



TOWN OF SHERBORN

19 Washington Street
Sherborn, MA 01770

Select Board

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Jeremy Marsette

December 3, 2023

To: Select Board, Advisory Committee, and Capital Budget Committee
From: Jeremy Marsette, Town Administrator

**RE: Six-Year Capital Plan Update (FY2025 – FY2030)
FY2025 Capital Budget Requests**

Introduction

I am pleased to submit for Select Board, Advisory Committee, and Capital Budget Committee review a draft 6-year Capital Improvement Plan (CIP) and FY2025 Capital Budget Requests for the Town of Sherborn. This plan was created in collaboration with Department Heads and School Administration. We look forward to reviewing and discussing with the Board and Committees in public forums.

The draft plan includes 55 projects and a total capital investment of \$15 Million over six years, beginning Fiscal Year 2025 through Fiscal Year 2030. It includes a financing plan to fund projects, with a combination of free cash, debt, and various grant programs.

The format and organization of the CIP is designed to include: 1) a description and justification of each project, 2) the year in which the project is planned, 3) the anticipated financing mechanism and 4) any impact on the annual operating budget. The Town would seek grants and alternative funding mechanisms whenever possible before recommending an appropriation from General Fund revenues.

What is the CIP?

Each fall, a six-year capital plan will be drafted that addresses the capital needs of the Town. Items in the plan are major nonrecurring tangible assets with a useful life of at least five years and a total cost of at least \$25,000. They are identified by Department Heads and reviewed by the Town Administrator, and various Boards and Committees throughout a collaborative, public process. It includes a funding plan that adheres to Town fiscal policies. All projects in the CIP would ultimately need approval at a Town Meeting, and projects funded through debt service require a 2/3rds Town Meeting vote. The CIP is a tool that helps the community advance capital needs in a proactive, transparent, and fiscally responsible manner.

CIP Process Timeline

- October: Launch process with templates sent to Department Heads
- November: CIP department requests due to Town Administrator, meetings to review requests
- **December 1, 2023: Submit DRAFT CIP to Capital Budget Committee**
- December – April: Boards and Committees review and deliberate
- May 14, 2022: Annual Town Meeting

Goals of the CIP

As outlined in the MA Division of Local Services' *Capital Improvement Planning Guide: Developing A Comprehensive Community Program*, a capital improvement program provides a blueprint for planning a community's capital expenditures and is one of the most important responsibilities of local government officials. It coordinates community planning, financial capacity, and physical development.

According to DLS, a complete, properly developed CIP has the following benefits:

- Facilitates coordination between capital needs and operating budgets
- Enhances the community's credit rating and control of its tax rate
- Deters sudden changes in debt service requirements
- Identifies the most economical means to finance capital projects
- Increases opportunities for obtaining federal and state aid
- Relates public facilities to public and private development plans
- Keeps the public informed about future needs and projects
- Reduces costs by identifying and consolidating duplicative expenditures across municipal departments
- Encourages careful project planning and design to avoid costly mistakes and to help a community reach desired goals

Prioritization of Projects

The draft plan defines priorities that are assigned to each project based on the model suggested in the DLS capital planning manual:

1. Urgent/Legally Required "Must Do" – Completing this project will address an imminent risk to the safety of the public or municipal personnel, and/or it will prevent the imminent destruction or collapse of public infrastructure and loss of assets. Alternatively, this project is required to bring the community into compliance with federal or state safety, environmental, accessibility, or other regulations and legal requirements.
2. Maintain Service "Should Do" – Completing this project is necessary to ensure level service for the planned fiscal year. This priority type may include projects that replace old or worn-out equipment, dramatically rehabilitate aging facilities, or facilitate a department's ability to meet increased service demands.
3. Enhancement "Could Do" – Completing this project will provide a benefit to the community over and above the existing service level, or it will result in cost savings or other efficiencies.

CIP Assumptions

The FY2025-2030 CIP is based on the following budgetary assumptions. The Town will:

- Continue to build cash reserves, maintaining a minimum threshold Free Cash balance of 5% of the tax levy;
- Continue to conservatively estimate New Growth;
- Actively pursue State and Federal funding opportunities; and
- Establish policy targets that allocate annual CIP spending as a set percentage of the tax levy (a gradual annual increase to reach a 5.75% debt to levy ratio).

Overview of the CIP

The draft CIP includes projects with a six-year total estimated cost of \$14,943,695 (not including the potential cost of the Pine Hill Elementary Cooling Project). The projects are divided into five main categories: 1) infrastructure, 2) facilities repair/renovation, 3) parks, grounds and open space, 4) vehicles/equipment, and 5) miscellaneous.

Infrastructure improvements represent 37% of the total spending included in the CIP. Infrastructure is the core of any CIP and Sherborn is focusing capital expenditures on critical infrastructure, including roads, stormwater management, and water treatment. Recently the DPW completed a pavement management study that identified roadways in need of repair or rehabilitation. The Town was fortunate to receive over \$850,000 in state grant

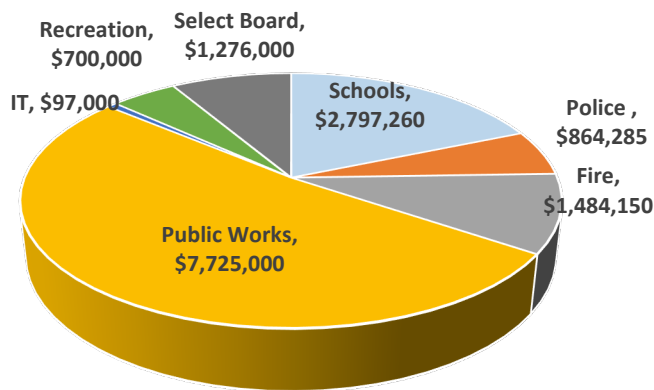
funding for the reconstruction of the Washington/Maple Intersection, helping to offset town capital costs. Sherborn’s stormwater collection system is regulated by the U.S. EPA through a Municipal Separate Storm Sewer System Permit. This permit requires the Town to implement a phosphorus control/reduction plan over the next several years. The water supply wells for several town facilities will be required to add treatment for the removal of polyfluoroalkyl substances (PFAS) to meet current and pending water quality regulations. We are hopeful that state grant funding will be made available for the installation of this required treatment.

Investments in facility renovation/repairs are the second largest category of spending at 29% of total costs. A significant portion of this proposed spending is for roof replacements to the High School and Pine Hill Elementary School, and a fit out of the library basement to house a permanent home for the Historical Society. The Plan also includes various routine capital repairs to school and town facilities. Detailed building condition assessments performed by On-Site Insight have helped inform the Plan. The School Department is conducting a study of a cooling system for Pine Hill Elementary School. The CIP will be updated within the next several weeks to include final cost estimates for the cooling system project (the CIP does not yet include any costs for this project).

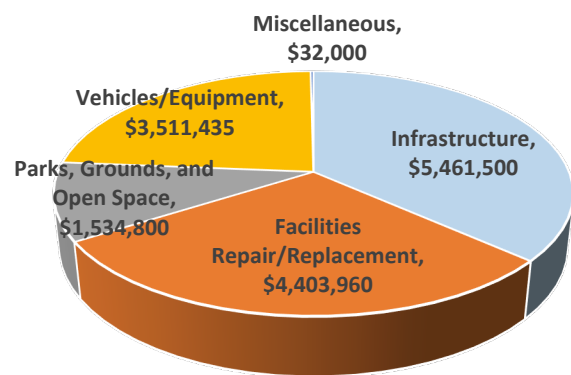
A consistent category of spending in any CIP is for the replacement of vehicles and equipment, representing 23% of total spending for the next six years. Major spending over the next five years includes replacement of Fire Department vehicles and equipment, cruiser replacements for the Police Department, along with multiple pieces of equipment to be used by the Public Works Department.

The updated CIP also includes projects for parks, grounds, and open space (representing 10% of the total capital costs). The Recreation Commission has included a multi-year plan to maintain their facilities including reconstruction of Jameson Field Tennis/Pickel Ball Courts and field renovations. Additionally, the School Department is requesting funds for the replacement of the turf field and running track at the High School/Middle School.

Capital Requests by Department



Capital Requests by Category



Funding the CIP

The Town is committed to making annual capital investments through a diverse stream of funding sources. That includes leveraging state and federal funding sources, grants, and strong free cash balances to fund many capital improvements and purchases. All these sources limit the Town’s need to borrow to fund smaller capital improvements. The funding philosophy behind the CIP is to continue to fund and invest in capital without drastically increasing the debt burden from year-to-year. In 2021 the Town established a Capital Stabilization Fund with the goal of using this fund to minimize the need for capital borrowing. We look forward to continued discussion of establishing a regular and predictable annual funding mechanism for the Capital Stabilization Fund.

American Rescue Plan Act Funds (ARPA), State Earmarks and Grants

The Town of Sherborn received a total of \$1,295,761 in federal Coronavirus Local Fiscal Recovery Funds (CLFRF) through the American Rescue Plan Act of 2021 (ARPA). The Select Board has allocated approximately \$1 million of these funds to various projects, with an unallocated balance of \$240,000 remaining. Included with this CIP is a summary of ARPA project allocations.

For FY23 and FY24 the Town has received \$285,000 in State Budget Earmarks to help capital projects. These funds have helped offset the costs to implement required water system improvements to Woodhaven Elder Housing/Leland Farms, to conduct a study of Farm Pond water quality, and organize/digitize town records.

This past year Town has received over \$1 million in competitive grant funding. As detailed in the six-year CIP, these grants will fund equipment replacements in the Police Department, facilities improvements at Fire Station 1, and the reconstruction of the Washington/Maple Street intersection.

Conclusion

The capital projects on the following pages highlight the Town's ongoing responsibility to maintain its facilities, vehicles, equipment, and infrastructure, and to make the necessary capital investments to meet the needs of Sherborn. The funding mechanisms for many projects, especially going out beyond the first year of the plan, are presented for illustrative purposes and change from year to year based on constantly evolving needs. The CIP is a living document and continues to be reevaluated and updated over the course of each fiscal year. I'd like to thank all involved with drafting this year's update to the Capital Improvement Program. I look forward to reviewing and finalizing this draft document.

Respectfully submitted,



Jeremy Marsette
Town Administrator

Attachments:

Draft FY2025-2030 Capital Improvement Plan
Draft FY2025 Capital Requests
FY2025 Capital Project Detail Sheets
FY24 Approved Capital Appropriations
APRA Fund Allocation of Funding / State Earmark Summary
Certified Free Cash and Use – History
Comparison of Municipal Debt FY2023