



**Proposed**  
**FY18 to FY22 Capital Program**  
**and**  
**FY18 Capital Budget**

For Voter Consideration at the May 2017 Budget Referendum

*Prepared by the*

*Town Manager & Capital Planning Committee*

*Presented to the Board of Selectmen in January 2017*

*Presented to the Budget Committee in February 2017*

## **INTRODUCTION**

The Town of York Home Rule Charter requires annual preparation of a 5-year Capital Program (reference: Article II, Town Meetings; Section 9, Capital Program). It is the responsibility of the Town Manager to prepare the Capital Program and submit it to the Board of Selectmen. It is then considered by the Budget Committee, which conducts public hearings on the matter. Finally, it is submitted to the voters for consideration at the annual Budget Referendum. Approval or rejection of the Program does not affect actual public spending because each requested purchase in the first year (FY18) of the Program is subject to individual approval or rejection by the voters.

In May 2016 the voters approved the FY17-21 Capital Program, and funded most, though not every FY17 capital request on the ballot. In this sense, the Capital Program is a multi-year, non-binding plan. It contains the anticipated future capital purchases based on information available at the time. The first fiscal year (FY18) is the Capital Budget and it is projected with relative certainty because it reflects matters that will be brought directly to the voters at the Budget Referendum. These are concrete proposals. It is impossible, however, to have perfect vision into the future and therefore the out years (FY19 through FY22) are simply a best guess given information in hand at this time. Significant changes are likely in each of the out years as circumstances change, new information is obtained, and policy-making bodies change. Ultimately, the voters will decide what is funded and this Capital Program is simply a planning framework to help ensure sound decision-making.

The remainder of this document is broken into 4 parts. The first section provides a brief overview of the process followed to draft the Capital Program. The second section provides the definition of capital. The third section contains an overview of capital spending, including historical data. The fourth section contains the appendices, which are the actual substance of the FY18-22 Capital Program and the FY18 Capital Budget.

## **PROCESS FOLLOWED**

Though the Town Manager is tasked with developing the Capital Program, it has been the practice for the Manager to appoint an informal Capital Planning Committee to assist with the process. This has proven an excellent means for engaging key policy boards as the document is prepared, which in turn helps to build consensus and prevent surprises. The Committee this year included 2 members of the Budget Committee, 2 members of the Board of Selectmen, 1 member of the School Committee, 2 members of the Fiscal Sustainability Committee (formerly the Tax Task Force), and 1 member of the Planning Board. The Town Manager served as the Chair. All meetings were all televised.

The Committee met at a series of meetings from September through January, during which time people from various departments and committees presented new capital funding requests and these were considered by the Committee.

## **DEFINITION OF CAPITAL**

As of September 14, 2015, the Board of Selectmen defined capital through an adopted Selectmen's Policy, as follows:

*Capital, in terms of the Capital Program, is defined as: land of any size or cost; any equipment, building, facility, or infrastructure that costs more than \$20,000, and provides a useful life of 3 or more years or is built into a building or facility; and all licensed motor vehicles. This shall apply to any item, as defined above, whether purchased, leased or otherwise financed.*

One other important characteristic of capital is that each proposed acquisition is presented individually to the voters for consideration. Such votes differ from operating budget votes in that a "no" vote results in zero funding, whereas a "no" vote on an operating budget request causes the funding to revert to the prior year's amount. It should also be noted that some proposals can have funding mechanisms that don't require tax dollars to be raised and appropriated, but these will still be treated as capital requests for voter approval or rejection.

## **CAPITAL SPENDING HISTORY**

The Town of York has authorized the purchase of well over \$50 million of capital over the past decade. The following table is based on the capital spending ballot questions from each Budget Referendum.

<b>YEAR</b>	<b>AMOUNT APPROVED</b>
FY08	\$668,500
FY09	\$5,172,425
FY10	\$7,386,022
FY11	\$5,103,893
FY12	\$12,293,569
FY13	\$4,727,006
FY14	\$3,033,652
FY15	\$2,166,415
FY16	\$12,038,000
FY17	\$4,111,000
<b>TOTAL</b>	<b>\$56,700,482</b>
<b>ANNUAL AVERAGE</b>	<b>\$5,670,048</b>

In addition to providing a useful benchmark, the pattern of past capital spending helps allow evaluation of compliance with a recommended limit of the former Tax Task Force on capital spending. In past years the Tax Task Force suggested that capital purchases not exceed \$35 million in any 5-year period. The table below demonstrates this limit was not exceeded in any 5-year span contained within the past 12 years.

<b>5-YEAR PERIOD</b>	<b>TOTAL APPROVED CAPITAL</b>
FY06-10	\$16,766,000
FY07-11	\$20,696,000
FY08-12	\$30,624,000
FY09-13	\$34,683,000
FY10-14	\$32,544,000
FY11-15	\$27,325,000
FY12-16	\$34,259,000
FY13-17	\$26,076,000

### **FY18 TO FY22 CAPITAL PROGRAM**

The Capital Program Table is the essence of the FY18-22 Capital Program, and all other information is simply a derivative of or a supplement to this Table.

**Capital Program Table.** (See Appendix A) The FY18-22 Capital Program Table identifies the following information for all anticipated capital expenditures:

- The capital item to be purchased
- The fiscal year of purchase
- The department making the request
- The category of the capital item, broken out as:
  - Vehicles
  - Properties
  - Equipment
  - Roads, Bridges and Utilities
- The relative priority of the purchase (FY18 items only)
- The actual purchase cost of the item
- The total cost including the estimated cost of financing, where applicable
- The method of financing, where applicable
- The annual cost to be paid for the purchase, for FY18 through FY21 only

The annual cost portion of this Table reflects payment estimates based on simple financing assumptions. Because there are almost 100 capital purchase listed in the Table it is not intended to be refined. The purpose of this portion of the table is to show the amount of money the taxpayers will be asked to raise and appropriate for capital purchases in any given years – purchases made and paid for in each year as well as the payments for purchases financed in past years. The formula used is rough – utilizing 2.25% annual interest, it divides the principal cost evenly across the number of years financed, then applies the interest on the outstanding balance for a year and adds this to the annual payment. This results in a declining payment each year. Because the precise dollar amounts will be set at the time of bond issuance, estimates here are adequate.

It should be noted that the spreadsheet used to create the Capital Program Table contains payments through FY42 because that is the final payment year for a 20-year bond incurred for an FY22 purchase. These out years are not shown on this Table.

Total projected capital spending remains within the spending limits referenced earlier in the text, as is shown in the following table.

<b>5-YEAR PERIOD</b>	<b>TOTAL APPROVED/REQUESTED CAPITAL</b>
FY14-18	\$24.9M
FY15-19	\$26.2M
FY16-20	\$28.3M
FY17-21	\$19.6M
FY18-22	\$23.2M

**Bonds.** Based on the Capital Program Table, it is anticipated that the following amounts will need to be secured by bond funding in future years if all requests shown in this Program as submitted to and approved by the voters.

YEAR	AMOUNT BONDED
FY18	\$3,483,000
FY19	\$3,684,000
FY20	\$4,066,000
FY21	\$2,946,000
FY22	\$6,916,000

**Short Term Loans.** Short term loans have been used occasionally in the past and may prove suitable for lower-cost items that can be financed for a period of less than 5 years, or items that may be obtained with special financing from the vendor.

**Current Year Spending.** All items in the Capital Program not otherwise financed would be put to the voters to be funded entirely in the current year. Amounts shown in the table below include payments on debt incurred in prior years in addition to new purchases paid in the current year.

YEAR	Projected Annual Spending
FY18	\$4.2M
FY19	\$4.6M
FY20	\$4.9M
FY21	\$4.8M
FY22	\$4.8M

It should be noted there that the debt service payments are estimated and that the capital purchases approved by the voters in May 2016 have not yet been financed. Decisions about when to apply for that bond are in process and the decisions will certainly alter the numbers provided in this document.

In future years the capital debt service payments may also be split out between Town and School because the payments are lumped in with the respective operating budgets and this level of detail would be very useful looking forward.

**Capital Reserve Accounts.** Capital reserve accounts have been used in the past to help save for large purchases. Fire truck purchases, in particular, are commonly approached in this manner because they are so expensive. Currently a form of capital reserve account is used for the purchase of Police Department vehicles, though this is a hybrid system because it is used as a

fleet funding source rather than vehicle-specific funding. Moving forward, it is proposed here to retain the current Police Department approach for their vehicles. Capital reserve accounts are not utilized moving forward because interest rates are historically low so there is little to gain.

**FY18 Capital Budget Table.** (See Appendix B) The purchases listed in FY18 are the Capital Budget Table. Each is to be listed individually on the ballot of the FY18 Budget Referendum, and the voters will get to decide for or against each item.

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FY18-22 Capital Program Table

REVISED: March 2, 2017

Assumed Int. Rate: 2.25% Total Fin. Costs: \$3,284,607

Capital: cost of \$20,000 or more and useful life of 3+ years, and all licensed motorized vehicles

Table with columns: Item, FY, Department, Category, Relative Priority (FY18 Only), Actual Cost, Financed Cost, Finance Method, Years Financed, FY18, FY19, FY20, FY21, FY22, and Approximate Annual Costs to General Fund.



New Skidsteer	20	Public Works	Vehicles	-	\$80,000	\$89,900	bond	10	0	0	0	\$9,800	\$9,620
Big Street Sweeper	20	Public Works	Vehicles	-	\$100,000	\$112,375	bond	10	0	0	0	\$12,250	\$12,025
Patrol Plow Truck 09	20	Public Works	Vehicles	-	\$169,000	\$189,914	bond	10	0	0	0	\$20,703	\$20,322
DPW - 4WD Pick-up Truck 07	20	Public Works	Vehicles	-	\$53,000	\$56,578	bond	5	0	0	0	\$11,793	\$11,554
Pick-Up Truck Replacement	20	Village Fire	Vehicles	-	\$38,000	\$40,565	bond	5	0	0	0	\$8,455	\$8,284
Harbor Master - big boat	21	Police	Equipment	-	\$95,000	\$101,413	bond	5	0	0	0	0	\$21,138
Cascade System (re-fills air tanks)	21	York Beach Fire Dept.	Equipment	-	\$25,000	\$25,000	general fund	-	0	0	0	\$25,000	0
Pave Sohier Park Parking Lot	21	Parks & Rec	Properties	-	\$60,000	\$60,000	Sohier Park Ent. Fund	-	0	0	0	0	0
Exterior Painting/Staining at YMS & Central Office	21	School	Properties	-	\$43,000	\$43,000	general fund	-	0	0	0	\$43,000	0
YMS Roof	21	School	Properties	-	\$250,000	\$280,938	bond	10	0	0	0	0	\$30,625
YHS Replace Track & Improve Field Drainage	21	School	Properties	-	\$400,000	\$449,500	bond	10	0	0	0	0	\$49,000
YHS Visitor Bleachers at Stadium Field (400+/- seats)	21	School	Properties	-	\$150,000	\$160,125	bond	5	0	0	0	0	\$33,375
York Beach Fire Station - MS4 Retrofits	21	York Beach Fire Dept.	Properties	-	\$100,000	\$112,375	bond	10	0	0	0	0	\$12,250
Develop Complete Streets Design Protocol for Town Roads	21	Public Works	Roads, Bridges & Util.	-	\$20,000	\$20,000	general fund	-	0	0	0	\$20,000	0
Town-Wide Road Overlay Paving	21	Public Works	Roads, Bridges & Util.	-	\$870,000	\$977,663	bond	10	0	0	0	0	\$106,575
Nubble Road Sidewalk/Roadway Alterations	21	Public Works	Roads, Bridges & Util.	-	\$750,000	\$927,188	bond	20	0	0	0	0	\$54,375
Hutchins Lane - Bridge over the Cape Neddick River - design	21	Public Works	Roads, Bridges & Util.	-	\$30,000	\$30,000	general fund	-	0	0	0	\$30,000	0
Secondary Inspection Car	21	Code Enforcement	Vehicles	-	\$25,000	\$25,000	code fees	-	0	0	0	0	0
Ford Ranger Pick-up Truck	21	Parks & Rec	Vehicles	-	\$28,000	\$28,000	general fund	-	0	0	0	\$28,000	0
Police Vehicles	21	Police	Vehicles	-	\$84,000	\$84,000	general fund	-	0	0	0	\$84,000	0
Trackless Sidewalk Tractor 04	21	Public Works	Vehicles	-	\$160,000	\$170,800	bond	5	0	0	0	0	\$35,600
Patrol Plow Truck 10	21	Public Works	Vehicles	-	\$171,000	\$192,161	bond	10	0	0	0	0	\$20,948
Voc. Ed. Vehicle #1	21	School	Vehicles	-	\$42,000	\$42,000	general fund	-	0	0	0	\$42,000	0
Ellis Short Sands Park - MS4 Retrofits	22	Ellis Short Sands Park	Properties	-	\$600,000	\$600,000	Ellis Short Sands Park \$	-	0	0	0	0	0
Maintain Boat Ramp, Boathouse and Stairs at Nubble Lighthouse	22	Parks & Rec	Properties	-	\$25,000	\$25,000	Sohier Park Ent. Fund	-	0	0	0	0	0
Exterior Painting of Nubble Lighthouse, Tower, Outbuildings	22	Parks & Rec	Properties	-	\$20,000	\$20,000	Sohier Park Ent. Fund	-	0	0	0	0	0
VES Sprinkler System Improvements	22	School	Properties	-	\$25,000	\$25,000	general fund	-	0	0	0	0	\$25,000
YMS Flooring	22	School	Properties	-	\$40,000	\$44,950	bond	10	0	0	0	0	0
YHS Fire System/Separation Upgrades	22	School	Properties	-	\$77,000	\$86,529	bond	10	0	0	0	0	0
YHS Field House	22	School	Properties	-	\$500,000	\$592,563	bond	20	0	0	0	0	0
Town Hall Expansion/Annex - Construction	22	Town Manager	Properties	-	\$3,000,000	\$3,555,375	bond	20	0	0	0	0	0
York Village Fire Station - MS4 Stormwater Retrofits	22	York Village Fire Dept.	Properties	-	\$200,000	\$224,750	bond	10	0	0	0	0	0
Nubble Drainage	22	Public Works	Roads, Bridges & Util.	-	\$250,000	\$280,938	bond	10	0	0	0	0	0
Town-Wide Road Overlay Paving	22	Public Works	Roads, Bridges & Util.	-	\$870,000	\$977,663	bond	10	0	0	0	0	0
Sidewalks (Woodbridge, Ridge Road, Webber Road, Beacon St.) - constr.	22	Public Works	Roads, Bridges & Util.	-	\$350,000	\$393,313	bond	10	0	0	0	0	0
Chases Pond Road - Bridge over the Cape Neddick River - construction	22	Public Works	Roads, Bridges & Util.	-	\$1,500,000	\$1,777,688	bond	20	0	0	0	0	0
Police Vehicles	22	Police	Vehicles	-	\$84,000	\$84,000	general fund	-	0	0	0	0	\$84,000
Backhoe	22	Public Works	Vehicles	-	\$129,000	\$144,964	bond	10	0	0	0	0	0
<b>FY18-22 CAPITAL PROGRAM TOTALS</b>					<b>\$23,154,788</b>	<b>\$26,439,395</b>			<b>\$78,000</b>	<b>\$614,934</b>	<b>\$1,117,509</b>	<b>\$1,694,707</b>	<b>\$1,847,721</b>

	Date Delivered	Original Amount	Final FY										
2008 Issue - School & Town	Nov-08	\$3,524,000	29					266,656	259,219	251,781	244,125	236,250	
2010 Issue - School (Refinance)	Mar-10	\$10,785,000	20					1,154,838	1,127,963	803,400	0		
2010 Issue - School & Town	Jul-10	\$8,624,500	31					560,569	551,318	536,137	524,780	483,380	
2011 Issue - Town	Oct-11	\$9,124,421	32					657,094	647,194	637,294	627,394	617,184	
2012 Issue - School & Town	Aug-12	\$3,644,100	33					275,531	221,531	218,031	214,531	211,031	
2013 Issue - School & Town	Nov-13	\$2,574,000	34					261,886	252,737	209,037	205,737	201,612	
2015 Issue - School & Town	Feb-15	\$1,805,000	35					237,363	233,263	224,163	115,163	108,262	
2016 Issue - School & Town	Jul-16	\$12,032,000	33					661,022	652,522	893,502	1,179,932	1,115,782	
<b>Sub-Totals</b>								<b>\$4,074,959</b>	<b>\$3,945,747</b>	<b>\$3,773,345</b>	<b>\$3,111,662</b>	<b>\$2,973,501</b>	
<b>Total Annual Cost of Capital Purchases Paid By General Fund</b>								<b>\$4,152,959</b>	<b>\$4,560,681</b>	<b>\$4,890,854</b>	<b>\$4,806,369</b>	<b>\$4,821,222</b>	

REVISED: March 2, 2017

Fiscal Year	Actual Cost	Financed Cost	Cost of Borrowing	Amount Bonded	Amount of Short-Term Leases	Current Year Spending
18	\$3,561,000	\$4,106,642	\$545,642	\$3,483,000	\$0	\$78,000
19	\$4,341,000	\$4,898,089	\$557,089	\$3,684,000	\$375,000	\$232,000
20	\$4,279,788	\$4,872,772	\$592,984	\$4,065,788	\$0	\$179,000
21	\$3,303,000	\$3,729,161	\$426,161	\$2,946,000	\$0	\$272,000
22	\$7,670,000	\$8,832,730	\$1,162,730	\$6,916,000	\$0	\$109,000
<b>Totals</b>	<b>\$23,154,788</b>	<b>\$26,439,395</b>	<b>\$3,284,607</b>	<b>\$21,094,788</b>	<b>\$375,000</b>	<b>\$870,000</b>

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**FY18 Capital Budget**

REVISED: March 2, 2017

*Assumed Int. Rate: 2.25%*

Item	FY	Department	Category	Relative Priority	Cost	Finance Method	Years Financed	Approximate Annual Costs to General Fund				
								FY18	FY19	FY20	FY21	FY22
Town-Wide Road Overlay Paving	18	Public Works	Roads, Bridges & Util.	1	\$870,000	bond	10		\$106,575	\$104,618	\$102,660	\$100,703
Police Vehicles	18	Police	Vehicles	2	\$78,000	general fund	-	\$78,000				
Microwave Communications System Development - Year 2 of 2	18	Police	Equipment	3	\$526,000	bond	15		\$46,902	\$46,113	\$45,324	\$44,535
Purchase Route One Highway Maintenance Property from MDOT	18	Public Works	Properties	4	\$1,000,000	bond	20		\$72,500	\$71,375	\$70,250	\$69,125
Municipal IT Infrastructure Development/Maint. - Year 3 of 3	18	Town Manager	Equipment	5	\$70,000	bond	5		\$15,575	\$15,260	\$14,945	\$14,630
Patrol Plow Truck 07	18	Public Works	Vehicles	6	\$165,000	bond	10		\$20,213	\$19,841	\$19,470	\$19,099
YHS Office Remodel/Relocate Clinic	18	School	Properties	7	\$108,000	bond	10		\$13,230	\$12,987	\$12,744	\$12,501
CRES Insulation Repair/Upgrade	18	School	Properties	8	\$400,000	bond	10		\$49,000	\$48,100	\$47,200	\$46,300
YMS Reclaim/Repave West Parking Lot	18	School	Properties	9	\$130,000	bond	10		\$15,925	\$15,633	\$15,340	\$15,048
4WD F-350 Pick-up Truck	18	Parks & Rec	Vehicles	10	\$38,000	bond	5		\$8,455	\$8,284	\$8,113	\$7,942
F-550 Dump Truck with Wing 05	18	Public Works	Vehicles	11	\$98,000	bond	10		\$12,005	\$11,785	\$11,564	\$11,344
VES Sliding Door Replacements	18	School	Properties	12	\$39,000	bond	5		\$8,678	\$8,502	\$8,327	\$8,151
Voc. Ed. Vehicle #2	18	School	Vehicles	13	\$39,000	bond	3		\$13,878	\$13,585	\$13,293	
								<b>\$78,000</b>	<b>\$382,934</b>	<b>\$376,081</b>	<b>\$369,229</b>	<b>\$349,376</b>
					<b>\$3,561,000</b>							