

Town of Thomaston

Capital Improvement Program

FYE 2018-2022

Members:

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**Town of Thomaston
Capital Improvement Program Process
FYE 2018-2022**

- **Number of Projects submitted = 51**
- **Total cost of Projects = \$ 5,440,848**
- **Prioritize projects and assign ratings**
- **Identify potential funding sources**
- **Calculate debt affordability**
- **Summarize findings**
- **Implement a Plan of Action**

Town of Thomaston

Capital Improvement Program FYE 2018-2022

Rating Categories

Category

1 - Committed – Items with highest priority, such as mandates, safety issues or items already committed.

2 - Urgent – Items with high priority.

3 - Needed – Items that are important but without safety concerns.

4 - Deferrable – Items needing funding in future years.

5 - Bond Projects – Items with useful life of 20 or more years and deemed incapable of funding on a pay-as-you-go basis or vehicles with useful life of 7 or more years to be amortized over the useful life.

6 - Other Funding Sources – Items which will be addressed through other funding sources other than through the capital improvement process.

Town of Thomaston

Capital Improvement Program Policy Statement

FYE 2018-2022

Objective and Advantages

One of the primary responsibilities of local government officials is to preserve, maintain, and improve the community's buildings, roads, parks, sewer facilities, and equipment. Planning for capital improvements is a matter of prudent financial management as well as sound development practice.

This Capital Improvement Program (CIP) for the Town of Thomaston is a community plan for short- and long-range physical development. It is intended to link the community's comprehensive plan with a fiscal plan and provide a mechanism for estimating capital requirements; planning, prioritizing, scheduling, and implementing projects; developing revenue policies for proposed improvements; budgeting high priority projects and keeping the public informed.

- Lower costs are achieved by avoiding crisis financing, obtaining better interest rates and taking advantage of State and Federal loans and grants.
- Taxpayers may readily see the various capital items and costs involved which are proposed for their Town.
- Public support, which is essential for the success of any program, is fostered due to the publicity that is given to the proposed capital improvements program.
- A means for scheduling capital expenditures in order to maintain a sound financial position and balanced program of bonded indebtedness.
- Needed annual tax revenue and bond issues may be anticipated without causing erratic fluctuations in the tax rate, and bond amounts may be reduced in the future.

Town of Thomaston

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Capital Improvement Plan

1. The Town will update and readopt annually a five-year capital improvement plan (“CIP”), including the upcoming annual capital improvement budget (“CIB”) and a five-year projection of capital needs and expenditures which details the estimated cost, description and anticipated funding sources for capital projects. The plan will include costs that have been estimated including consideration for inflation.
2. The first year of the five year CIP will be the basis of formal fiscal year appropriations during the annual budget process. If new project needs arise during the year, a budget amendment identifying both the funding sources and project appropriations will be utilized to provide formal budgetary authority for the subject projects. The Capital Improvement Budget and Plan will generally address those capital assets with a value of more than \$10,000 and a useful life of over three (3) years.
3. The Town will emphasize preventive maintenance as a cost-effective approach to infrastructure maintenance. Exhausted capital goods will be replaced as necessary.
4. The WPCA has established a capital reserve fund to be funded by a separate line item on sewer users’ annual bills as required by State regulation.
 - a. The WPCA will maintain a capital reserve of \$250,000. This will be funded at the rate of approximately \$50,000 per year to meet that minimum balance.
 - b. If the reserve is used for a project and a second project is necessary before the reserve is replenished, the WPCA will seek a loan from the Town.
 - c. In the event the WPCA receives a loan from the Town, the loan will be repaid concurrent with replenishing the reserve.

Town of Thomaston

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Capital Funding Sources

Whenever possible, the Town will first attempt to fund capital projects with grants as part of its broader capital improvement plan. When such funds are insufficient or unavailable, the Town will use dedicated revenues such as transfer of funds and general fund revenues to fund projects. If these are not available, the Town will use bond financing.

1. Debt Service Fund:

The Town maintains a debt service fund. The amount of appropriation to that fund shall remain flat regardless of the schedule of debt pay-downs needed. Any excess shall be invested and excess reserves shall be used to fund future finance arrangements.

2. Transfers:

Capital funding provided by transfers from another fund will be programmed to specific capital projects or programs.

3 Surplus threshold:

Audited unreserved and undesignated fund balances in excess of 7% at the end of each fiscal year may be transferred into the capital fund.

4 Pay as you go:

The Town acknowledges pay-as-you-go financing as a significant capital financing source, but will ultimately determine the most appropriate financing structure for each capital project on an individual basis after examining all relevant factors of the project. At a minimum, the Town shall appropriate no less than \$150,000 annually towards pay-as-you-go projects when sufficient reserves are unavailable.

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Debt Management

1. Use of Debt:

A major issue which determines the willingness to place a bond issue before the public is the availability of alternate funds. Issuance of debt will be used to finance large projects using the following criteria: (a) necessity of the project for community well-being, including enhancing infrastructure, safety and education for future citizens; (b) project is affordable with no alternative sources of funding.

2. Debt Affordability Measures:

The Finance Director with the Capital Improvement Committee will examine three statistical measures to determine debt capacity and compare these ratios to other towns, rating agency standards and the Town of Thomaston's historical ratios to determine debt affordability. In order to determine the Town's relative debt position, the committee uses the following measures:

- a. Debt burden – The ratio of total debt to fair market value of taxable property helps assess an issuer's wealth. The concept reflects the use of property taxes to pay debt service on general obligation bonds.
- b. Debt service as a percent of general fund expenditures. Debt service divided by general fund expenditures show the amount of expenditures used to pay debt service and show budget flexibility.
- c. Other measures the Town deems appropriate including but not limited to debt per capita, debt to income, and Market Value per capita.

Annual net debt service, as a percentage of annual general fund revenues, should not exceed 10 percent per year with fluctuations in any three-year period not to exceed 12 percent. Net debt service is defined as "annual gross debt service less school construction reimbursements".

Town of Thomaston
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Debt Management (continued)

3. Term:

Capital projects financed through the issuance of bonds will be financed for a period not to exceed the expected useful life of the project.

4. Statutory Limits:

The general obligation debt of the Town will not exceed the Connecticut statutory limit.

5. Debt Capacity:

The Town will strive to maintain debt funding flexibility to maximize capacity for both identified and unanticipated capital needs and opportunities.

6. Debt Issuance:

The Town will seek the best financing type , debt structure and timeframe for each financing need based on the flexibility to meet the project needs, timing, tax or rate payer equity and lowest interest cost. Long-term debt issuances shall not occur more than once every two years, unless it is deemed to be in the best interest of the Town to do so.

7. Bond Ratings:

The Town will continue to strive for the highest possible bond rating to minimize the Town's interest expenses.

**Town of Thomaston
Capital Improvement Program FYE 2018-2022
Summary by Rating**

	Estimated Cost	FYE2018	FYE2019	FYE2020	FYE2021	FYE2022
PAY-AS-YOU-GO						
Code 1- Committed - Highest Priority	470,916	76,673	67,000	67,000	67,000	141,000
Code 2 - Urgent - High Priority	656,429	248,090	95,000	95,000	95,000	85,721
Code 3 - Needed	790,711		458,001	105,000	45,000	45,000
Code 4 - Deferrable	1,863,542		1,177,942	565,600	110,000	10,000
TOTAL PAY-AS-YOU-GO	\$ 3,781,598	\$ 324,763	\$ 1,797,943	\$ 832,600	\$ 317,000	\$ 281,721
Code 5 - Bond Projects	\$ 1,540,000		\$ 1,450,000	\$ 90,000		
Code 6 - Other Funding	\$ 119,250	\$ 119,250				

**Town of Thomaston
Capital Improvement Program FYE 2018-2022
Summary by Program**

	Estimated Cost	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
PAY-AS-YOU-GO						
Board of Education	1,265,172	119,590	501,643	615,600		
Parks and Recreation						
Public Facilities	1,652,926	125,673	895,300	125,000	225,000	115,721
Public Safety	354,500	55,500	53,000	43,000	43,000	117,000
Streets and Highways		-				
Town Administration	120,000	24,000	24,000	24,000	24,000	24,000
Vehicles	389,000	-	314,000	25,000	25,000	25,000
TOTAL PAY-AS-YOU-GO	\$ 3,781,598	\$ 324,763	\$ 1,787,943	\$ 832,600	\$ 317,000	\$ 281,721
BOND PROJECTS						
Board of Education	-					
Parks and Recreation	-					
Public Facilities	340,000		250,000	90,000		
Public Safety	1,200,000		1,200,000			
Streets and Highways	-					
Town Administration	-					
Vehicles	-					
TOTAL BOND PROJECTS	\$ 1,540,000	\$ -	\$ 1,450,000	\$ 90,000	\$ -	\$ -

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FY 2018 projects:

- **2021 Grand List revaluation (\$24,000)** – Revaluations are required every five years. The total estimated cost of the revaluation is between \$31 to \$40 per parcel. Thomaston has 3,336 parcels so the anticipated cost is between \$103,500 and \$133,440.
- **Fire Department turnout gear (\$15,000)** – In 2012 the Fire Department received a grant to replace 32 sets of turnout gear. This gear has a 10 year life per code and must be replaced in 2022. This funding will be set aside so that the town does not have to fund replacing all of the gear in one year.
- **Fire Department Self Contained Breathing Apparatus (\$28,000)** – same as the turnout gear, SCBA must be replaced every 10 years. Most sets have exceeded this and should be replaced. This funding would allow the department to replace 3 to 4 sets per year.
- **Library carpet replacement (\$9,673)** – The library board requested \$18,916 for carpet replacement in two areas. Previous funding was \$9,243.
- **BOE – TCS handicap accessible ramp (\$18,415)** – Previous funding was \$28,339. This allocation would allow for a metal ramp to be installed at the main entrance to the school.
- **BOE – THS Exit and Rear Parking lot sealant (\$17,500)** – To extend the life of the parking lots, sealing the pavement is recommended.
- **BOE – THS Demo south side exterior storage wall (\$10,860)** – The wall is in disrepair and is a safety concern. Rather than repair it, the administration recommends demolishing it.

- **BOE – THS Pave entrance driveway (\$47,072)** – The entrance driveway is in disrepair. It is cracked, heaving and has several holes. Repairs are made but they don't last long.
- **BOE – 7th grade chromebooks (\$25,743)** – New chromebook computers for the incoming 7th grade class to support new curriculum in the classroom.
- **Emergency Management – Areas of refuge communication at Town Hall (\$12,500)** – Required to have communication at all areas of refuge in town hall to connect a trapped person to the dispatcher during an emergency.
- **DPW – Bathroom for Town Garage (\$14,000)** – The town garage only has one bathroom that serves as a locker room for the staff. It is not suitable for women to use.
- **DPW – Sidewalks (\$75,000)** – There is 5,300 square feet of sidewalk that are in need of total repair. Current year's allocation would be used to replace the sidewalks from one end of Thomas Avenue to Main Street and back to the other end of Thomas Avenue.
- **Park & Recreation – Irrigation for Nystrom's baseball field (\$7,000)** – Irrigation pipes were installed in the baseball field when it was built but were never hooked up to a pump from the pond. Part of the track project is to install a pump and lines running to the soccer field. This funding was all include new sensors and heads that are obsolete.
- **Town Hall emergency generator (\$20,000)** – Estimated cost for a generator that would be able to power all of the building is approximately \$100,000. While the current generator (which only powers the police and finance offices) still works, it is aging and could go at any time.