

# **Capital Improvement Program: Mayor's Message**

## **Goals of the Capital Improvement Program (CIP)**

The City of Salem relies on a capital improvement program and capital budget to ensure that capital needs are being addressed in a responsible manner based on priority and thoughtful planning. A capital improvement program is a critical component of the overall budget strategy, especially given the City's long history of deferring capital planning and budgeting. Formalizing a capital plan and budget has allowed the City of Salem to address issues that have been postponed and ignored in prior years.

These tools allow the City to not only make sound capital investments and improvements but also positively impact the City's operating budget. Addressing capital needs when appropriate will assist the City in reaching many of its longer-term goals such as reducing fuel consumption; decreasing costs associated with deferred maintenance, reducing heating and electricity expenses in municipal buildings; and reducing salary costs by means of technological advances and automation wherever possible. As important, capital improvements have ensured and will continue to ensure that our facilities, equipment and vehicles are safe, energy efficient and operable at all times to deliver top-notch services to the City's residents.

The City's main goals when initially implementing the Capital Improvement Program was to professionalize how capital projects were identified, improve the overall planning and budget process for addressing capital needs, and ensure accountability as it relates to implementation of capital work projects. Our early efforts focused on overhauling and renovating neglected parks, playgrounds and recreational spaces which comprise nearly 30% of Salem's overall acreage, as well as a full assessment of roadway, sidewalk and utility infrastructure conditions which enabled us to begin implementation of a comprehensive strategy to address long overdue maintenance needs in these areas.

To meet these goals, City officials have created a capital plan for FY11 that is fiscally responsible and transparent. The plan includes a particular focus on energy efficient vehicles, technological advancement, and preventive maintenance to our buildings, parks, and equipment. The City will look to replace 17 of its 2000 PC's with faster, more energy efficient PC's that are capable of handling all of the different types of software that the City uses as part of its daily operation. The City will also look to further automate the parking department by investigating automated systems for both of its parking garages. For the fire department, the City will refurbish one of its pumper trucks in order to avoid a costly replacement, as well as another hybrid vehicle for the fire department that will replace an older, less efficient vehicle. Furthermore, the City has partnered with Municibid, an auction website designed specifically to conduct

government auctions for surplus goods. We feel this partnership will ensure that the City receives top dollar for any of its surplus goods.

Improvements to City streets and sidewalks, along with other infrastructure improvements, have been a large focus of the last several capital plans. Last year, the City funded a \$1.5 million citywide street repaving program and plans to initiate a project similar in scope this year through \$667,231 of Chapter 90 funds and an appropriation of \$150,000. Other infrastructure related improvements include the replacement of sections of the wrought iron fence at Salem Common, replacement of the boiler at the library, and capital improvements at both the Collins Middle School and Saltonstall School, each receiving 78% matching funds from the Stimulus bill.

When considering funding items in the Capital Improvement Program, the City strategically pursues available options from grants at the state and federal levels, and also utilizes monies available from water and sewer retained earnings to avoid the issuance of long term debt for certain projects that can be covered in full by such retained earnings. From a financing perspective, priority is given to projects with grant revenues or other matching funds to offset the costs of borrowing.

As we head into FY2011, we are once again facing another lean budget cycle brought on by the global economic downturn. As such, our CIP for FY2011 is aimed at using grant dollars and other federal funding opportunities (including stimulus dollars) for capital needs. We also are giving priority to capital projects and purchases that will reduce our short and long term operational costs, such as enhanced parking technology systems that will enable us to reduce on-going personnel costs, replacement of older vehicles with energy efficiency vehicles for our fire and electrical departments, and well as a continuation of installation of LED lighting in the City's traffic signals and street lights aimed at lowering energy costs.

## Capital Improvement Program Overview

A capital improvement program (CIP) is a blueprint for planning a community's capital expenditures. A CIP is typically a multi-year plan identifying capital projects and equipment to be funded during the planning period. A CIP is composed of two parts, a *capital program* and a *capital budget*. The capital program is a plan for capital expenditures that extends out past the capital budget. The capital budget is the upcoming year's spending plan for capital items.

Developing a CIP that will ensure sound financial and capital planning requires effective leadership and the involvement and cooperation of all municipal departments. A properly developed CIP will help the City in many ways such as enhancing a community's credit rating, stabilizing debt service payments, and identifying the most economical means of financing capital projects. It will also help increase opportunities to obtain federal and state aid and help avoid duplication by overlapping governmental units.

The City has several ways to finance its CIP, including state and federal grants, appropriations from the City's Capital Outlay account, capital leases, and long-term borrowing. Depending on the cost and the useful life, the Finance Director will make recommendations to the Mayor for funding the City's capital needs.

Capital leases are often three years or less and are built into the operating budget. Capital leases are often used for items such as school buses, office equipment, and other items that may not last five years in useful life. The City's Capital Outlay account typically funds items under \$25,000, but can be used to fund items over \$25,000 if it is deemed prudent. Funding capital improvements through the Capital Outlay account is beneficial because there is no borrowing or interest costs; you simply pay for the item in the year that it is purchased. Many of the City's capital items over \$25,000 require long-term borrowing as authorized by a 2/3<sup>rd</sup> vote of the City Council upon recommendation of the Mayor. Long term bonding helps spread the costs of expensive capital improvements over their full useful life (per MGL Chapter 44/7 and Chapter 44/8).

The CIP dovetails into the City's five-year financial forecast for planning purposes. The CIP has to be worked into the operational part of the budget so that both the operational and capital needs of the municipal departments are met on a year-to-year basis. Oftentimes the CIP suffers as fixed costs such as health insurance and retirement assessments continue to rise which places further pressure on the operational budget. However, it is incumbent upon the Mayor and Finance Director to ensure that both the operating budget and CIP are reasonable and attainable to ensure fiscal stability within the limitations of Proposition 2 ½.

## **What is a Capital Asset?**

- Capital items are tangible assets or projects with a value of \$25,000 or more.
- Must have a depreciable life of five (5) or more years.

Examples of Capital Assets are Fire Truck, DPW equipment, Buildings (purchase or major renovations), water and sewer infrastructure. Items that are NOT capital assets include services, painting rooms or buildings, books, field maintenance, routine building maintenance.

## **FY 2011 CIP Overview**

During the FY2011 budget process, the City's Finance Director met with department heads to review the requests for FY2011. The Finance Director subsequently met with the Mayor to discuss funding options and priority levels for the requested items. This resulted in the FY2011 Capital Plan for the General Fund included in this section of the budget. This year's Capital Plan relies more on one time appropriations from the City's Capital Outlay account versus long term debt due to the nature of the requests and the low dollar amounts of many of the items in this year's CIP budget, utilizing the City's Capital Outlay account for these improvements also minimizes the financial impact on the operating budget in future years.

The CIP for the general fund budget totals \$4,080,231, of which \$2,462,231 will come from State and Federal Grants, \$680,000 will come from the Capital Outlay account, and \$630,000 will come from a loan order. However, it should be known that the loan order for the Massachusetts School Building Authority (MSBA) projects for both the Collins Middle School and Saltonstall School will not be requested until such time as we have solid costs estimates for each project. As it stands today, the MSBA is proposing an 78% reimbursement for these projects. As it stands today, the City is estimating that the total cost of both schools will be \$1,400,000 and the reimbursement from the MSBA will be \$1,092,000. Thus, the City's portion under these assumptions would be \$308,000.

## **FY 2011 Routine Debt**

Routine debt is issued for items used during normal operations by City departments. Vehicle replacement, departmental equipment, general repairs, and maintenance are all considered routine. The debt service proposed for FY11 that is routine in nature would be as follows:

Engineering: \$150,000

- Repairs/renovations
  - Continued repairs and renovations to City infrastructure (roads, sidewalks, crosswalks) throughout the City.

Schools: \$308,000

- Repairs/renovations
  - The study, design and construction of waterproofing the Collins and Saltonstall schools.

## **FY 2010 Non-Routine Debt**

Non-routine debt is debt that is issued for purchasing items for new initiatives and projects of the City. New buildings, additions, and infrastructure are all considered non-routine. The debt service proposed for FY11 that is non-routine in nature would be as follows:

Engineering: \$480,000

- Infrastructure ~ Canal Street Roadway and Bike Path Rehabilitation
  - Canal St Roadway Rehab - 75% & Final ROW
  - Canal St Roadway Rehab Ocean to Forest Ave - Final Design, Bidding & Construction Services
  - Canal St Bike Path – 25%, 75% & Environmental Permits

## FY11 CIP – General Fund Executive Summary

- The total proposed Capital Plan for the City of Salem for FY11 is \$4,080,231. However, the total amount proposed for borrowing is only \$938,000.
- This Capital Plan has multiple funding sources, including grant funds, Capital Outlay appropriations, and bonding.
- The list proposed is a scaled down list from departmental requests, with priority given to those projects that are supplemented by grant dollars or any other revenue sources that will keep net general fund expenditures to a minimum.

### FY11 CIP – Funding Sources

#### FY11 CIP – funded from one time revenue sources – Capital Outlay Fund

- Data Processing Department – Technology Improvements \$25,000
- Library – New Boiler \$15,000
  - *Total Cost of \$30,000 will be funded with \$15,000 from Library Special Revenue Fund and \$15,000 from Capital Outlay*
- Parking Department: Infrastructure (Waterproofing Study) \$40,000
- Police Department: Technology Improvements \$25,000
- Fire Department: Repair to Apron outside Central Station \$50,000
- Fire Department: Equipment – Repair Ladder One \$25,000
- Fire Department: Equipment – Rebuild Engine Five (pumper) \$85,000
- Fire Department: Equipment - Replace Commercial Washer/Dryer \$25,000
- Fire Department: Equipment – Radio Infrastructure and Portable Radios \$25,000
  - *Total Cost of \$238,000 will be funded with \$213,000 grant and \$25,000 matching funds from Capital Outlay*
- Electrical Department: Vehicle (4x4 Hybrid) \$30,000
- Engineering: Infrastructure (Derby St. improvements) \$25,000
- Engineering: Infrastructure (Lafayette St. improvements) \$75,000
- Engineering: Infrastructure (Boston St. improvements) \$25,000
- Engineering: Infrastructure (Jefferson St. Fence) \$25,000

• Engineering: Infrastructure (Bike Path Design/Construction)	\$25,000
• Parks and Rec: Equipment (Playground Updates)	\$60,000
• Parks and Rec: Equipment (Willows Gangway and Public Float)	\$50,000
• Parks and Rec: Infrastructure (Salem Common Wrought Iron Fence)	\$50,000

**TOTAL ~ CAPITAL OUTLAY FUND: \$680,000**

FY11 CIP – funded from Grants and other financial sources

• Public Property: Investment Grade Audit	\$ 60,000
• Library: New Boiler	\$ 15,000
• Police: DHS/Seaport Cameras	\$ 250,000
• Fire: Equipment – Radio infrastructure	\$ 213,000
• Electrical: Equipment – LED Light replacement	\$ 25,000
• Engineering: Streets, Sidewalks, Crosswalks (CH90)	\$ 667,231
• Schools: MSBA School Modernization (Collins and Salts)	\$1,092,000
• Recreation: Winter Island Master Plan	\$ 140,000

**TOTAL ~ GRANTS and OTHER FINANCIAL SOURCES: \$2,462,231**

FY1 CIP – Funded from anticipated Bond Authorization

• Engineering: Non-Chapter 90 roadways	\$150,000
• Engineering: Canal Street Improvements	\$480,000
• Schools: MSBA School Modernization (Collins and Salts)	\$308,000

**TOTAL ~ BOND AUTHORIZATION: \$938,000**

## IMPACT OF CAPITAL IMPROVEMENT PROJECTS ON OPERATING BUDGET

<b>Description</b>	<b>Cost</b>	<b>Funding</b>	<b>Impact on Operating Budget</b>
Data Processing – Replace 25 Computers	25,000	Capital Outlay Fund	Reduction in energy costs, operations become more efficient due to faster computers that can handle all of our Municipal software.
Library - New Boiler	30,000	Capital Outlay Fund (50%) Library Spec Rev (50%)	Reduction in maintenance costs and reduction in oil costs (more efficient boiler)
Parking Department - Waterproofing Study/Design/Spec	40,000	Capital Outlay Fund	Capital Asset preservation and reductions in costs related to damages to Museum Place Mall when leakage occurs.
Police - Video Cameras – Seaport	250,000	Grant Funded (100%)	Small increase to energy budget
Police – Records Mgmt Software	25,000	Capital Outlay Fund	Increased efficiencies but no large impact otherwise.
Fire – Repair Infrastructure (apron) at Central Station	50,000	Capital Outlay Fund	Reduction in maintenance budget (minimal) and reduction in repairs (due to damages to tires, etc.)
Fire – Repairs to Ladder #1	25,000	Capital Outlay Fund	No impact – however, repairs to ladder one will allow us to defer a large capital expense of a new ladder truck.
Fire – Rebuild Engine #5 (pumper)	85,000	Capital Outlay Fund	No impact – however, repairs to Engine #5 will help defer large capital expense of a new pumper truck.
Fire – Radio Infrastructure and Portable Radios	238,000	Grant (90%) Capital Outlay Fund (10%)	Reduces expenses for repairing/replacing older equipment.
Fire – Commercial Washer/Dryer	25,000	Capital Outlay Fund	More efficient machines will reduce utility charges.
Electrical – 4x4 Hybrid	30,000	Capital Outlay Fund	Reduction in fuel charges (hybrid) and maintenance charges (replace old Crown Vic)..slight increase to Municipal Insurance (newer more expensive vehicle).
Electrical – LED Light Replacement Program	25,000	Grant Funded (100%)	Reduction in electricity charges.



Engineering – Roads, Sidewalks, Crosswalks	<b>667,231 150,000</b>	<b>Grant Funds (667,231) Gen Ob. Bond (150,000)</b>	<b>Decrease to road repair maintenance and increase to debt service budget.</b>
Engineering – Derby, Lafayette, and Boston Streets	<b>120,000</b>	<b>Capital Outlay Fund</b>	<b>No impact</b>
Engineering – Fence Repair	<b>25,000</b>	<b>Capital Outlay Fund</b>	<b>No impact</b>
Parks and Rec. – Winter Island Master Plan	<b>140,000</b>	<b>Capital Outlay Fund</b>	<b>No immediate impact...could lead to increased revenues due to expansion of uses of WI Park.</b>
Parks and Rec. – Playground Updates	<b>60,000</b>	<b>Capital Outlay Fund</b>	<b>Small decrease in maintenance due to new equipment.</b>
Parks and Rec. – Public Floats and Gangway	<b>50,000</b>	<b>Capital Outlay Fund</b>	<b>Small increase in insurance premiums.</b>
Parks and Rec. – Upgrades to Wrought Iron Fence @ Common	<b>50,000</b>	<b>Capital Outlay Fund</b>	<b>No impact</b>
Schools – Repairs to Collins Middle School	<b>800,000</b>	<b>MSBA (78%) Gen Ob. Bond (22%)</b>	<b>Reduction in maintenance/repairs and deferral of large capital expense (replacement of school).</b>
Schools – Repairs to Saltonstall School	<b>600,000</b>	<b>MSBA (78%) Gen Ob. Bond (22%)</b>	<b>Reduction in maintenance/repairs and deferral of large capital expense (replacement of school).</b>

**City of Salem**  
**Capital Plan - General Fund**  
**Fiscal Year 2010 - 2014**

CAPITAL REQUEST	FY11 PRIORITY	FY11 - FUNDING SOURCE	ACTUAL FY 2010	Mayor's Recommended FY 2011	FY 2012	FY 2013	FY 2014
<b>Data Processing/Information Tech.</b>							
Replace 25 Windows 2000 PC's with latest technology	1	CIP FUND		\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Replace Domain Controller + Exchange Servers					\$ 40,000.00		
Replace Six Windows 2003 Servers					\$ 50,000.00		
Replace 77 Windows XP PC's						\$ 100,000.00	
Replace 12 Switches located at 93/120 Wash. St						\$ 25,000.00	
<b>Subtotal: Data Processing</b>			\$ -	\$ 25,000.00	\$ 115,000.00	\$ 150,000.00	\$ 25,000.00
<b>Public Property</b>							
Renovation of City Hall - install elevator	wip		\$ 650,000.00				
Investment Grade Audit - ESCO	1			\$ 60,000.00			
Renovation of City Hall - engineering, specs, etc. for new roof, windors, exterior, HVAC, electric, etc. (total renovation)					\$ 3,500,000.00		
<b>Subtotal: Public Property</b>			\$ 650,000.00	\$ 60,000.00	\$ 3,500,000.00	\$ -	\$ -
<b>Library</b>							
New Boiler	1	GRANT/CIP FUND		\$ 30,000.00			
<b>Subtotal: Library</b>			\$ -	\$ 30,000.00	\$ -	\$ -	\$ -
<b>Parking Department</b>							
Technological upgrades - Multi-space parking meters	wip		\$ 50,000.00				
Church St. Lot and Bridge St. Lot: Retro fit for prepay equipment	wip		\$ 50,000.00				
Sewall St. Lot upgrades - Fix bent posts, restripe, paint, etc.	wip		\$ 25,000.00				
Museum Place Garage - Waterproof (analysis, design and construct)	1	CIP FUND		\$ 40,000.00	to be determined		
Automatation of MP and SH Garages (plan, design, construct)					\$ 475,000.00		
South Harbor Garage - Waterproof, inspect/repair/replace joints					\$ 75,000.00		
Sweeper to maintain garages and lots						\$ 70,000.00	
Crombie St. Lot - regrade/resurface/restripe						\$ 60,000.00	
<b>Subtotal: Parking Dept.</b>			\$ 125,000.00	\$ 40,000.00	\$ 550,000.00	\$ 130,000.00	\$ -

**City of Salem**  
**Capital Plan - General Fund**  
**Fiscal Year 2010 - 2014**

CAPITAL REQUEST	FY11 PRIORITY	FY11 - FUNDING SOURCE	ACTUAL FY 2010	Mayor's Recommended FY 2011	FY 2012	FY 2013	FY 2014
<b>Police</b>							
Vehicle Replacement - 4 marked Impalas (\$25k ea.)	done		\$ 100,000.00				
Prisoner Transport Vehicle	done		\$ 40,000.00				
DHS/Seaport Cameras - Video Surveillance	1	GRANT		\$ 250,000.00			
Upgrade Law Enforcement Reporting and Records Mgmt Software/Hardware	2	CIP FUND		\$ 25,000.00	\$ 200,000.00		
Building Repairs - (HVAC DDC control system)					\$ 125,000.00		
Digital Radio Replacement (FCC required by 2013)					\$ 240,000.00		
New Roof - Police Station					\$ 200,000.00		
Vehicle Replacement - marked cars					\$ 70,000.00	\$ 70,000.00	\$ 70,000.00
Vehicle Replacement - unmarked cars					\$ 60,000.00	\$ 60,000.00	\$ 60,000.00
<b>Subtotal: Police</b>			<b>\$ 140,000.00</b>	<b>\$ 275,000.00</b>	<b>\$ 895,000.00</b>	<b>\$ 130,000.00</b>	<b>\$ 130,000.00</b>
<b>Fire</b>							
Compressor for SCBA (above)	done		\$ 50,000.00				
Repair Apron - Central Station 48 Lafayette St.	1	CIP FUND		\$ 50,000.00			
Repair Ladder 1 to pass State inspection/UL certification process	2	CIP FUND		\$ 25,000.00			
Rebuild Engine #5 (pumper truck)	3	CIP FUND		\$ 85,000.00			
Equipment - Radio Infrastructure and Portable Radios	4	GRANT/CIP FUND		\$ 238,000.00			
Commercial Washer/Dryer for Station One	5	CIP FUND		\$ 25,000.00			
General Building Maintenance					\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
New Ladder Truck #1					\$ 1,100,000.00		
Vehicle Replacement - 4x4 Utility Vehicle (Hybrid)					\$ 30,000.00		
Rebuild Engine #4 (pumper truck)					\$ 95,000.00		
Two Generators (\$20k each) - Emergency Preparedness					\$ 40,000.00		
New Pumper Truck #4						\$ 425,000.00	
Personal Protection Gear							\$ 170,000.00
<b>Subtotal: Fire</b>			<b>\$ 50,000.00</b>	<b>\$ 423,000.00</b>	<b>\$ 1,290,000.00</b>	<b>\$ 450,000.00</b>	<b>\$ 195,000.00</b>
<b>Harbormaster</b>							
Pumpout Boat					\$ 60,000.00		
<b>Subtotal: Harbormaster</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,000.00</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Electrical</b>							
LED Light Replacement Program	wip		\$ 25,000.00				
Utility Truck - 4x4 Utility Vehicle (Hybrid)	1	CIP FUND		\$ 30,000.00			
LED Light Replacement Program	2	GRANT		\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Inspectional Services Truck - F-150					\$ 25,000.00		
Bucket Truck replacement					\$ 100,000.00		
Utility Truck - F350					\$ 35,000.00		
Master Boxes (300 Total @ approx. \$2,500 ea.)					\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
<b>Subtotal: Electrical</b>			<b>\$ 25,000.00</b>	<b>\$ 55,000.00</b>	<b>\$ 360,000.00</b>	<b>\$ 200,000.00</b>	<b>\$ 200,000.00</b>

**City of Salem**  
**Capital Plan - General Fund**  
**Fiscal Year 2010 - 2014**

CAPITAL REQUEST	FY11 PRIORITY	FY11 - FUNDING SOURCE	ACTUAL FY 2010	Mayor's Recommended FY 2011	FY 2012	FY 2013	FY 2014
<b>Public Services - Equipment</b>							
2009 International Model 7300 4x2 (6 wheeler with 5 ton box)	done		\$ 155,000.00				
2009 F-550 1 ton dump diesel (sander/plow)	done		\$ 70,000.00				
2009 F-550 1 ton dump (sander/plow)	done		\$ 50,000.00				
Replace 6 garage doors @ DPS garage	done		\$ 30,000.00				
Sign Making Machine	done		\$ 45,000.00				
2009 F-350 with equipment	done		\$ 45,000.00				
General Building Repairs (bathroom renovations)					\$ 35,000.00		
Vehicle Lift - Motor Pool					\$ 40,000.00		
Graffiti Removal Machine					\$ 45,000.00		
F-550 1 ton pickup (traffic truck)					\$ 50,000.00		
Bandit wood chipper (Shade Tree Division)					\$ 50,000.00		
General Building Repairs (DPS Garage)					\$ 75,000.00		
2011 F-550 1 ton dump diesel (sander/plow)					\$ 75,000.00		
Salt Shed (Snow and Ice)						\$ 200,000.00	
4x4 economical						\$ 35,000.00	
2012 F-550 1 ton dump diesel (sander/plow)						\$ 80,000.00	
Mack Park Garage Roof						\$ 25,000.00	
Aerial Lift Truck (Shade Tree Division)						\$ 150,000.00	
2013 F-550 1 ton dump diesel (sander/plow)							\$ 85,000.00
<b>Subtotal: Public Services</b>			<b>\$ 395,000.00</b>	<b>\$ -</b>	<b>\$ 370,000.00</b>	<b>\$ 490,000.00</b>	<b>\$ 85,000.00</b>
<b>Engineering - Roads, Sidewalks, &amp; Crosswalks</b>							
Roads, Sidewalks & Crosswalks (non Chapter 90 eligible)	wip		\$ 1,500,000.00				
Roads, Sidewalks & Crosswalks (Chapter 90)	wip		\$ 646,786.00				
Roads, Sidewalks & Crosswalks (Chapter 90)	1	CH 90 GRANT		\$ 667,231.00	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00
Roads, Sidewalks & Crosswalks (non Chapter 90 eligible)	2	BONDING		\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Engineering - Derby Street (streetscape improvements)	3	CIP FUND		\$ 25,000.00			
Engineering - Lafayette St (sidewalk improvements)	4	CIP FUND		\$ 75,000.00			
Engineering - Boston Street	5	CIP FUND		\$ 25,000.00			
Engineering - Repair to Fence (Jefferson Ave.)	6	CIP FUND		\$ 25,000.00			
Bike Path - Design/Construction	7	CIP FUND		\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Engineering - Canal Street (roadway design/bike path - 75% design)	8	BONDING		\$ 480,000.00			
Engineering - Canal Street (interim improvements)					\$ 840,000.00		
<b>Subtotal: Eng. - Roads, Sidewalks, Crosswalks</b>			<b>\$ 2,146,786.00</b>	<b>\$ 1,472,231.00</b>	<b>\$ 1,515,000.00</b>	<b>\$ 675,000.00</b>	<b>\$ 675,000.00</b>
<b>Engineering - Seawalls</b>							
Seawall - Forest River					\$ 100,000.00		
Seawall - Collins Cove					\$ 500,000.00	\$ 410,000.00	
Seawall - Columbus Ave.							\$ 90,000.00
<b>Subtotal: Engineering - Seawalls</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ 600,000.00</b>	<b>\$ 410,000.00</b>	<b>\$ 90,000.00</b>

**City of Salem**  
**Capital Plan - General Fund**  
**Fiscal Year 2010 - 2014**

CAPITAL REQUEST	FY11 PRIORITY	FY11 - FUNDING SOURCE	ACTUAL FY 2010	Mayor's Recommended FY 2011	FY 2012	FY 2013	FY 2014
<b>Parks, Recreation &amp; Community Services</b>							
Community Life Center			\$ 4,994,136.00				
Furlong Park			\$ 789,000.00				
Gazebo Roofs @ Salem Willow's			\$ 25,000.00				
Playground upgrades (Salem Common)			\$ 50,000.00				
Repair Mack Park Stairs			\$ 30,000.00				
Blaney Street Pier and Terminal - acquisition and engineering			\$ 3,000,000.00				
Winter Island Capital Improvements (Master Plan & Improvements)	1	GRANT		\$ 140,000.00			
Playground upgrades	2	CIP FUND		\$ 60,000.00			
Public Float and Gangway - Willows	3	CIP FUND		\$ 50,000.00			
Upgrades to Wrought Iron Fence - Salem Common	4	CIP FUND		\$ 50,000.00			
Blaney Street Pier and Terminal - construction					\$ 18,000,000.00		
Upgrades to Wrought Iron Fence - Salem Common					\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Playground Upgrades					\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Garage Roof @ Mack Park					\$ 25,000.00		
Wall around Mack Park							\$ 200,000.00
<b>Subtotal: Recreation</b>			<b>\$ 8,888,136.00</b>	<b>\$ 300,000.00</b>	<b>\$ 18,175,000.00</b>	<b>\$ 150,000.00</b>	<b>\$ 350,000.00</b>
<b>Council on Aging</b>							
Senior Center - Furniture, Fixtures, and Equipment (FFE)					\$ 400,000.00		
Council on Aging Vans			\$ 100,000.00			\$ 75,000.00	\$ 75,000.00
<b>Subtotal: Council on Aging</b>			<b>\$ 100,000.00</b>	<b>\$ -</b>	<b>\$ 400,000.00</b>	<b>\$ 75,000.00</b>	<b>\$ 75,000.00</b>
<b>Schools</b>							
Witchcraft Heights Elementary ~ ballfields	wip	BONDING	\$ 75,000.00				
Repairs to Field House at Bertram Fields	wip	BONDING	\$ 40,000.00				
Collins - repointing and waterproofing - (Study/Design/Construct)		MSBA/Bonding	\$ 25,000.00	\$ 800,000.00	estimated		
Saltonstall - Repoint and Waterproof Masonry - (Study/Design/Construct)		MSBA/Bonding	\$ 25,000.00	\$ 600,000.00	estimated		
42 passenger Type C conventional school bus					\$ 80,000.00		
77 Passenger Type C conventional school bus					\$ 90,000.00		
29 Passenger Type A school bus					\$ 44,000.00		
Automotive Service Lifts - Auto Tech Center					\$ 25,000.00		
Integrated Communication System - Bentley & Collins					\$ 100,000.00		
Replace Carpeting with Vinyl Floor Tile - Bentley						\$ 157,000.00	
Replace Carpeting with Vinyl Floor Tile - Collins						\$ 281,250.00	
Repairs to Field House at Bertram Field							\$ 35,000.00
<b>Subtotal: Schools</b>			<b>\$ 165,000.00</b>	<b>\$ 1,400,000.00</b>	<b>\$ 339,000.00</b>	<b>\$ 438,250.00</b>	<b>\$ 35,000.00</b>
<b>Total - General Fund</b>			<b>\$ 12,684,922.00</b>	<b>\$ 4,080,231.00</b>	<b>\$ 28,169,000.00</b>	<b>\$ 3,298,250.00</b>	<b>\$ 1,860,000.00</b>

**City of Salem**  
**Capital Plan - General Fund**  
**Fiscal Year 2010 - 2014**

CAPITAL REQUEST	FY11 PRIORITY	FY11 - FUNDING SOURCE	ACTUAL FY 2010	Mayor's Recommended FY 2011	FY 2012	FY 2013	FY 2014
<b><u>LESS ~ Non Grant Funds to offset costs</u></b>							
CIP Fund - (Sewall St. Lot improvements)			\$ (25,000.00)				
CIP Fund - (LED Light replacement program)			\$ (25,000.00)				
CIP Fund - (Mack Park Stairs)			\$ (30,000.00)				
CIP Fund - (COA Vans)			\$ (30,000.00)				
CIP Fund - (Collins and Saltonstall - Study for waterproofing)			\$ (50,000.00)				
Sale of City Owned Land - (Community Life Center)			\$ (750,000.00)				
Parking Meter Receipts - (Gazebo Roofs @ Willows)			\$ (25,000.00)				
Water/Sewer Retained Earnings (F-550 diesel )			\$ (70,000.00)				
CIP Fund - (MIS - Technology improvements)				\$ (25,000.00)			
CIP Fund - (Library - New Furnace)				\$ (15,000.00)			
CIP Fund - (Parking - Waterproofing Study)				\$ (40,000.00)			
CIP Fund - (Police - CAD/Records Mgmt. Hardware/Software Study)				\$ (25,000.00)			
CIP Fund - (Fire - Central Station Apron Repairs)				\$ (50,000.00)			
CIP Fund - (Fire -Ladder 1 Repairs)				\$ (25,000.00)			
CIP Fund - (Fire - Rebuild Engine 5 - pumper truck)				\$ (85,000.00)			
CIP Fund - (Fire - City's portion of Grant)				\$ (25,000.00)			
CIP Fund - (Fire - Commercial Washer/Dryer)				\$ (25,000.00)			
CIP Fund - (Electric - 4x4 Hybrid)				\$ (30,000.00)			
CIP Fund - (Engineering - Derby St. Streetscape improvements)				\$ (25,000.00)			
CIP Fund - (Engineering - Lafayette St. sidewalk improvements)				\$ (75,000.00)			
CIP Fund - (Engineering - Boston St.)				\$ (25,000.00)			
CIP Fund - (Engineering - Fence Repairs)				\$ (25,000.00)			
CIP Fund - (Engineering - Bike Path.)				\$ (25,000.00)			
CIP Fund - (Park and Rec - Playground Updates)				\$ (60,000.00)			
CIP Fund - (Park and Rec - Willow's Gangway Floats)				\$ (50,000.00)			
CIP Fund - (Park and Rec. - Salem Common Fence)				\$ (50,000.00)	From Capital Outlay		
					\$ (680,000.00)		
<b><u>LESS ~ Grants and other sources/funds to offset costs</u></b>							
CDBG: Section 108 loans - (Community Life Center)			\$ (4,244,136.00)				
Grant Funds - (COA Vans)			\$ (70,000.00)				
Executive Office of Energy/Env Affairs - (Furlong Park)			\$ (500,000.00)				
Seaport Council - (Blaney St. Pier)			\$ (3,000,000.00)				
CDBG Funds - (City Hall Elevator)			\$ (344,000.00)				
Stimulus Funding - CDBG funds (City Hall Elevator)			\$ (306,000.00)				
Chapter 90 Funds: (Roads/Sidewalks/Crosswalks)			\$ (646,786.00)	\$ (667,231.00)	\$ (500,000.00)	\$ (500,000.00)	\$ (500,000.00)
ESCO contract				\$ (60,000.00)			
Library MEG Grant account - (Library Boiler)				\$ (15,000.00)			
Federal Grant - (COTP Boston - Ports of Salem/Gloucester)				\$ (250,000.00)			
Federal Grant - (Assistance to Firefighters Grant.)				\$ (213,000.00)			
CIP Fund - (Electric - LED light replacement)				\$ (25,000.00)			
MSBA Funding - School Modernization (Collins & Salts)				\$ (1,092,000.00)			
ARRA Funding - Winter Island Master Plan				\$ (140,000.00)			
<b>Net ~ General Fund Expenses</b>			\$ 2,569,000.00	\$ 938,000.00	\$ 26,989,000.00	\$ 2,798,250.00	\$ 1,360,000.00
<i>note: WIP = Work in progress</i>			FY 2010	FY 2011	FY 2012	FY 2012	FY 2012

	FY11	
\$	308,000.00	School MSBA - 22% match for Salts/Collins (estimated)
\$	480,000.00	Canal Street (roadway/bikepath design)
\$	150,000.00	Non Chapter 90 Roads/Sidewalks/Crosswalks
<b>Bond Article</b>	<b>\$ 938,000.00</b>	

## FY11 CIP: Enterprise Funds – Executive Summary

- The total proposed Capital Plan for the City of Salem’s Enterprise Funds for FY11 is \$2,310,000. However, the total amount proposed for borrowing is only \$1,900,000.
- The Enterprise Fund’s Capital Plan has multiple funding sources, including retained earnings, SESD funds, and bonding.
- The list proposed has been reviewed and approved by the City’s Engineer.

## FY11 Enterprise Fund CIP – Funding Sources

FY11 Enterprise Fund CIP – funded from one time revenue sources – Retained Earnings

• Water: Main System Upgrades ~ Valve/Pipe Replacement	\$100,000
• Sewer: Illicit Connection Removal	\$200,000
• Sewer: Sewer Line Extension/Rehabilitation/Upgrades	\$ 50,000

**TOTAL ~ WATER/SEWER RETAINED EARNINGS: \$350,000**

FY11 Enterprise Fund CIP – funded from other financial sources

• Water: Energy Efficiency Evaluation (ESCO)	\$ 35,000
• Sewer: Inflow/Infiltration Removal Program	\$ 25,000

**TOTAL ~ GRANTS and OTHER FINANCIAL SOURCES: \$ 60,000**

FY1 CIP – Funded from anticipated Bond Authorization

- Water: Internal/External Rehabilitation \$1,000,000
  - Gallow and Folly Hills Storage Tanks
- Sewer: Bridge St. Sewer Reconstruction \$ 900,000

**TOTAL ~ BOND AUTHORIZATION: \$1,900,000**



## IMPACT OF CAPITAL IMPROVEMENT PROJECTS ON OPERATING BUDGET

<b>Description</b>	<b>Cost</b>	<b>Funding</b>	<b>Impact on Operating Budget</b>
Water – Main System upgrades	100,000	Retained Earnings – Enterprise Fund	Reduction in repairs to water systems.
Water – Energy Efficiency Evaluation	35,000	Energy Service Contract	Reductions in utility charges.
Water – Internal and External Rehabilitation to Folly Hills and Gallows Hill Water Tanks	1,000,000	General Obligation Bond	Estimated debt service charge will be \$100k per year plus interest (10 year note)
Sewer – Bridge St. Sewer Reconstruction	900,000	South Essex Sewerage District - Retained Earnings	Reductions in repairs/maintenance budget.
Sewer – Sewer Line Extension/Upgrades/Rehap	50,000	Retained Earnings – Enterprise Fund	Reductions in emergency repairs.
Sewer – Inflow/Infiltration Removal Program	25,000	South Essex Sewerage District - Retained Earnings	No impact.
Sewer – Illicit Connection removal	200,000	Retained Earnings – Enterprise Fund	No impact.

<p style="text-align: center;"><b>City of Salem</b>  <b>Capital Plan ~ Water and Sewer Enterprise Fund</b>  <b>Fiscal Year 2010 - 2014</b></p>								
CAPITAL REQUEST	FY11 PRIORITY	FUNDING SOURCE	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY2014
<b>Water Enterprise-Engineering</b>								
Highland Ave Water Tank (2003 Bond issue)	wip	authorized and unissued	\$ 4,500,000.00					
Main System Upgrades Vales/Pipe replacement (2003 Bond issue)	wip	authorized and unissued	\$ 1,828,208.00					
Upgrade Water Meters - Entire City (2009 bond issue)	wip	BAN	\$ 3,000,000.00					
Design/Construction of Transmission Main Upgrades (Rantoul Street) (2009 bond issue)	wip	BAN	\$ 2,500,000.00					
Main System Upgrades Vales/Pipe replacement	wip	r/e		\$ 100,000.00				
Water Easements - Research, Taking, Clearing	wip	r/e		\$ 175,000.00				
Folly Hill Reservoir ~ Slope Stabilization Project	wip	r/e		\$ 80,000.00				
Main System Upgrades Vales/Pipe replacement	1	r/e			\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Energy efficiency evaluation - SBWSB pump station	2	ESCO			\$ 35,000.00			
Internal/External Rehabilitation ~ Gallows and Folly Hills Storage Tanks	3	bonding			\$ 1,000,000.00			
<b>Subtotal: Water Enterprise</b>			<b>\$ 11,828,208.00</b>	<b>\$ 355,000.00</b>	<b>\$ 1,135,000.00</b>	<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>
<b>Sewer Enterprise-Engineering</b>								
South River Basin Upgrades (study, design/permit, construction) (2009 bond issue)	wip	BAN	\$ 4,350,000.00					
Sewer Pump Station Upgrades/Replacements (2009 bond issue)	done	BAN	\$ 400,000.00					
Forrester St. study (study, design, construct) (2009 bond issue)	wip	BAN	\$ 150,000.00					
Station/Moffat Rd. (study, design, construct) (2009 bond issue)	wip	BAN	\$ 150,000.00					
North River improvements - Peer Review	done		\$ 50,000.00					
I/I Removal Program	wip	SESD		\$ 25,000.00				
Sewer Line Extension/Upgrade/Rehabilitation	wip	r/e		\$ 50,000.00				
Bridge St. Sewer Reconstruction (design/construction)	1	bonding			\$ 900,000.00			
Illicit connection removal (study, design, construction)	2	r/e			\$ 200,000.00	\$ 400,000.00		
Sewer Line Extension/Upgrade/Rehabilitation	3	r/e			\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
I/I Removal Program	4	SESD			\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
<b>Subtotal: Sewer Enterprise</b>			<b>\$ 5,100,000.00</b>	<b>\$ 75,000.00</b>	<b>\$ 1,175,000.00</b>	<b>\$ 475,000.00</b>	<b>\$ 75,000.00</b>	<b>\$ 75,000.00</b>
<b>Total: Enterprise Fund</b>			<b>\$ 16,928,208.00</b>	<b>\$ 430,000.00</b>	<b>\$ 2,310,000.00</b>	<b>\$ 575,000.00</b>	<b>\$ 175,000.00</b>	<b>\$ 175,000.00</b>

**NOTES ~ Funding Sources:**

Bonds: Issuance of long term bonds to fund (analysis below on yearly estimated debt payments and effect on water/sewer rates)

R/E: Retained Earnings of the respective enterprise fund (no effect on rates)

SESD: South Essex Sewerage District Retained Earnings to be used going forward to fund I/I campaigns (inflow and infiltration).

BAN: Bond anticipation notes

Authorized and Unissued: Debt has been authorized, but no issuance of bonds have occurred

**Water and Sewer Enterprise Fund**  
**Capital Projects Update – Approved Projects**  
**May 27, 2010**

**Water Enterprise Fund**

**Highland Avenue Water Tank & Main System Upgrades (2003)**

- Authorized: \$6,328,208
- BAN: \$2,000,000 payable October 2010

Status:

*The 2003 \$12 million loan authorization included the recently completed Lafayette and Loring Ave. water main improvement project, the Highland Ave water tank design, and various system-wide upgrades to ensure proper long term operation of the city's water distribution system.*

*The Highland Ave water tank project is on hold pending the advancement of the Walmart/Lowe's development. The development should have its permits by the end of 2010, and complete site work (considerable blasting of ledge) by the end of 2011. The water tank construction can start in 2012. The estimated cost of the water tank, piping and scada system is \$4.5 million.*

*The main system upgrades includes the "non participating portion" of the Bridge Street project in the amount of \$600,000 (of a \$10.4 million dollar project). Other main system upgrades include looping many dead-end water mains and replacement of aging pipes and valves throughout the City. Estimated cost for the remaining improvements is \$1.2 million.*

*The existing \$2 million BAN will be converted to bonds in FY2011. The balance of the authorization (\$4,328,208) will continue to remain unauthorized and unissued until the Highland Avenue Water Tank work begins.*

**Transmission Main – Rantoul St. (2007)**

- Authorized: \$2,500,000
- BAN: \$2,500,000 payable October 2010

Status:

*The 2007 \$2.5 million loan authorization is for the upgrade of the City's 20-inch transmission main in Rantoul Street, from Beverly Hospital to the Salem Beverly Bridge. The main upgrade is needed in anticipation of the city of Beverly's Rantoul street roadway construction project.*

*Construction will start in May 2010 and should be complete by the end of calendar year 2010.*

*The existing \$2,500,000 BAN will be converted to bonds in FY2011.*

### **Upgrade of Water Meters (2007)**

- Authorized: \$3,000,000
- BAN: \$ 925,000 payable October 2010

#### Status:

*The 2007 \$3.0 million loan authorization is for the replacement of aging and inaccurate water meters and replacement of the meter reading capability in the city. A 100% replacement program is expected.*

*Proposals from meter and meter reading manufacturers have been received and a committee has been reviewing them. A decision on the meter and meter reading devices will be made by June 15, 2010. Shortly thereafter, the City will open bids for the installation of the new meters and reading system. The installation of new meters throughout the City will begin this summer and should be complete within two years.*

*The existing \$925,000 BAN will be converted into bonds in FY2011. Furthermore, an additional \$1,075,000 will be bonded for the project. The remaining \$1,000,000 will remain unauthorized and unissued for FY2011, as it is not anticipated that we will need these funds until FY2012.*

## **Sewer Enterprise Fund**

### **South River Basin Upgrade**

- Authorized: \$4,350,000
- BAN: \$1,451,000 payable October 2010

#### Status:

*The 2007 \$4.35 million loan authorization included investigations and exhaustive elevation surveys, conduit cleanings, modeling and analysis to identify specific mitigation measures that should be implemented to achieve the projects objectives. Immediately following, the implementation of the selected measures, including permitting, design and construction would be conducted.*

*Completed to date is the 1' and 2' contour survey of the project area, manhole and catch basin survey and inspection, installation of flow depth and volume metering, and the cleaning and inspection of key conduits and inlets and outlets of the piping system. A detailed computer model of the drainage system, utilizing the survey and flow metering data previously gathered, is being finalized. When completed, the model will be used to develop a range of alternative to mitigate the flooding. The alternative will be reviewed by the City and a capital improvement plan will be created for implementation.*

*The existing \$1,451,000 BAN will be converted to bonds in FY2011. Furthermore, an additional \$500,000 will be bonded in FY2011 for further work to be completed. The remaining \$2,400,000 will remain authorized and unissued.*

#### **Sewer Pump Station Upgrade/Replacement**

- Authorized           \$400,000
- BAN                   \$190,000 payable October 2010

##### Status:

*The 2007 \$400,000 loan authorization included capital improvements to the City's water and sewerage pumps stations. Improvements include, but are not limited to new scada equipment, new pumps and motors, new stand by generators, etc at each station.*

*This work has been completed and the entire \$400,000 authorization will be converted to bonds in FY2011.*

#### **Forrester St and Station/Moffat upgrades**

- Authorized           \$300,000 (\$150,000 per project)
- BAN                   \$300,000 payable October 2010

##### Status:

*The 2007 \$300,000 loan authorization included the study, design, permitting and construction of storm water improvements to mitigate flooding events in the city. Two major flood locations are on Station/Moffat road's drainage terminus at Monroe Road and the Forrester Ave. drainage systems' terminus at Derby and Webb Street.*

*Completed to date is the cleaning and investigation of each drainage system. A new tide gate is planned for installation at the Forrester Avenue outfall and rehabilitation of the storm water treatment device system at the terminus of the Station/Moffat Road system is planned.*

*This work has been completed and the entire \$300,000 authorization will be converted to bonds in FY2011.*

**City of Salem**  
**FY2011 Capital Improvement Program - Finance Summary:**

Department	Project	Total Estimated Expenditure	FY11	FY12	FY13	FY14	FY15
Data Processing	Computer Replacement	\$ 25,000.00	\$ 25,000.00				
Public Property	Investment Grade Audit - ESCO	\$ 60,000.00	\$ 60,000.00				
Library	New Boiler	\$ 30,000.00	\$ 30,000.00				
Parking Department	Museum Place Garage - Waterproofing Study	\$ 40,000.00	\$ 40,000.00				
Police	Upgrade Law Enforcement/Records Mgmt Software	\$ 25,000.00	\$ 25,000.00				
Police	DHS/Seaport Cameras	\$ 250,000.00	\$ 250,000.00				
Fire	Repair Apron - Central Station	\$ 50,000.00	\$ 50,000.00				
Fire	Repair Ladder 1	\$ 25,000.00	\$ 25,000.00				
Fire	Rebuild Engine 5 (pumper truck)	\$ 85,000.00	\$ 85,000.00				
Fire	Equipment - Radio Infrastructure	\$ 238,000.00	\$ 238,000.00				
Fire	Equipment - Commercial Washer/Dryer	\$ 25,000.00	\$ 25,000.00				
Electrical	Equipment - Utility Truck (4x4 Hybrid)	\$ 30,000.00	\$ 30,000.00				
Electrical	Equipment - LED Light Replacement Program	\$ 25,000.00	\$ 25,000.00				
Engineering	Infrastructure - roads, sidewalks, xwalks	\$ 150,000.00	\$ -	\$ 21,000.00	\$ 20,400.00	\$ 19,700.00	\$ 19,000.00
Engineering	Infrastructure - roads, sidewalks, xwalks (Ch. 90)	\$ 667,231.00	\$ 667,231.00				
Engineering	Infrastructure - Derby St. Streetscape Improvements	\$ 25,000.00	\$ 25,000.00				
Engineering	Infrastructure - Lafayette St. Sidewalk Improvements	\$ 75,000.00	\$ 75,000.00				
Engineering	Infrastructure - Boston St. Improvements	\$ 25,000.00	\$ 25,000.00				
Engineering	Infrastructure - Jefferson St Fence Improvements	\$ 25,000.00	\$ 25,000.00				
Engineering	Infrastructure - Bike Path Design/Construction	\$ 25,000.00	\$ 25,000.00				
Engineering	Infrastructure - Canal St. roadway/bikepath design (75%)	\$ 480,000.00		\$ 67,200.00	\$ 65,280.00	\$ 63,360.00	\$ 61,580.00
Parks, Rec. & Comm Svcs.	Infrastructure - Winter Island Master Plan	\$ 140,000.00	\$ 140,000.00				
Parks, Rec. & Comm Svcs.	Equipment - Playground equipment	\$ 60,000.00	\$ 60,000.00				
Parks, Rec. & Comm Svcs.	Equipment - Willow Public Floats/Gangways	\$ 50,000.00	\$ 50,000.00				
Parks, Rec. & Comm Svcs.	Infrastructure - Wrought Iron Fence @ Salem Common	\$ 50,000.00	\$ 50,000.00				
<b>Subtotal - Municipal</b>		<b>\$ 2,680,231.00</b>	<b>\$ 2,050,231.00</b>	<b>\$ 88,200.00</b>	<b>\$ 85,680.00</b>	<b>\$ 83,060.00</b>	<b>\$ 80,580.00</b>
Schools	Buildings - Collins (waterproofing)	\$ 800,000.00	\$ 624,000.00	\$ 24,640.00	\$ 23,960.00	\$ 23,240.00	\$ 22,560.00
Schools	Buildings - Salts (waterproofing)	\$ 600,000.00	\$ 468,000.00	\$ 18,480.00	\$ 18,000.00	\$ 17,560.00	\$ 17,040.00
<b>Subtotal - Schools</b>		<b>\$ 1,400,000.00</b>	<b>\$ 1,092,000.00</b>	<b>\$ 43,120.00</b>	<b>\$ 41,960.00</b>	<b>\$ 40,800.00</b>	<b>\$ 39,600.00</b>

**City of Salem**  
**FY2011 Capital Improvement Program - Finance Summary:**

Department	Project	Total Estimated Expenditure	FY11	FY12	FY13	FY14	FY15
Water	Infrastructure - Main System Upgrades Valves/Pipes	\$ 100,000.00	\$ 100,000.00				
Water	Infrastructure - Energy efficient evaluation	\$ 35,000.00	\$ 35,000.00				
Water	Infrastructure - Interna/External Rehab - Gallows and Folly Hills Storage Tanks	\$ 1,000,000.00	\$ -	\$ 140,000.00	\$ 136,000.00	\$ 132,000.00	\$ 128,000.00
Sewer	Infrastructure - Bridge St. Sewer Reconstruction	\$ 900,000.00	\$ -	\$ 85,000.00	\$ 81,000.00	\$ 77,000.00	\$ 73,000.00
Sewer	Infrastructure - Sewer Line Upgrades/Rehabilitation	\$ 50,000.00	\$ 50,000.00				
Sewer	Infrastructure - Inflow/Infiltration Removal Program	\$ 25,000.00	\$ 25,000.00				
Sewer	Infrastructure - Illicit connection removal	\$ 200,000.00	\$ 200,000.00				
<b>Subtotal - Enterprise</b>		<b>\$ 2,310,000.00</b>	<b>\$ 410,000.00</b>	<b>\$ 225,000.00</b>	<b>\$ 217,000.00</b>	<b>\$ 209,000.00</b>	<b>\$ 201,000.00</b>
<b>TOTAL EXPENDITURES - City, School, Enterprise</b>		<b>\$ 6,390,231.00</b>	<b>\$ 3,552,231.00</b>	<b>\$ 356,320.00</b>	<b>\$ 344,640.00</b>	<b>\$ 332,860.00</b>	<b>\$ 321,180.00</b>
Funding Summary:	General Obligation Bonds - General Fund	\$ 938,000.00	\$ -	\$ 131,320.00	\$ 127,640.00	\$ 123,860.00	\$ 120,180.00
	General Obligation Bonds - Enterprise Fund	\$ 1,900,000.00	\$ -	\$ 225,000.00	\$ 217,000.00	\$ 209,000.00	\$ 201,000.00
	Capital Outlay (CIP Fund)	\$ 680,000.00	\$ 680,000.00				
	State Aid - Chapter 90 Funds	\$ 667,231.00	\$ 667,231.00				
	Other State and Federal Grants	\$ 1,720,000.00	\$ 1,720,000.00	\$ -	\$ -	\$ -	\$ -
	Other special revenue funds - Library	\$ 15,000.00	\$ 15,000.00				
	Other Financial Sources - ESCO	\$ 95,000.00		\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00
	Retained Earnings - Water/Sewer Enterprise	\$ 350,000.00	\$ 350,000.00				
	Retained Earnings - South Essex Sewerage District	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -
<b>TOTAL FUNDING - City, School, Enterprise</b>		<b>\$ 6,390,231.00</b>	<b>\$ 3,457,231.00</b>	<b>\$ 365,820.00</b>	<b>\$ 354,140.00</b>	<b>\$ 342,360.00</b>	<b>\$ 330,680.00</b>



**Long-Term Debt Obligations**  
**Fiscal Year 2011 - 2028**

Date of Issue	Original Issue	Project	O/S	Pmt Sch	Interest Rate (%)	Outstanding at June 30, 2010	2011		2012		2013	
							Principal	Interest	Principal	Interest	Principal	Interest
<b>Bonds:</b>												
9/15/2000	10,705,000	Bates School Construction*	x	x	4.50-6.75%		535,000.00	12,305.00	-	-	-	-
9/15/2000	450,000	Swimming Pool*	x	x	4.50-6.75%		40,000.00	920.00	-	-	-	-
9/15/2000	470,000	Golf Course*	x	x	4.50-6.75%		30,000.00	690.00	-	-	-	-
8/1/2001	4,710,000	School Construction	x	x	3.50-4.00%	505,000	505,000.00	10,100.00	-	-	-	-
8/1/2001	6,495,000	School Construction	x	x	3.50-4.00%	1,244,000	632,000.00	37,120.00	612,000.00	12,240.00	-	-
8/1/2001	2,935,000	Police Station	x	x	3.50-4.00%	586,000	293,000.00	17,580.00	293,000.00	5,860.00	-	-
1/15/2003	17,646,075	School Construction	x	x	3.00-5.00%	13,055,000	775,000.00	567,225.00	805,000.00	540,100.00	840,000.00	509,912.50
1/15/2003	9,523,925	School Construction	x	x	3.00-5.00%	7,040,000	415,000.00	305,853.76	435,000.00	291,328.76	455,000.00	275,016.26
1/15/2003	1,500,000	School Construction	x	x	3.00-5.00%	1,005,000	85,000.00	42,630.00	85,000.00	39,655.00	90,000.00	36,467.50
6/1/2003	4,480,000	School Construction	x	x	2.25-4.50%	1,400,000	475,000.00	41,775.00	465,000.00	27,675.00	460,000.00	10,350.00
1/1/2005	1,887,447	School Construction	x	x	3.00-5.00%	1,410,000	95,000.00	58,648.76	95,000.00	55,561.26	95,000.00	52,331.26
1/1/2005	577,553	School Construction	x	x	3.00-5.00%	425,000	30,000.00	17,682.50	30,000.00	16,707.50	30,000.00	15,687.50
1/1/2005	1,100,000	Parking Garage Repairs	x	x	3.00-5.00%	725,000	75,000.00	30,237.50	75,000.00	27,800.00	75,000.00	25,250.00
2006	2,330,656	Water-MWPAT-DW-05-12	N/A	x	2.00%	2,041,102	101,822.00	39,803.82	103,880.00	37,746.80	105,978.00	35,648.22
10/15/2007	6,885,633	High School	x	x	4.125-5.00%	6,195,000	345,000.00	250,368.76	345,000.00	233,118.76	345,000.00	215,868.76
10/15/2007	3,250,503	Water System Improvements	x	x	4.125-5.00%	2,915,000	165,000.00	117,812.50	165,000.00	109,562.50	165,000.00	101,312.50
10/15/2007	658,864	Police Equipment	x	x	3.750-5.00%	485,000	85,000.00	19,525.00	80,000.00	15,400.00	80,000.00	11,400.00
10/15/2007	775,000	Ferry Boat Project	x	x	4.00-5.00%	655,000	60,000.00	26,350.00	60,000.00	23,350.00	60,000.00	20,350.00
1/19/2010	8,285,000	G.O. State Qual Refunding*	x	x	2.00-5.00%	8,285,000.00	215,000.00	291,133.75	870,000.00	254,975.00	840,000.00	237,875.00
<b>BOND TOTAL</b>						<b>47,971,102.00</b>	<b>4,956,822.00</b>	<b>1,887,761.35</b>	<b>4,518,880.00</b>	<b>1,691,080.58</b>	<b>3,640,978.00</b>	<b>1,547,469.50</b>
<b>HUD Section 108 Loans:</b>												
6/30/2004	350,000	HUD Section 108 B-94-MC-25			2.31-5.19%	175,000	35,000.00	7,806.75	35,000.00	6,168.75	35,000.00	4,462.50
<b>HUD SECTION 108 TOTAL</b>						<b>175,000.00</b>	<b>35,000.00</b>	<b>7,806.75</b>	<b>35,000.00</b>	<b>6,168.75</b>	<b>35,000.00</b>	<b>4,462.50</b>
<b>TOTAL LONG-TERM DEBT</b>						<b>48,146,102.00</b>	<b>4,991,822.00</b>	<b>1,895,568.10</b>	<b>4,553,880.00</b>	<b>1,697,249.33</b>	<b>3,675,978.00</b>	<b>1,551,932.00</b>

\*Refinanced 1/19/10 as General Obligation State Qualified Bond

**Long-Term Debt Obligations**  
**Fiscal Year 2011 - 2028**

Date of Issue	Original Issue	Project	2014		2015		2016		2017		2018	
			Principal	Intererst	Principal	Interest	Principal	Intererst	Principal	Interest	Principal	Intererst
Bonds:												
9/15/2000	10,705,000	Bates School Construction*	-	-	-	-	-	-	-	-	-	-
9/15/2000	450,000	Swimming Pool*	-	-	-	-	-	-	-	-	-	-
9/15/2000	470,000	Golf Course*	-	-	-	-	-	-	-	-	-	-
8/1/2001	4,710,000	School Construction	-		-		-		-		-	
8/1/2001	6,495,000	School Construction	-		-		-		-		-	
8/1/2001	2,935,000	Police Station	-		-		-		-		-	
1/15/2003	17,646,075	School Construction	875,000.00	476,312.50	915,000.00	441,312.50	950,000.00	404,712.50	990,000.00	365,525.00	1,035,000.00	323,450.00
1/15/2003	9,523,925	School Construction	470,000.00	256,816.26	495,000.00	238,016.26	515,000.00	218,216.26	535,000.00	196,972.50	560,000.00	174,235.00
1/15/2003	1,500,000	School Construction	95,000.00	32,867.50	100,000.00	29,067.50	100,000.00	25,067.50	105,000.00	20,942.50	110,000.00	16,480.00
6/1/2003	4,480,000	School Construction	-		-		-		-		-	
1/1/2005	1,887,447	School Construction	95,000.00	47,581.26	95,000.00	42,831.26	95,000.00	38,081.26	95,000.00	34,281.26	95,000.00	30,481.26
1/1/2005	577,553	School Construction	30,000.00	14,187.50	30,000.00	12,687.50	30,000.00	11,187.50	30,000.00	9,987.50	30,000.00	8,787.50
1/1/2005	1,100,000	Parking Garage Repairs	75,000.00	21,500.00	75,000.00	17,750.00	75,000.00	14,000.00	75,000.00	11,000.00	75,000.00	8,000.00
2006	2,330,656	Water-MWPAT-DW-05-12	108,119.00	33,507.25	110,303.00	31,323.03	112,532.00	29,094.68	114,805.00	26,821.31	117,124.00	24,502.02
10/15/2007	6,885,633	High School	345,000.00	200,343.76	345,000.00	186,543.76	345,000.00	173,175.01	345,000.00	159,806.26	345,000.00	146,006.26
10/15/2007	3,250,503	Water System Improvements	165,000.00	93,887.50	165,000.00	87,287.50	165,000.00	80,893.75	165,000.00	74,500.00	160,000.00	68,000.00
10/15/2007	658,864	Police Equipment	80,000.00	7,800.00	80,000.00	4,600.00	80,000.00	1,500.00				
10/15/2007	775,000	Ferry Boat Project	60,000.00	17,650.00	60,000.00	15,250.00	60,000.00	12,925.00	60,000.00	10,600.00	60,000.00	8,200.00
1/19/2010	8,285,000	G.O. State Qual Refunding*	1,400,000.00	194,475.00	840,000.00	146,875.00	850,000.00	121,525.00	785,000.00	73,300.00	830,000.00	47,887.50
BOND TOTAL			3,798,119.00	1,396,928.53	3,310,303.00	1,253,544.31	3,377,532.00	1,130,378.46	3,299,805.00	983,736.33	3,417,124.00	856,029.54
HUD Section 108 Loans:												
6/30/2004	350,000	HUD Section 108 B-94-MC-25	35,000.00	2,705.50	35,000.00	908.25						
HUD SECTION 108 TOTAL			35,000.00	2,705.50	35,000.00	908.25						
TOTAL LONG-TERM DEBT			3,833,119.00	1,399,634.03	3,345,303.00	1,254,452.56	3,377,532.00	1,130,378.46	3,299,805.00	983,736.33	3,417,124.00	856,029.54

\*Refinanced 1/19/10 as General Obligation State Qualified Bond

**Long-Term Debt Obligations**  
**Fiscal Year 2011 - 2028**

Date of Issue	Original Issue	Project	2019		2020		2021		2022		2023		2024	
			Principal	Interest	Principal	Intererst	Principal	Interest	Principal	Intererst	Principal	Interest	Principal	Intererst
Bonds:														
9/15/2000	10,705,000	Bates School Construction*	-	-	-	-	-	-	-	-	-	-	-	-
9/15/2000	450,000	Swimming Pool*	-	-	-	-	-	-	-	-	-	-	-	-
9/15/2000	470,000	Golf Course*	-	-	-		-		-		-		-	
8/1/2001	4,710,000	School Construction	-		-		-		-		-		-	
8/1/2001	6,495,000	School Construction	-		-		-		-		-		-	
8/1/2001	2,935,000	Police Station	-		-		-		-		-		-	
1/15/2003	17,646,075	School Construction	1,080,000.00	278,945.00	1,125,000.00	224,945.00	1,170,000.00	168,695.00	1,220,000.00	116,045.00	1,275,000.00	59,925.00	-	
1/15/2003	9,523,925	School Construction	580,000.00	150,155.00	605,000.00	121,155.00	630,000.00	90,905.00	660,000.00	62,555.00	685,000.00	32,195.00	-	
1/15/2003	1,500,000	School Construction	115,000.00	11,750.00	120,000.00	6,000.00	-		-		-		-	
6/1/2003	4,480,000	School Construction	-		-		-		-		-		-	
1/1/2005	1,887,447	School Construction	95,000.00	26,681.26	95,000.00	22,881.26	95,000.00	19,081.26	95,000.00	15,281.26	90,000.00	11,362.50	90,000.00	7,650.00
1/1/2005	577,553	School Construction	30,000.00	7,587.50	30,000.00	6,387.50	25,000.00	5,187.50	25,000.00	4,187.50	25,000.00	3,156.26	25,000.00	2,125.00
1/1/2005	1,100,000	Parking Garage Repairs	75,000.00	5,000.00	50,000.00	2,000.00	-		-		-		-	
2006	2,330,656	Water-MWPAT-DW-05-12	119,490.00	22,135.88	121,904.00	19,721.94	124,367.00	17,259.23	126,880.00	14,746.76	129,443.00	12,183.53	132,058.00	9,568.52
10/15/2007	6,885,633	High School	345,000.00	132,206.26	345,000.00	118,406.26	345,000.00	104,606.26	345,000.00	90,806.26	345,000.00	77,006.26	345,000.00	63,206.26
10/15/2007	3,250,503	Water System Improvements	160,000.00	61,600.00	160,000.00	55,200.00	160,000.00	48,800.00	160,000.00	42,400.00	160,000.00	36,000.00	160,000.00	29,600.00
10/15/2007	658,864	Police Equipment												
10/15/2007	775,000	Ferry Boat Project	60,000.00	5,800.00	60,000.00	3,400.00	55,000.00	1,100.00						
1/19/2010	8,285,000	G.O. State Qual Refunding*	860,000.00	17,200.00										
BOND TOTAL			3,519,490.00	719,060.90	2,711,904.00	580,096.96	2,604,367.00	455,634.25	2,631,880.00	346,021.78	2,709,443.00	231,828.55	752,058.00	112,149.78
HUD Section 108 Loans:														
6/30/2004	350,000	HUD Section 108 B-94-MC-25												
HUD SECTION 108 TOTAL														
TOTAL LONG-TERM DEBT			3,519,490.00	719,060.90	2,711,904.00	580,096.96	2,604,367.00	455,634.25	2,631,880.00	346,021.78	2,709,443.00	231,828.55	752,058.00	112,149.78
*Refinanced 1/19/10 as General Obligation State Qualified Bond														

\*Refinanced 1/19/10 as General Obligation State Qualified Bond

**Long-Term Debt Obligations**  
**Fiscal Year 2011 - 2028**

Date of Issue	Original Issue	Project	2025		2026		2027		2028	
			Principal	Interest	Principal	Intererst	Principal	Interest	Principal	Interest
Bonds:										
9/15/2000	10,705,000	Bates School Construction*	-	-	-	-	-	-	-	-
9/15/2000	450,000	Swimming Pool*	-	-	-	-	-	-	-	-
9/15/2000	470,000	Golf Course*	-	-	-	-	-	-	-	-
8/1/2001	4,710,000	School Construction	-	-	-	-	-	-	-	-
8/1/2001	6,495,000	School Construction	-	-	-	-	-	-	-	-
8/1/2001	2,935,000	Police Station	-	-	-	-	-	-	-	-
1/15/2003	17,646,075	School Construction	-	-	-	-	-	-	-	-
1/15/2003	9,523,925	School Construction	-	-	-	-	-	-	-	-
1/15/2003	1,500,000	School Construction	-	-	-	-	-	-	-	-
6/1/2003	4,480,000	School Construction	-	-	-	-	-	-	-	-
1/1/2005	1,887,447	School Construction	90,000.00	3,825.00	-	-	-	-	-	-
1/1/2005	577,553	School Construction	25,000.00	1,062.50	-	-	-	-	-	-
1/1/2005	1,100,000	Parking Garage Repairs	-	-	-	-	-	-	-	-
2006	2,330,656	Water-MWPAT-DW-05-12	134,726.00	6,900.68	137,447.00	4,178.95	140,224.00	1,402.24	-	-
10/15/2007	6,885,633	High School	345,000.00	49,190.63	340,000.00	35,062.50	340,000.00	21,037.50	340,000.00	7,012.50
10/15/2007	3,250,503	Water System Improvements	160,000.00	23,100.00	160,000.00	16,500.00	160,000.00	9,900.00	160,000.00	3,300.00
10/15/2007	658,864	Police Equipment	-	-	-	-	-	-	-	-
10/15/2007	775,000	Ferry Boat Project	-	-	-	-	-	-	-	-
1/19/2010	8,285,000	G.O. State Qual Refunding*	-	-	-	-	-	-	-	-
BOND TOTAL			754,726.00	84,078.81	637,447.00	55,741.45	640,224.00	32,339.74	500,000.00	10,312.50
HUD Section 108 Loans:										
6/30/2004	350,000	HUD Section 108 B-94-MC-25	-	-	-	-	-	-	-	-
HUD SECTION 108 TOTAL			-	-	-	-	-	-	-	-
TOTAL LONG-TERM DEBT			754,726.00	84,078.81	637,447.00	55,741.45	640,224.00	32,339.74	500,000.00	10,312.50

\*Refinanced 1/19/10 as General Obligation State Qualified Bond

# Capital Improvement Policies

## Budget Policies

- The city will make all capital purchases and improvements in accordance with the adopted capital improvement program.
- The city will develop a multi-year plan for capital improvements and update it annually.
- The city will enact an annual capital budget based on the multi-year capital improvement plan. Future capital expenditures necessitated by changes in population, changes in real estate development or changes in economic base will be calculated and included in capital budget projections.
- The city will coordinate development of the capital improvement budget with the development of the operating budget. Future operating costs associated with new capital improvement will be projected and included in operating budget forecasts.
- The city will use intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and priorities, and whose operating and maintenance costs have been included in operating budget forecasts.
- The city will maintain all its assets at a level adequate to protect the city's capital investment and to minimize future maintenance and replacement costs.
- The city, as part of its capital planning process, will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From this projection, a maintenance and replacement schedule will be developed and followed.
- The city will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to the City Council for approval.
- The city will determine the least costly financing method for all new projects.

## Debt Policies

- The city will confine long-term borrowing to capital improvements or projects/equipment that cannot be finance from current revenues.
- When the city finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the project.
- Total net debt service from general obligation debt will not exceed five (5) percent of total annual operating budget as listed on part 1a of the annual tax rate recapitulation as submitted to the Department of Revenue.
- Debt will only be issued for capital that is valued greater than \$25,000, and has a depreciable life of five (5) or more years.
- Total general obligation debt will not exceed that provided in the state statutes.
- Whenever possible, the city will use special revenue funds, special assessments, or other self-supporting bonds, instead of general obligation bonds.
- The city will not use long-term debt for current operations unless otherwise allowed via special legislation.
- The city will retire bond anticipation debt within six months after completion of the project.
- The city will maintain good communications with bond rating agencies about its financial condition.
- The city will follow a policy of full disclosure on every financial report and bond prospectus.

**Source:** “**Handbook 4, Financial Performance Goals**”, Evaluating Local Government Financial Condition, International City Management Association