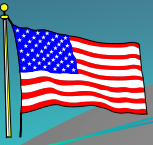
- Looks at committed debt service, cash expenditures and new debt service.
- Comparison to 5% of budget based on **assumed revenue** (state aid and local receipts) parameters.



# Winning Town Meeting Support for the Capital Budget

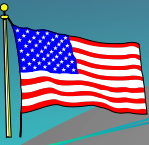
- Have a Capital Plan as well as a budget.
- Whenever possible stick to the plan.
- Bring bad news to TM as soon as possible, preferably years in advance.
- Always highlight problems, don't gloss them over, explain them in detail.
- Give TM credit for Capital Spending *within the plan*, which then becomes TM's plan.
- Give TM credit for spending large amounts of money wisely; that's usually what they want to do, but rarely can be sure they have. A Capital Plan and history allows measurement and proof.

Result: 25 years successful TM votes with no changes, most votes unanimous.



## Capital Planning Committee Role

- Set standards and priorities.
- Provide continuity and institutional memory over many years.
- Inspire and cajole managers to plan ahead.
- Reward careful planning by management with funding - someday.
- Communicate short-term and long-term needs to Town Manager, Finance Committee, Town Meeting and Citizens.
- Exhibit predictability and *Gravitas*.



You can download a copy of this presentation and the Arlington Capital Report for FY2010 from the internet at the MMA website

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**Thank You!**

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