

**Town of Thomaston**  
**Capital Improvement Program**

**FYE 2010-2014**

**April 3, 2009**

**Members:**

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**Town of Thomaston  
Capital Improvement Program Process  
FYE 2010-2014**

- **Number of Projects submitted = 65**
- **Total cost of Projects = \$ 16,583,612**
- **Prioritize projects and assign ratings**
- **Identify potential funding sources**
- **Calculate debt affordability**
- **Summarize findings**

# Town of Thomaston

## Capital Improvement Program FYE 2010-2014

### 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 2010-2014**

#### **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

## Capital Improvement Program Policy Statement

### FYE 2010-2014

#### **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 shall establish a debt service fund. The amount of appropriation to that fund shall remain flat, regardless of the schedule of debt pay-downs needed. The 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 shall 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.

# Town of Thomaston

## Capital Improvement Program Policy Statement

### FYE 2010-2014

## 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 per capita – The ratio of total general obligation debt divided by the population base. If debt burden borne by each resident is already too high, any additional debt (and concurrent tax increases) may impinge on the ability and or willingness to pay debt service.
- b. 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.
- 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**  
**Capital Improvement Program Policy Statement**  
**FYE 2010-2014**

**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 2010-2014**  
**Summary By Rating**

	Estimated Cost	FYE2010	FYE2011	FYE2012	FYE2013	FYE2014
<b><u>PAY-AS-YOU-GO</u></b>						
Code 1 - Committed - Highest Priority	\$ 522,574	\$ 149,738	\$ 124,161	\$ 66,000	\$ 52,675	\$ 30,000
Code 2 - Urgent - High Priority	\$ 200,000	\$ 50,000	\$ 90,000	\$ 20,000	\$ 20,000	\$ 20,000
Code 3 - Needed	\$ 84,292	\$ -	\$ 44,292	\$ 30,000	\$ 5,000	\$ 5,000
Code 4 - Deferrable	\$ 86,018	\$ -	\$ 37,445	\$ -	\$ 42,073	\$ 6,500
<b>TOTAL PAY-AS-YOU-GO</b>	<b>\$ 892,884</b>	<b>\$ 199,738</b>	<b>\$ 295,898</b>	<b>\$ 116,000</b>	<b>\$ 119,748</b>	<b>\$ 61,500</b>
Available funding sources.....	\$ -	\$ (72,710)	\$ -	\$ -	\$ -	\$ -
<b>Appropriation needed.....</b>	<b>\$ 720,174</b>	<b>\$ 127,028</b>	<b>\$ 295,898</b>	<b>\$ 116,000</b>	<b>\$ 119,748</b>	<b>\$ 61,500</b>
Code 5 - Bond Projects	\$ 15,036,425	\$ 7,691,600	\$ 1,736,426	\$ 2,704,439	\$ 853,000	\$ 2,049,830
Code 6 - Other funding Sources	\$ 654,303	\$ 195,186	\$ 136,255	\$ 150,283	\$ 117,579	\$ 55,000

Note: Estimated cost column may include amounts already funded and in reserve.

**Town of Thomaston**  
**Capital Improvement Program FYE 2010-2014**  
**Summary By Program**

	Estimated Cost	FYE2010	FYE2011	FYE2012	FYE2013	FYE2014
<b>PAY-AS-YOU-GO</b>						
Board of Education	\$ 180,411	\$ 88,338	\$ 20,000	\$ 20,000	\$ 32,073	\$ 20,000
Parks and Recreation	\$ 55,895	\$ -	\$ 29,395	\$ 5,000	\$ 5,000	\$ 11,500
Public Facilities	\$ 196,492	\$ 40,000	\$ 96,492	\$ 20,000	\$ 20,000	\$ 20,000
Streets and Roads	\$ 31,000	\$ 10,000	\$ 10,000	\$ 11,000	\$ -	\$ -
Town Administration	\$ 218,611	\$ 26,400	\$ 67,211	\$ 10,000	\$ 10,000	\$ 10,000
Vehicles	\$ 210,475	\$ 35,000	\$ 72,800	\$ 50,000	\$ 52,675	\$ -
<b>TOTAL PAY-AS-YOU-GO</b>	<b>\$ 892,884</b>	<b>\$ 199,738</b>	<b>\$ 295,898</b>	<b>\$ 116,000</b>	<b>\$ 119,748</b>	<b>\$ 61,500</b>
<b>BOND PROJECTS</b>						
Board of Education	\$ 1,713,295	\$ -	\$ 527,311	\$ 435,984	\$ -	\$ 750,000
Parks and Recreation	\$ 70,000	\$ -	\$ -	\$ -	\$ 70,000	\$ -
Public Safety	\$ 1,200,000	\$ -	\$ -	\$ 1,200,000	\$ -	\$ -
Streets and Roads	\$ 10,894,500	\$ 7,145,540	\$ 1,100,000	\$ 565,000	\$ 783,000	\$ 1,299,830
Vehicles	\$ 1,158,630	\$ 546,060	\$ 109,115	\$ 503,455	\$ -	\$ -
<b>TOTAL BOND PROJECTS</b>	<b>\$ 15,036,425</b>	<b>\$ 7,691,600</b>	<b>\$ 1,736,426</b>	<b>\$ 2,704,439</b>	<b>\$ 853,000</b>	<b>\$ 2,049,830</b>
<b>OTHER FUNDING SOURCES</b>						
Board of Education	\$ 120,600	\$ 98,600	\$ 11,000	\$ 6,000	\$ -	\$ 5,000
Public Facilities	\$ 33,586	\$ 18,586	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Public Safety	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -	\$ -
Sewers and Sewer facilities	\$ 470,117	\$ 78,000	\$ 120,255	\$ 109,283	\$ 112,579	\$ 50,000
<b>TOTAL OTHER FUNDING SOURCES</b>	<b>\$ 654,303</b>	<b>\$ 195,186</b>	<b>\$ 136,255</b>	<b>\$ 150,283</b>	<b>\$ 117,579</b>	<b>\$ 55,000</b>

## Town of Thomaston Estimated Cash Flow Bonding Needs (Preliminary Planning)

### Borrowing & Amortization Schedule By Project

<u>Issue Date</u>	Truck 9 & 10	Altair Ave	Roads	Total	
Aug 7 08	-	220,000	2,280,000	2,500,000	BAN
May 6 09	324,460	-	2,000,540	4,825,000	BAN
Feb 2010			2,545,000	7,370,000	BOND
Feb 2010 - bond issuance costs			100,000	7,470,000	BOND
<b>Bond Issue 1</b>	<b>324,460</b>	<b>220,000</b>	<b>6,925,540</b>	<b>7,470,000</b>	
<b>Amortization period</b>	<b>7 years</b>	<b>20 years</b>	<b>20 years</b>		

<u>Issue Date</u>	Truck 20&23	Center School	High School	Black Rock school	Roads	Hwy Loader	Backhoe	Fire Engine 3	Radio Frequency	Total		
Aug 2010	221,600	-	-	-						221,600	BAN	
May 2011		300,000	150,000	120,000	1,100,000	109,115				2,000,715	BAN	
Feb 2012		300,000	150,000		565,000		103,455	400,000		3,519,170	BAN	
Nov 2012					-				1,200,000	4,719,170	BAN	
Aug 2013					783,000					5,502,170	BAN	
May 2014					1,200,000					6,702,170	BOND	
May 2014 - bond issuance costs					99,830					6,802,000	BOND	
<b>Bond Issue 2</b>	<b>-</b>	<b>-</b>	<b>221,600</b>	<b>600,000</b>	<b>300,000</b>	<b>120,000</b>	<b>3,747,830</b>	<b>109,115</b>	<b>103,455</b>	<b>400,000</b>	<b>1,200,000</b>	<b>6,802,000</b>
<b>Amortization period</b>	<b>7 years</b>	<b>20 years</b>	<b>20 years</b>	<b>20 years</b>	<b>20 years</b>	<b>7 years</b>	<b>7 years</b>	<b>7 years</b>	<b>20 years</b>			

Totals of 2 bonds	324,460	220,000	221,600	600,000	300,000	120,000	10,673,370	109,115	103,455	400,000	1,200,000	14,272,000
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Spending Authorizations in place	324,460	220,000					10,674,500					11,218,960
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Center School List	High School List	Black rock list
Slate roof 125000	Stair treads 42895	HVAC 116600
Lockers 65200	Lockers 16940	Estimate 120000
Clock & Bell 25000	Fire door closures 19138	
Exterior paint 24000	9 Stair doors 28372	
Retile hallways/classrooms 100000	Bleacher rails 13504	
Interior painting 40000	Windows 154784	
Auditorium stairway entry 50000		
Doors 70000	Estimate 300000	
Auditorium 85000		
Estimate 600000		