



Carlisle FY24-29 Capital Planning Model

September 26, 2023



Introduction

- Creating the capital planning model
 - Serves as a planning tool, not an exact budget
 - Shaped by the town's financial policies
 - Includes assumptions (operating budget and model)
- Includes projected capital expenses by year and department
- Models a funding plan and variable budget options
- Considers Town reserves
- Considers Town debt levels and capacity
- Outlines future capital considerations



Overall Assumptions

- Operating budget limited to 3 percent growth annually
 - Control increases with discipline and efficiencies
- Maintain a 12 percent reserve
- Maintain debt level at 3-5 percent of operating budget
- Does not include detailed inflation escalators
- Includes an adjustable 10 percent contingency figure to account for...
 - Inflation
 - Unknown costs
 - Unknown projects



Capital Expenses by Department and Year

- Each department projected capital costs for the next five years, including items over \$5k not included in annual operating costs
- Departments will refine their requests during the annual budget process. Town officials will also weigh capital considerations within the actual confines of the annual budget/available funds.
- The model will be updated annually following the budget process. This allows town officials the opportunity to consider projects for multiple years and plan accordingly.



Proposed 5-Year Capital Expenses

Proposed Five Year Capital Plan

<u>Item</u>	<u>Dept</u>	<u>Location</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>Notes</u>
HVAC Upgrade	CPS	CPS			\$600,000			Pending engineering analysis
Window Replacement	CPS	Wilkins			\$150,000			Split into two years (FY27-28)
Window Replacement	CPS	Robbins				\$150,000		Split into two years (FY27-28)
Upper/Lower Corridor Flooring	CPS	Corey/Grant			\$125,000			Estimate placeholder
Cafeteria Floor	CPS	Corey				\$50,000		Estimate placeholder
Facilities Truck	CPS	Grounds	\$85,000					Proposed Ford F150 Lightning
Walkway and Drainage	CPS	Courtyard	\$50,000					Coordinate with the DPW to reduce costs
Sofit Clean and Repair	CPS	CPS	\$25,000					Regular maintenance that protects roof
Alarm System Repair	CPS	Courtyard	\$50,000					Modernize and reduce operating costs
School IT Equipment	CPS	CPS		\$112,000	\$31,000			Switches, Access Points, storage, servers
Ripley Maintenance	CCRHS	Ripley	\$25,000					Estimate placeholder
Salt Shed	DPW	DPW					\$150,000	Estimate placeholder
1-Ton Dump Truck	DPW	DPW	\$80,000					Replaces 2006 vehicle
Replace Fuel Pumps	DPW	DPW					\$750,000	Projected cost based on estimate
20-Yard Open Top Container	DPW	DPW	\$5,100					Used for glass at transfer station
30-Yard Open Top Container	DPW	DPW		\$8,600				Used for trash at transfer station
Roadside Tractor and Mower	DPW	DPW				\$95,000		New equipment to replace annual cost
Frontend Loader and Backhoe	DPW	DPW			\$155,000			Replaces 2005 machine
Dump Truck with Sand/Plow	DPW	DPW		\$230,000				Replaces 2002 truck
Used bucket truck	DPW	DPW				\$75,000		New equipment to replace annual cost
Road Maintenance	DPW	DPW	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	Estimate placeholder



Proposed 5-Year Capital Expenses

Item	Dept	Location	FY25	FY26	FY27	FY28	FY29	Notes
Garage Bay heaters	Fire	CFD	\$13,000					Remaining project not completed in FY24
Engine 3 Replacement	Fire	CFD	\$900,000					Current engine reaches 25 years at 2025
Ambulance Replacement	Fire	CFD				\$400,000		Target for ambulance reserve fund
C10 Pick Up Replacement	Fire	CFD		\$90,000				Proposed Ford F150 Lightning
SCBA Replacement	Fire	CFD				\$400,000		Mandatory replacement age
Well Pump Replacement	Fire	CFD				\$40,000		Critical equipment
Building Upgrades	Fire	CFD		\$300,000				Assumes no larger building plan
Radio Replacement	Dispatch	CPD			\$350,000			Every 10 years
Cruiser	Police	CPD	\$120,000	\$60,000	\$120,000	\$60,000	\$120,000	Cyclical replacement
Drone	Police	CPD		\$25,000				Add to department
AI Program	Police	CPD		\$10,000				Assist with officer response
Defibrillators	Police	CPD	\$8,000					Cyclical replacement
Tasers	Police	CPD	\$14,000					Cyclical replacement
Firearms	Police	CPD			\$20,000		\$12,000	Cyclical replacement
Vests	Police	CPD		\$5,000		\$5,000		Cyclical replacement
Elevator	Library	Library		\$200,000				Potentially include with renovation
Parking Lot	Library	Library			\$100,000			Complete after renovation
HVAC Coils	Library	Library		\$100,000				Potentially include with renovation
Mechanical Room	Library	Library		\$50,000				Potentially include with renovation
Pickleball Courts	Parks	Banta		\$200,000				Estimate placeholder
IT Upgrades	Town Hall	Town Hall	\$30,000	\$22,000	\$40,000	\$20,000	\$50,000	Includes police upgrades
Bathrooms	Town Hall	Town Hall	\$30,000					Estimate placeholder
Roof and RTU	Town Hall	Town Hall			\$500,000			Estimate placeholder
Elevator	Town Hall	Town Hall	\$200,000					Estimate placeholder
CONTINGENCY (10%)			\$194,510	\$171,260	\$249,100	\$159,500	\$138,200	
Total Costs			\$2,129,610	\$1,883,860	\$2,740,100	\$1,754,500	\$1,520,200	



Proposed 5-Year Capital Expenses - Totals

Total Capital Expenditure by Department

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>Dept Total</u>
CCRHS	\$ 25,000					\$ 25,000
CPS	\$ 210,000	\$ 112,000	\$ 906,000	\$ 200,000		\$ 1,428,000
Town Hall	\$ 260,000	\$ 22,000	\$ 540,000	\$ 20,000	\$ 50,000	\$ 892,000
DPW	\$ 385,100	\$ 538,600	\$ 455,000	\$ 470,000	\$ 1,200,000	\$ 3,048,700
Police	\$ 142,000	\$ 100,000	\$ 140,000	\$ 65,000	\$ 132,000	\$ 579,000
Fire	\$ 913,000	\$ 390,000		\$ 840,000		\$ 2,143,000
Dispatch			\$ 350,000			\$ 350,000
Library		\$ 350,000	\$ 100,000			\$ 450,000
Parks		\$ 200,000	\$ -			\$ 200,000
Contingency (10%)	\$ 194,510	\$ 171,260	\$ 249,100	\$ 159,500	\$ 138,200	\$ 912,570
Total Capital	\$ 2,129,610	\$ 1,883,860	\$ 2,740,100	\$ 1,754,500	\$ 1,520,200	10,028,270



Funding Model and Options

- Use one-time funds for capital projects wherever possible
- Use debt capacity for larger projects
- This model is based on policies that shape the operating budget and guide annual revenue projections
- Funding sources:
 - Free Cash
 - Debt
 - Chapter 90
 - Existing funds (MFC)
 - Other sources (ambulance reserve, grants, state funds, ARPA)



Capital Plan Funding Model

- Shows potential funding versus expenses
 - Adhering to operating budget policies should produce \$500k free cash annually for **pay as you go funding**
 - **Debt** recommendations are conservative meaning the town can afford more borrowing if it chooses
 - **Chapter 90** funds are fixed and spent annually on road maintenance
 - **MFC funds** are unspent dollars from previous town meeting votes
 - **Other funds** are not guaranteed



Recommended Funding Strategy

	FY25	FY26	FY27	FY28	FY29	Total	Notes
Free Cash	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,500,000	Assumes adherence to financial policy
Debt	\$ 900,000		\$ 600,000		\$ 750,000	\$ 2,250,000	FY25 - Fire Truck, FY27 CPS HVAC, FY29 Fuel System
Chapter 90	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,250,000	Assumes continued state funding
MFC Funds	\$ 230,000	\$ 350,000				\$ 580,000	From previous town meeting votes
Other Sources	\$ 100,000			\$ 400,000		\$ 500,000	FY25 ARPA, FY28 Ambulance Revenue Fund
Funding Subtotal	\$ 1,980,000	\$ 1,100,000	\$ 1,350,000	\$ 1,150,000	\$ 1,500,000		
Subtotal						\$7,080,000	
Cost minus funding	\$ (149,610)	\$ (783,860)	\$ (1,390,100)	\$ (604,500)	\$ (20,200)	(\$2,948,270)	



Closing the Capital Deficit

- Current expense projections exceed the town's ability to pay
- Closing the deficit requires one or more of the following:
 - Reduce expenses or available revenue
 - Increase borrowing capacity (reduces operating capacity)
 - Reduce town reserves
 - Shift projects from year to year
 - Increase revenue (increased taxes, grant applications)
- This presentation provides a conservative plan that serves as a model for town officials to consider in the budget process



Free Cash Generation

- Intentionally generating Free Cash is important for annual budget flexibility and capital plan funding
- To generate Free Cash necessary for funding this plan, the annual budget must include the following:
 - 1 percent turnback from departments and contingency funds
 - State aid maintaining at least a 1 percent increase
 - Local receipts exceeding a conservative 90 percent of actual estimate



Free Cash Generation

<u>Fiscal Year</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>Notes</u>
Operating Budget	\$34,104,340	\$35,127,470	\$36,181,294	\$37,266,733	\$38,384,735	\$39,536,277	Assumes a 3 percent annual increase
Revenue*	\$ 3,321,883	\$ 3,355,102	\$ 3,388,653	\$ 3,422,539	\$ 3,456,765	\$ 3,491,332	Assumes a 1 percent annual increase
Free Cash from Turnback		\$ 351,275	\$ 361,813	\$ 372,667	\$ 383,847	\$ 395,363	Assumes a 1 percent turnback
Free Cash from Revenue**		\$ 335,510	\$ 338,865	\$ 342,254	\$ 345,676	\$ 349,133	Assumes that revenue exceeds 90 percent projection
Total Free Cash Available		\$ 686,785	\$ 700,678	\$ 714,921	\$ 729,524	\$ 744,496	Available for reserves and pay as you go

* Variable revenue, Includes State Aid and Local Receipts

** Assumes revenue exceeds projection by 10%



Reserve Considerations

- Town policy targets reserve levels at 12 percent of the annual operating budget
- Annual budgeting must account for reserve “catch up.” This means a reduction in available Free Cash
- This model includes a \$80,000 catch-up projection to keep reserves at the 12 percent level. This catch-up payment would need to come from available Free Cash



Reserve Considerations

<u>Fiscal Year</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>Notes</u>
Operating Budget	\$34,104,340	\$35,127,470	\$36,181,294	\$37,266,733	\$38,384,735	\$39,536,277	Assumes a 3 percent increase
12 Percent Reserve Total	\$ 4,092,521	\$ 4,215,296	\$ 4,341,755	\$ 4,472,008	\$ 4,606,168	\$ 4,744,353	Assumes Policy maintains 12 percent reserve
Current Reserves	\$ 4,397,611	\$ 4,397,611	\$ 4,397,611	\$ 4,397,611	\$ 4,397,611	\$ 4,397,611	Static
Current Minus 12%	\$ 305,090	\$ 182,315	\$ 55,856	\$ (74,397)	\$ (208,557)	\$ (346,742)	Current minus 12%
	12.89%	12.52%	12.15%	11.80%	11.46%	11.12%	Percent of operating budget
Current Reserves with 80k	\$ 4,397,611	\$ 4,477,611	\$ 4,557,611	\$ 4,637,611	\$ 4,717,611	\$ 4,797,611	With annual investment
% of Operating Budget	12.89%	12.75%	12.60%	12.44%	12.29%	12.13%	Percent of operating budget

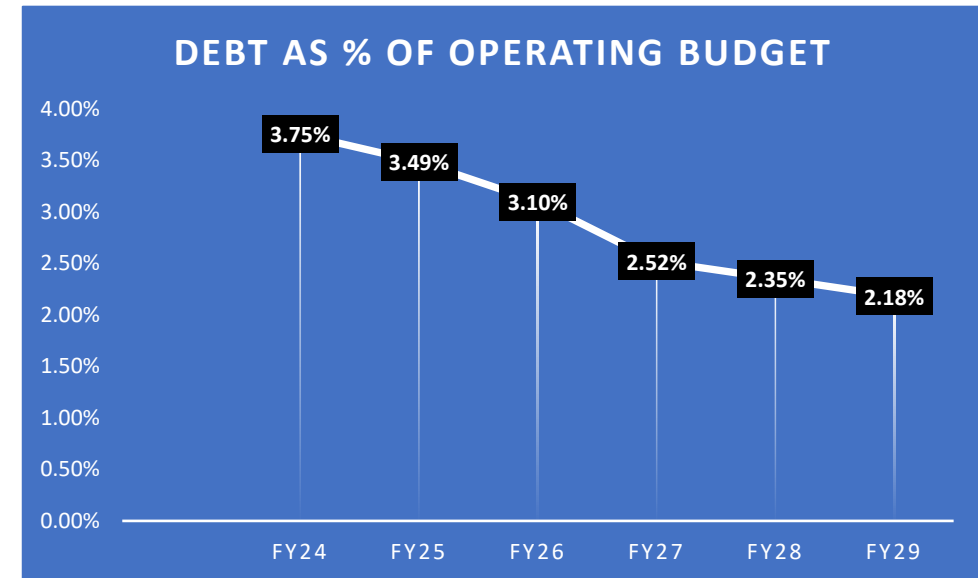


Debt considerations

- Carlisle's debt payments decline for the next 15 years, creating capacity to borrow if town officials maintain this capacity in the operating budget

Current Debt Schedule Schedule					
Fiscal Year	Principal	Interest	Total	FY Change	Cumulative
2023		\$391,437.50	\$1,331,437.50		
2024	\$935,000.00	\$345,568.76	\$1,280,568.76		
2025	\$925,000.00	\$300,075.00	\$1,225,075.00	(\$55,493.76)	(\$55,493.76)
2026	\$865,000.00	\$256,187.50	\$1,121,187.50	(\$103,887.50)	(\$159,381.26)
2027	\$725,000.00	\$214,425.00	\$939,425.00	(\$181,762.50)	(\$341,143.76)
2028	\$725,000.00	\$178,175.00	\$903,175.00	(\$36,250.00)	(\$377,393.76)
2029	\$720,000.00	\$142,050.00	\$862,050.00	(\$41,125.00)	(\$418,518.76)
2030	\$720,000.00	\$109,425.00	\$829,425.00	(\$32,625.00)	(\$451,143.76)
2031	\$685,000.00	\$87,950.00	\$772,950.00	(\$56,475.00)	(\$507,618.76)
2032	\$670,000.00	\$74,400.00	\$744,400.00	(\$28,550.00)	(\$536,168.76)
2033	\$670,000.00	\$61,000.00	\$731,000.00	(\$13,400.00)	(\$549,568.76)
2034	\$555,000.00	\$48,750.00	\$603,750.00	(\$127,250.00)	(\$676,818.76)
2035	\$555,000.00	\$37,650.00	\$592,650.00	(\$11,100.00)	(\$687,918.76)
2036	\$535,000.00	\$26,750.00	\$561,750.00	(\$30,900.00)	(\$718,818.76)
2037	\$535,000.00	\$16,050.00	\$551,050.00	(\$10,700.00)	(\$729,518.76)
2038	\$535,000.00	\$5,350.00	\$540,350.00	(\$10,700.00)	(\$740,218.76)
Total	10,355,000.00	2,295,243.76	13,590,243.76		

Debt % of OB							
Fiscal Year		FY24	FY25	FY26	FY27	FY28	FY29
Debt % OB		3.75%	3.39%	3.01%	2.52%	2.35%	2.18%





“Cost to Borrow”

- Debt assumptions used in this model
 - Borrowing for 10-20 years requires a vote of the Select Board
 - 5 percent interest rate (conservative)
 - Takes a full calendar year for borrowing to impact the annual budget
- 10-Year Borrow - Vehicle or Building Expenditure
 - Per \$100k borrowed = \$13k annual cost (carried in operating budget)
- 30-year Borrow - New building or Significant Renovation
 - Per \$1 million borrowed = \$65k annual cost (carried in operating budget)



Proposed debt model

- The following model considers three major purchases in the next five years. The town will need to consider other projects to meet capital needs and can adjust the plan

Proposed Debt Schedule						
Fiscal Year	Principal	Additional	Interest	Total	FY Change	Cumulative
2024	\$935,000.00	\$0.00	\$345,568.76	\$1,280,568.76		
2025	\$925,000.00	\$0.00	\$300,075.00	\$1,225,075.00	(\$55,493.76)	(\$55,493.76)
2026	\$865,000.00	\$90,000.00	\$256,187.50	\$1,211,187.50	(\$13,887.50)	(\$69,381.26)
2027	\$725,000.00	\$90,000.00	\$214,425.00	\$1,029,425.00	(\$181,762.50)	(\$251,143.76)
2028	\$725,000.00	\$140,000.00	\$178,175.00	\$1,043,175.00	\$13,750.00	(\$237,393.76)
2029	\$720,000.00	\$140,000.00	\$142,050.00	\$1,002,050.00	(\$41,125.00)	(\$278,518.76)
2030	\$720,000.00	\$200,000.00	\$109,425.00	\$1,029,425.00	\$27,375.00	(\$251,143.76)
2031	\$685,000.00	\$200,000.00	\$87,950.00	\$972,950.00	(\$56,475.00)	(\$307,618.76)
2032	\$670,000.00	\$200,000.00	\$74,400.00	\$944,400.00	(\$28,550.00)	(\$336,168.76)
2033	\$670,000.00	\$200,000.00	\$61,000.00	\$931,000.00	(\$13,400.00)	(\$349,568.76)
2034	\$555,000.00	\$200,000.00	\$48,750.00	\$803,750.00	(\$127,250.00)	(\$476,818.76)
2035	\$555,000.00	\$200,000.00	\$37,650.00	\$792,650.00	(\$11,100.00)	(\$487,918.76)
2036	\$535,000.00	\$200,000.00	\$26,750.00	\$761,750.00	(\$30,900.00)	(\$518,818.76)
2037	\$535,000.00	\$200,000.00	\$16,050.00	\$751,050.00	(\$10,700.00)	(\$529,518.76)
2038	\$535,000.00	\$200,000.00	\$5,350.00	\$740,350.00	(\$10,700.00)	(\$540,218.76)
Total	10,355,000.00	2,260,000.00	2,295,243.76	13,590,243.76		

FY25 Fire Truck

15 years
5 percent
900k borrow
90k per year

FY27 HVAC

20 Years
5 Percent
600k borrow
50k per year

FY29 Fuel Pump

20 Years
5 Percent
750k
60k per year

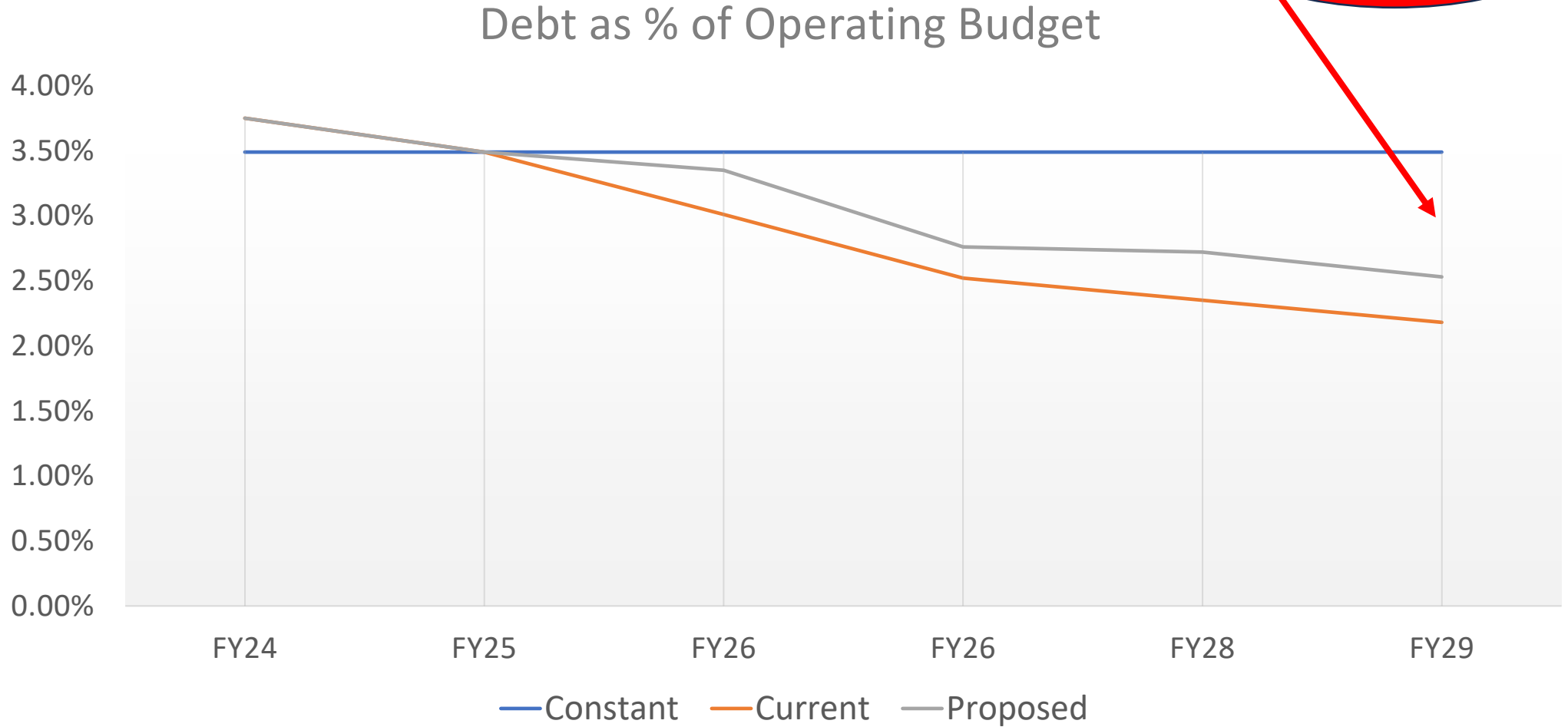
Every \$100k in capacity = approx. \$1 million in borrowing power

		Debt % of OB					
Fiscal Year		FY24	FY25	FY26	FY27	FY28	FY29
Debt % OB		3.75%	3.49%	3.35%	2.76%	2.72%	2.53%



Debt Model Comparisons

Can borrow another \$2 million with this capacity





Future Capital Considerations

- Our fire truck fleet is aging. The 15-year horizon includes \$4 million in replacement purchases that will reduce debt capacity
- Town officials are considering major renovations and building projects that do not fit into this proposed funding strategy.
 - For example, \$20 million in building costs equals \$1.8 million annually in excluded debt (assuming a 25 year borrow at 5%)
 - The tax impact of \$1.8 million annually is projected to be \$957 per average household (impact declines annually as shown on next slide). The average household in Carlisle is currently valued at \$1.12 million.
- The spending strategy included in this model does not invest heavily in town road maintenance and will not maintain current surface qualities. This will be a decision point for town officials in the coming years.
- This model does include large facilities maintenance expenditures but assumes an operating budget investment in year-to-year maintenance.



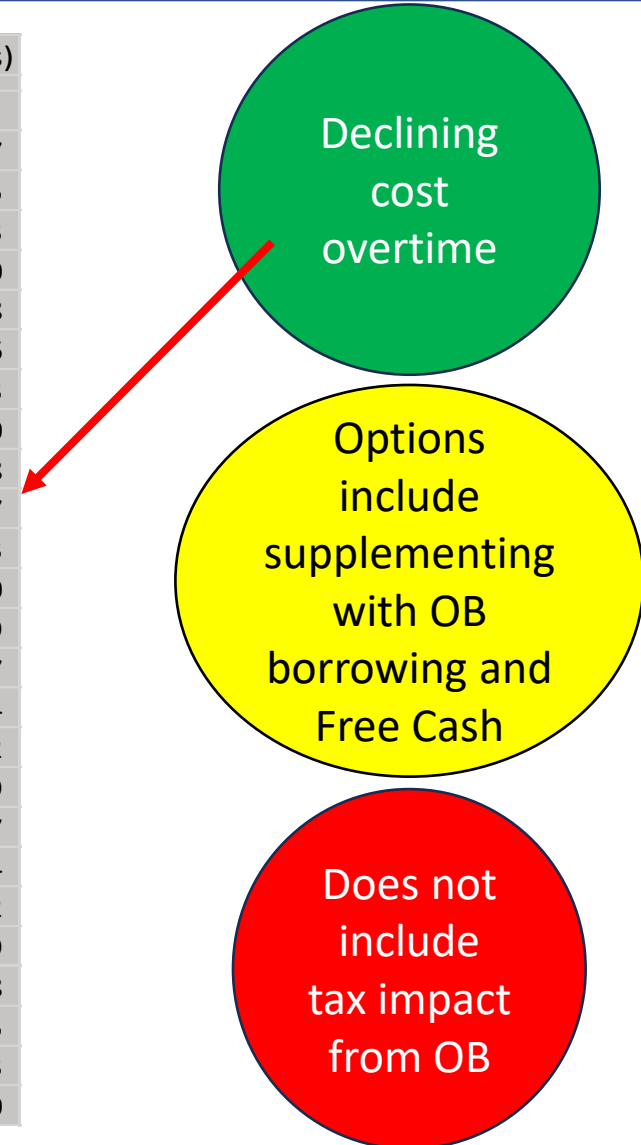
Tax Impact of Building Considerations

This tax impact projection is an estimate based on the following assumptions.

- \$20,000,000 in building projects
 - 5% interest rate
 - 25 year borrow

Building Project (Estimate with Assumptions)

Year	Excluded Debt	Tax Impact
1	1,800,000	\$ 957
2	1,760,000	\$ 935
3	1,720,000	\$ 923
4	1,680,000	\$ 900
5	1,640,000	\$ 878
6	1,600,000	\$ 856
7	1,560,000	\$ 833
8	1,520,000	\$ 810
9	1,480,000	\$ 788
10	1,440,000	\$ 767
11	1,400,000	\$ 743
12	1,360,000	\$ 720
13	1,320,000	\$ 709
14	1,280,000	\$ 687
15	1,240,000	\$ 664
16	1,200,000	\$ 642
17	1,160,000	\$ 619
18	1,120,000	\$ 597
19	1,080,000	\$ 574
20	1,040,000	\$ 552
21	1,000,000	\$ 529
22	960,000	\$ 518
23	920,000	\$ 495
24	880,000	\$ 473
25	840,000	\$ 450





Conclusions

- Maintaining this model requires careful consideration of the following variables based on the town's financial policies:
 - Operating costs
 - Expenses
 - Reserves
 - Debt
 - Large future expenditures
- Addressing future capital deficits require town officials to consider:
 - Reducing capital expenses
 - Reducing reserves
 - Increasing debt
 - Increasing revenue (debt exclusions, grants)
- Larger considerations outside this model with big impacts
 - Building projects and renovations
 - Large investments in road maintenance
 - Major land purchases



Questions

