



To: Select Board
From: M.Malone, Town Administrator
cc: B.Chenard, J.Townsend, S.O'Brien, J.Gadson
Date: November 15, 2019
Re: Capital Planning 2020-2025

Since 2014 -2018, the Town has spent between 7.5 million to 9.2 million dollars annually on capital. (Please see Attachment A Financial Indicators, page 11 for specific year spend, this includes capital borrowing within levy, and does not incorporate debt excluded projects). The Capital Improvement Program for 2020-2024 is located at <https://www.natickma.gov/DocumentCenter/View/7559/FY-2020-2024-Capital-Improvement-Plan>

Additionally, attached is a schedule of capital items that become “paid in full” between fiscal years 2020-2025 delineated by project, principal, and interest. Attachment B. Stated another way the attached debt schedule represents the bond payments that cease in a given year. It is not the actual capital spend and we are working on what the bond payments translates into by way of principal borrowing for our discussion to give you greater clarity. The debt schedule includes within levy and excluded levy debt.

By way of macro-perspective, I have also attached a presentation from August 2018 that I made to this Board regarding existing outstanding debt and explanation for the debt structure for the Kennedy Middle School and West Natick Fire Station. Attachment C. As you may recall, the debt exclusion for the Kennedy Middle School was voted in the Spring of 2018 by Town Meeting and our residents. At the same time, we had the West Natick Fire Station (WNFS) in design but funding not confirmed. There was no determined course on how to fund WNFS that began at less than 9 million and in real time stood at 15.6 million dollars. One of the many variables I considered in trying to design a solution including analysis of retiring debt. The hybrid borrowing structure that ultimately was used for the projects was very much born from the “tighter” fiscal years 2020-2024. Please see Attachment C, page 2 for the debt schedule.

The final attachment of this packet relates to projects that either were or currently are on the Capital Plan for the FYs 21-26 that over the course of 5 years exceeds 750k. Attachment D. For the Capital Plan to have meaning the items on the plan must have corresponding and real funding sources.

In the course of the last 5 fiscal years, (FY15-20) the Town's debt per capita/household has risen from 7.19% to 10.44%. These figures documents our exponential growth and need for an extraordinarily thoughtful plan for our capital spend. (Please see Attachment A, page 12 for the debt per capita 2015-2000). Moreover, placing the debt service in comparison to revenue is necessary because when debt service (or any liabilities such as pensions) increases dramatically it crowds out other present needs like human capital costs that are not borrowed but rather raised from tax levy.

Initial questions to consider for discussion:

1. How does the current capital spend align with the Board's Values and Vision?
2. Does the Board have a requested priority of spend given immediate needs in the community?
3. Are there capital items on the > 750k Capital List that the BOS believes because of cost and/or function should be removed?
4. What is the Board's tolerance or willingness to create public private partnerships to be able to assist in funding some of the more costly capital items for the community, such as the Cole Center? And, if the Board is willing to do this, who and/or what entity should take the leadership role in this endeavor.