

Report from the Capital Planning Committee

The primary focus of the Capital Planning Committee is to study, research and make recommendations on capital improvement projects. In addition, the committee may develop processes and policies in order to maintain the capital improvement program (CIP).

The purpose of the Capital Planning Committee is to study capital (tangible assets and projects) spending requests with a dollar value greater than \$15,000. The committee is charged with preparing annual capital spending recommendations to be submitted to the Select Board and Advisory Board and to be published in the Advisory Board booklet. The committee is also charged with developing a long-range capital plan of at least five years.

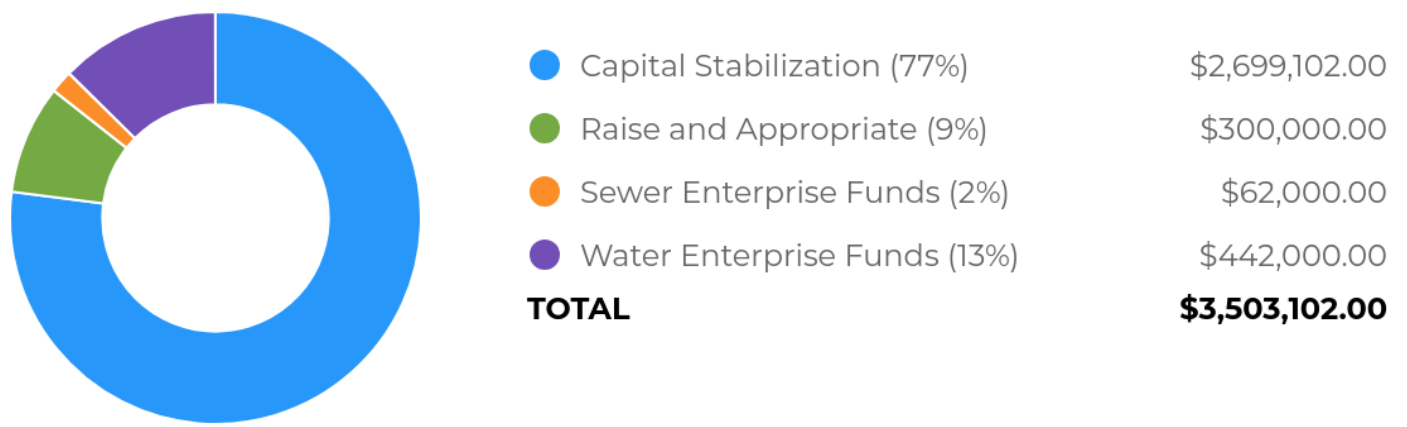
The Capital Planning Committee has met with the various department heads over the past year and developed the following five-year CIP. The committee is pleased to recommend the following report to the Town of Westminster.

FY2025 Capital Plan

The proposed CIP for FY2025 totals \$3,503,102. The FY2025 CIP is funded from a combination of sources: Raise & Appropriate (taxes), Stabilization Accounts, Enterprise Funds and Other funding (e.g. Chapter 90, Ambulance Receipts...etc.). The following chart (Chart 1) illustrates the breakdown of the funding for the FY2025 Capital Plan.

Per the Financial Policies and Procedures adopted by the Select Board in 2023, the Capital Stabilization Funding Sources will be consolidated to one Capital Stabilization Account at the May 4, 2024 Special Town Meeting. This change was recommended by the Collins Center, our audit firm and was an integral part of attaining a AAA Bond Rating. The former funding sources, as well as the current Stabilization Fund makeup are outlined throughout this report.

Image 1



The following is the FY2025 Recommendation from the Capital Planning Committee.

Table 1
FY2025 Capital Plan

Department	Project	Raise & Appropriate	Capital Equipment Stabilization	Previous Stabilization account	Water & Sewer Enterprise	Totals
**DPW	Sewer Capacity Analysis				\$ 20,000	\$ 20,000
**DPW	Water Main Route 2A				\$ 250,000	\$ 250,000
DPW	Road Maintenance	\$ 300,000				\$ 300,000
DPW	Road Improvement Program		\$ 500,000	<i>Road Maintenance</i>		\$ 500,000
DPW	Oakmont Ave Culvert Project		\$ 500,000	<i>Road Maintenance</i>		\$ 500,000
DPW	Replace 2005 Mack CV713		\$ 390,000			\$ 390,000
DPW	Septic System Replacement		\$ 42,000	<i>Building</i>	\$ 83,000	\$ 125,000
DPW	Replace Roof for Salt Dome		\$ 125,000			\$ 125,000
DPW	Replace 2014 Ford F350		\$ 115,000			\$ 115,000
DPW	Water Pumping Station-Hagar Park				\$ 150,000	\$ 150,000
Police	Replace 2019 Chevy Tahoe		\$ 67,300			\$ 67,300
Police	Replace 2018 Ford Interceptor		\$ 67,300			\$ 67,300
Fire	Replace 2008 Ford F550		\$ 275,000			\$ 275,000
Cemetery	Woodside & Whitmanville Paving		\$ 30,000	<i>Building</i>		\$ 30,000
Cemetery	Utility Detectoion Radar Kit		\$ 23,000	<i>Building</i>		\$ 23,000
Technology	Computer Replacement		\$ 50,000	<i>Technology</i>		\$ 50,000
Technology	Network Phases 1/2 Town Hall		\$ 21,000	<i>Technology</i>		\$ 21,000
Library	Fire Panel Replacement		\$ 18,000	<i>Building</i>		\$ 18,000
Schools	Meetinghouse Projects (New Boiler)		\$ 400,000	<i>Building</i>		\$ 400,000
Schools	Districtwide Capital Projects		\$ 19,688	<i>Building</i>		\$ 19,688
Schools	Overlook Projects		\$ 32,916	<i>Building</i>		\$ 32,916
Schools	Oakmont Projects		\$ 23,898	<i>Building</i>		\$ 23,898
Totals		\$ 300,000	\$ 2,700,102		\$ 503,000	\$ 3,503,102

****Due to the time sensitive nature of these projects, these two articles will be presented separately at the Special Town Meeting on May 4, 2024.**

Stabilization Fund Summary

The goal of the Capital Planning Committee is to develop a fiscally responsible five-year CIP and identify funding sources for at least the next three years of the plan. All Capital requests will be reviewed and prioritized by the Capital Planning Committee using a priority table. Furthermore, the five-year CIP will be utilized as a planning tool to determine future Stabilization Fund Amounts.

Part of the CIP is funded from Stabilization Funds. Maintaining adequate stabilization fund levels is important to the financial stability of the Town. The Capital Planning Committee has defined minimum levels for each stabilization fund. As the Capital Planning Committee refines the five-year CIP and identifies the funding sources the stabilization fund levels will be monitored. Adjustments to the five-year CIP and/or funding sources may be required if future Stabilization Fund levels drop too low.

The certified free cash for FY2024 was approximately \$3 million dollars. The main contributing factor to this substantial free cash amount was due to local receipts from the landfill. Landfill revenue will to continue to exceed the annual estimated amounts. Underestimating the receipts is a long-term strategy to eliminate this revenue stream from the operating budget prior to the eventual closure of the landfill.

Since the landfill will close at some point it is critical that revenue from this source be removed from the operating budget. The recent influx of free cash greatly helped the stabilization fund levels and will help fund the five-year CIP.

Stabilization Funds - Encumbered

An important aspect of the Stabilization Funds is not only the current levels but also the levels over the next five years as they are used to fund the CIP. A portion of the amount in the Stabilization Funds are encumbered or reserved for future capital purchases. This encumbering of funds is essential in funding the five-year CIP and ensures that not only will capital purchases happen in a timely manner but the impact of these projects have a minimum effect to the overall budget. The following Table reflects the amounts encumbered in each of the Stabilization Funds over the next five years based on the current CIP (Starting with the balance as of FY2024).

Table 2
Stabilization Fund FY2024 Balance and FY2025 – FY2029 Amounts Encumbered to fund the CIP

Stabilization Funds	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Capital Equipment Stabilization	\$ 2,262,974.00	\$ 1,223,374.00	\$ 642,974.00	\$ 435,974.00	\$ (79,026.00)	\$ (236,026.00)
Building Maintenance Stabilization	\$ 1,456,853.00	\$ 867,351.00	\$ 413,586.00	\$ (149,414.00)	\$ (570,283.00)	\$ (926,533.00)
Technology Stabilization	\$ 940,603.00	\$ 869,603.00	\$ 355,103.00	\$ 195,103.00	\$ 48,103.00	\$ (143,897.00)
Road Maintenance Stabilization	\$ 2,116,673.00	\$ 1,116,673.00	\$ 616,673.00	\$ 116,673.00	\$ (383,327.00)	\$ (883,327.00)

Stabilization Fund Balances after Consolidation

Stabilization Funds	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Capital Equipment Stabilization	\$ 6,777,103.00	\$ 4,077,001.00	\$ 2,028,336.00	\$ 598,336.00	\$ (984,533.00)	\$ (2,189,783.00)

The fund levels will decline if no additional money is transferred back into the Stabilization Funds. This is an important factor to understand when considering the Stabilization Fund levels. Each year the Town votes to transfer money back into the Stabilization Funds from the Certified Free Cash.

The amount transferred back into the Stabilization Funds is something that the Capital Planning Committee recommends based on the five-year CIP. The amount transferred into the Stabilization Funds is part of a plan based on what is expected to be used in the future.

Some of the amounts in the Stabilization Funds reflected in FY2028 and FY2029 fall below the minimum stabilization fund levels established by the Capital Planning Committee in their Reserve Policy.

Debt Summary

A comprehensive CIP involves a strategy that includes a debt management plan. The debt management plan should be developed to meet the financing needs of the Town in a cost-effective manner, considering Town priorities, as well as legal, financial, and structural considerations. The Capital Planning Committee has defined a debt policy to ensure that debt is managed within sustainable levels based upon annual revenues.

The borrowing authorizations for the New Tanker Truck – Fire and the KME Fire Truck are reflected in Articles 19 and 20 in the May 4, 2024 Annual Town Meeting Warrant.

Table 3 below shows the current five-year debt projections. The information is broken out to show the date of vote, debt excluded vs non-debt excluded, amount and mature date of the projects.

Table 3
Debt Summary - 5-year projection

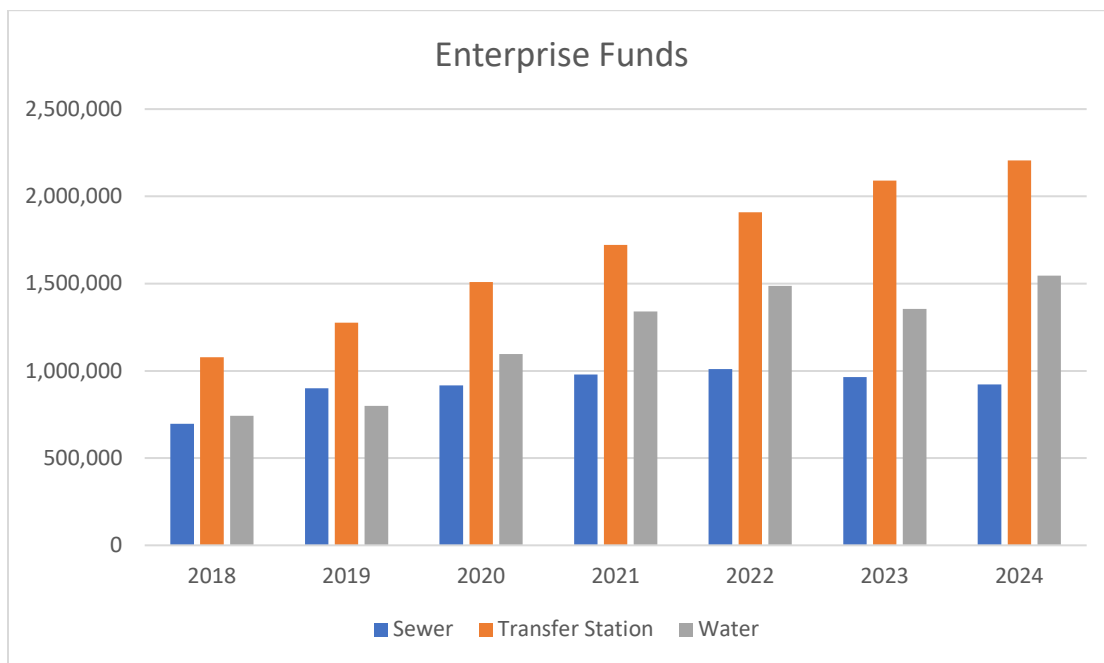
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Enterprise Funds

Enterprise funds establish a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods and services. The Town has three enterprise funds (water, sewer and transfer station). Some of the items on the CIP are funded by the enterprise funds. For example, if a pickup truck used by the water/sewer department needs replacement, then the funding for a new truck would come from the water and sewer enterprise funds. In addition, some items on the debt schedule are funded or partially funded by the enterprise funds (this would be noted on the debt schedule).

Similar to the stabilization funds, the enterprise fund levels must be maintained at adequate levels for financial stability. The chart below shows the Sewer, Water and Transfer Station Enterprise levels from 2018 to 2024.

**Chart 5
(Enterprise Fund Levels)**



Approximately 63% of the Sewer Enterprise expenditures are for collection charges paid to the City of Fitchburg. Another 7% is used to pay the debt for the inline sewer storage project.

Effective June 2023, the City of Fitchburg increased sewer rates by 7% each year for the next 5 years. This is to fund projects due to the City's EPA Consent Decree.

Overall, the status of the Town's financial position is positive. The five-year CIP is successfully leveraging the Stabilization funds for future capital expenses and thus keeping the amount needed to raise & appropriate from taxes consistent year over year. The Enterprise Fund levels are being monitored and the long-range plan is to grow these levels in order to support future capital projects.

The next page of the report is intended to expand on a few of the larger Capital Improvement Projects that are either currently on the plan or are expected to be added in the new few years. The goal is to inform and increase the awareness of these projects to the residents of Westminster.

Water Storage Tank (Shady Avenue) Project

A project for rehabilitation of the water storage tank off of Shady Avenue was approved at the May 7, 2022 Annual Town Meeting. The cost of this project is estimated to be \$550,000. Funding this project will be borrowed and paid back from the Water Enterprise Fund. The existing storage tank was built in 1970 and rehabilitation is planned for the Fall of 2023.

Multi-Year Road Improvement Project

A multi-year road improvement plan for repairing and improving town roads is part of the CIP. It is funded by a combination of the Annual Road Maintenance appropriation, MassDOT Chapter 90 and Road Maintenance Stabilization funds. Funding for this project is dependent on landfill revenue. Once the landfill is closed, transfers to the Road Maintenance Stabilization Fund from landfill revenue will cease. Paved roads under review for improvement in FY2024 include: Nichols Street, Ripley Road, Ellis Road, Bragg Hill Road, Battles Road, Merriam Road and North Common Road.

Public Safety Building

A public safety building committee has been continuously working and meeting to come up with a plan for the Public Safety Building. The current building has limited storage and the committee is looking at options for expansion of the existing building or possibly moving one or both department(s) to a new location.

Tower Ladder

A project for replacing the Tower Ladder is not yet on the five-year CIP but is currently slated for FY2030. Although FY2030 is a number of years away, it is important to start discussing funding options now in order to have the least amount of impact to the tax payers. A Tower Ladder provides significant advantages over the traditional ladder truck with the main advantage being safety. A fire fighter can safely maneuver the bucket into position to best fight a fire and does not have to climb up and down a ladder that is wet and sometimes frozen. In addition, in a rescue situation rescued persons can be lowered to the ground rather than having to climb down a ladder. Another advantage is reach - a tower can extend out as well as up thus allowing a fire fighter to reach a home from the road. With all light weight construction buildings are made to depend on each component to support its own weight. When fire weakens one or more the building fall down faster endangering the people and firefighters. Another major advantage to a tower is that it can operate in any angle fully extended without fear of collapsing. This vehicle also allows us to operate with fewer people because of the safety factor.