

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 capital improvement budget and the overall budget strategy. By formalizing a capital plan and capital budget, the City of Salem now has the ability and knowledge to address deferred maintenance issues that have been postponed and ignored in prior years, as well as plan for the future needs of the City.

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.

Addressing capital needs when appropriate will assist the City in reaching many of its longer-term goals such as reducing fuel consumption, decreasing deferred maintenance costs, reducing heating and electricity expenses, and creating efficiencies by means of technological advances and automation. As important, a sound capital improvement program 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.

Goals of the Mayor – FY2013 Capital Improvement Program (CIP)

The Mayor's main goals are to improve the overall planning and budget process for addressing capital needs and to 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, 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. Priority is given to projects that can use grant funds to help offset overall costs of projects, or in some cases, fund an entire project. Otherwise, projects are ranked based upon priority as well as the ability to reduce long term operational costs.

FY2013 Capital Improvement Program (CIP) – highlights of proposed CIP and FY2013 Capital Budget

For FY2013, The Mayor and Finance Director have created a capital plan that is fiscally responsible and transparent. The plan includes a particular focus on asset preservation, replacement of apparatus, and continued improvements to the City's infrastructure. The largest project on the City side would be the remediation of the Universal Steel property, currently in tax title. The largest item in the capital equipment budget is the replacement of the City's primary ladder truck, Ladder #1.

Also, with regards to the City's infrastructure, the City is scheduled to receive \$874,160 from the State for road repairs. This will compliment the \$2+ million available funds from FY2012 for the continuation of improving roads, sidewalks and crosswalks throughout the City.

Other infrastructure related improvements include replacement of police communication equipment to comply with FCC regulations, continuation of the development of the Salem Wharf project at Blaney Street pier, and the continued replacement of sections of the historic wrought iron fence at Salem Common.

The City proposes to use \$340,000 of one time funds for the replacement of capital equipment, including computer hardware, various public service and parks department equipment, as well as building repairs and maintenance.

The City also proposes to enter into a capital lease of \$467,500 the purchase of city vehicles and equipment, including two police cruisers, one school bus, three departmental vehicles (engineering, schools and inspectional services), as well as new permit management software that will be used citywide and new district-wide assessment software to be used by the school department.

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 2/3rd 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 2013 CIP Overview

During the FY2013 budget process, the City's Finance Director met with department heads to review the requests for FY2013. The Finance Director subsequently met with the Mayor to discuss funding options and priority levels for the requested items. This resulted in the FY2013 Capital Plan for the General Fund included in this section of the budget. This year's Capital Plan relies on a mix of one-time appropriations from the City's Capital Outlay account, grant dollars, and long term debt financing.

The CIP for the general fund budget totals \$6,791,660, of which \$4,194,160 will come from State and Federal Grants, \$340,000 will come from the Capital Outlay account, \$467,500 will come from capital leases and \$1,790,000 will come from a loan order.

FY 2013 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 FY2013 that is routine in nature would be as follows:

Vehicles

- | | |
|--|----------|
| • Public Property (ISD Director – one hybrid vehicle) | \$30,000 |
| • Police Department (two patrol vehicles) | \$74,000 |
| • Engineering (City Engineer – one hybrid vehicle) | \$30,000 |
| • School Department (one maintenance van) | \$31,500 |
| • School Department (one 29 Passenger Type A school buses) | \$52,000 |

TOTAL: Vehicle Replacement	\$217,500
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Departmental Equipment

- | | |
|---|--------------|
| • I.T. (Hardware/Software - Permit Management Program) | \$ 150,000 |
| • Police Department (Digital Radio Replacement) | \$ 200,000 |
| • Fire Department (Ladder Truck) | \$ 1,100,000 |
| • Electric Department (Bucket Truck) | \$ 100,000 |
| • School Department (Bentley technology upgrades) | \$ 100,000 |
| • School Department (District-wide Assessment Software) | \$ 100,000 |

TOTAL: Departmental Equipment	\$ 1,750,000
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General Repairs/Infrastructure

- | | |
|---|------------|
| • Parks and Recreation (Salem Common Fence) | \$ 140,000 |
| • School Department (Replace carpet w/vinyl tile – Bentley) | \$ 150,000 |

TOTAL: General Repairs/Infrastructure	\$ 290,000
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GRAND TOTAL:	\$2,265,000 (includes Capital Leases and Bond Order)
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FY 2013 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 capital projects are all considered non-routine. The City does not have any debt service proposed for FY2013 that is non-routine in nature.

FY13 CIP – General Fund Executive Summary

- The total proposed Capital Plan for the City of Salem for FY13 is \$6,791,660. However, the total amount proposed for borrowing is \$1,790,000.
- This Capital Plan has multiple funding sources, including grant funds, capital lease, one-time 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.

FY13 CIP – Funding Sources

FY13 CIP – funded from one time revenue sources – Capital Outlay Fund

- | | |
|--|----------|
| • Informational Technology – replace 12 switches: | \$30,000 |
| • Parking Department – parking lot maintenance | \$50,000 |
| • Police Department – HVAC DDC controls repairs | \$55,000 |
| • Public Services – Motor Pool lift repairs | \$40,000 |
| • Public Services – equipment – wood chipper | \$40,000 |
| • Parks and Rec – repairs to Mack Park roof | \$30,000 |
| • Parks and Rec – playground updates | \$40,000 |
| • Parks and Rec – equipment – infield lawnmower | \$30,000 |
| • Electric Department – maintenance/repairs - streetlights | \$25,000 |

TOTAL ~ CAPITAL OUTLAY FUND:

\$340,000

FY13 CIP – funded from Grants and other financial sources

- Public Property – remediation to Universal Steel property \$1,850,000
- Police Department – equipment (surveillance cameras) \$ 100,000
- Harbormaster – multi mission boat \$ 270,000
- Engineering – infrastructure – roadway repairs (Ch 90) \$ 874,160
- Parks and Recreation – infrastructure – Blaney St. pier \$1,000,000
- Parks and Recreation – infrastructure – Common fence \$ 100,000

TOTAL ~ GRANTS and OTHER FINANCIAL SOURCES: \$4,194,160

FY13 CIP – funded from capital lease (built into operating budgets)

- Information Technology – permit management system \$ 150,000 (3 year @ 58k/yr.)
- Police Department – two marked cruisers \$ 74,000 (3 year @ 28k/yr.)
- Public Property – one administrative hybrid vehicle \$ 30,000 (3 year @ 11k/yr.)
- Engineering – one administrative hybrid vehicle \$ 30,000 (3 year @ 11k/yr.)
- School Department – one maintenance van \$ 31,500 (3 year @ 12k/yr.)
- School Department – one school bus (29 passengers) \$ 52,000 (3 year @ 19k/yr.)
- School Department – District-wide assessment software \$ 100,000 (3 year @ 35k/yr.)

TOTAL ~ CAPITAL LEASE: \$467,500

FY13 CIP – funded from anticipated Bond Authorization

• Police Department – equipment (radio replacement)	\$ 200,000
• Fire Department – equipment (new ladder truck)	\$ 1,100,000
• Electric Department – equipment (new bucket truck)	\$ 100,000
• Parks and Recreation – infrastructure (common fence)	\$ 140,000
• School Department – building repairs – flooring (Bentley)	\$ 150,000
• School Department – equipment/infrastructure (Bentley)	\$ 100,000
▪ Whiteboards, computers, and wireless infrastructure	

TOTAL ~ BOND AUTHORIZATION: **\$1,790,000**

IMPACT OF CAPITAL IMPROVEMENT PROJECTS ON OPERATING BUDGET

Description	Cost	Funding	Impact on Operating Budget
I.T. – Citywide Permit Software System	150,000	Capital Lease	Slight increase in yearly operating costs, however, should be more efficient and effective as it ties into all municipal departments. Better government services for residents/taxpayers.
I.T. – Replace Switches between 93 and 120 Washington	30,000	Capital Outlay Fund	No impact, other than potential decrease in maintenance and more efficient communications between departments.
Public Property – Vehicle	30,000	Capital Lease	Decrease costs for fuel and maintenance.
Parking Department – Parking Lot Maintenance	50,000	Capital Outlay Fund	Decreased claims for pothole damages

Description	Cost	Funding	Impact on Operating Budget
Police – Radio Replacement	200,000	Bonding	Increase to debt service budget.
Police – Vehicles – two (2) patrol vehicles	74,000	Capital Lease	Reduction in maintenance budget (minimal) and reduction in repairs. Slight decrease in fuel costs due to more efficient mileage per gallon.
Police – Repairs – HVAC DDC control system	55,000	Capital Outlay Fund	Reduction in heating costs due to proper functionality of temperature controls.
Fire – New Ladder Truck	1,100,000	Bonding	Decrease in equipment repairs, increase in debt service budget.
Electrical – repairs/maintenance streetlights	25,000	Capital Outlay Fund	Asset preservation, decrease in long term capital outlay for new poles.
Electrical – Equipment – New bucket truck	100,000	Bonding	New equipment will reduce repair costs, decreased liability for newer/safer equipment. Increase to debt service budget.
Public Services – Equipment (bandit wood chipper)	40,000	Capital Outlay Fund	No impact.
Public Services – repairs/maintenance (new lifts for motor pool)	40,000	Capital Outlay	Reduction in repair costs.
Engineering – vehicle (new hybrid SUV)	30,000	Capital Lease	Decrease in fuel costs, and vehicle maintenance.
Parks and Rec – equipment (playground equipment)	30,000	Capital Outlay Fund	No impact.
Parks and Rec. – repairs (new roof for Mack Park garage)	40,000	Capital Outlay Fund	Decrease in long term maintenance/repairs.
Parks and Rec. – Upgrades to Wrought Iron Fence @ Common	240,000	Bonding (140,000) and Grant (100,000)	Increase to debt service budget.
Parks and Rec. – Equipment (infield lawnmower)	30,000	Capital Outlay Fund	Small decrease in maintenance due to new equipment.
Schools – Vehicles (one bus and one service van)	81,500	Capital Lease	Potential decrease in SPED budget (in house transportation vs. third party contracted services.). Decrease in maintenance costs.
Schools – Repairs to Bentley School	150,000	Bonding	Reduction in maintenance/repairs. Increase in debt service budget.

City of Salem
Capital Plan - General Fund
Fiscal Year 2012 - 2016

CAPITAL REQUEST	FY13 PRIORITY	FY13 - FUNDING SOURCE	ACTUAL FY 2012	Dept. Request FY 2013	FY 2014	FY 2015	FY 2016
Data Processing/Information Tech.							
Replace Domain Controller + Exchange Servers	in progress		\$ 125,000.00				
CityWide permit management program (hardware/software costs)	1	Capital Lease		\$ 150,000.00			
Replace 12 Switches located at 93/120 Washington St.	2	Fund 2000		\$ 30,000.00			
Replace Windows XP machines with Windows 7 on Virtual Desktop - phase 1					\$ 60,000.00		
Replace Windows XP machines with Windows 7 on Virtual Desktop - phase 2						\$ 60,000.00	
Replace Windows XP machines with Windows 7 on Virtual Desktop - phase 3							\$ 60,000.00
Subtotal: Data Processing			\$ 125,000.00	\$ 180,000.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00
Public Property							
RESULTS FROM ESCO							
Cost of Audit (waived if we go forward with ESCO project)	completed		\$ 54,217.00				
CITY HALL ENVELOPE REPAIRS							
Roof	in progress		\$ 660,000.00				
Skylights	in progress		\$ 150,000.00				
Windows	in progress		\$ 340,000.00				
Masonry Repairs	in progress		\$ 850,000.00				
NON-CITY HALL REPAIRS/RENOVATIONS (Green Communities Grant)							
Police Station Lighting replacement/conservation (3.11)	completed		\$ 80,000.00				
Fire Station Lighting replacement/conservation (3.16)	completed		\$ 60,000.00				
Library Lighting replacement/conservation (3.13)	completed		\$ 50,000.00				
DPW Lighting replacement/conservation (3.15)	completed		\$ 20,000.00				
Vehicle - administrative hybrid vehicle	1	Capital Lease		\$ 30,000.00			
Remediation of Tax Title Land - Universal Steel	2	Grants/Other Funds		\$ 1,850,000.00			
DPW heating controls/automation and EF Controls					\$ 68,000.00		
City Hall heating controls/automation and thermostatic radiator valves					\$ 35,000.00		
Subtotal: Public Property			\$ 2,264,217.00	\$ 1,880,000.00	\$ 103,000.00	\$ -	\$ -
Library							
Subtotal: Library			\$ -	\$ -	\$ -	\$ -	\$ -
Parking Department							
Parking Study Recommendations (new smart-meters City Wide)	in progress		\$ 200,000.00				
Parking Study Recommendations (development of design plans: Riley Plaza)	in progress		\$ 25,000.00				
Museum Place Garage - Waterproof (analysis)	completed		\$ 40,000.00				
Parking Lot Maintenance	1	Fund 2000		\$ 50,000.00			
Museum Place Garage - Waterproof (design/construct)					\$ 250,000.00		
Automation of Downtown Garage					\$ 330,000.00		
Automation of Waterfront Garage					\$ 170,000.00		
Construct 60 new spots @ Riley Plaza					\$ 75,000.00		
Crombie St. Lot - regrade/resurface/restripe						\$ 60,000.00	
South Harbor Garage - Waterproof, inspect/repair/replace joints						\$ 75,000.00	
Sweeper to maintain garages and lots							\$ 75,000.00
New pickup truck (small Ranger/Colorado type, no plow or liftgate)							\$ 25,000.00
Subtotal: Parking Dept.			\$ 265,000.00	\$ 50,000.00	\$ 825,000.00	\$ 135,000.00	\$ 100,000.00

City of Salem
Capital Plan - General Fund
Fiscal Year 2012 - 2016

CAPITAL REQUEST	FY13 PRIORITY	FY13 - FUNDING SOURCE	ACTUAL FY 2012	Dept. Request FY 2013	FY 2014	FY 2015	FY 2016
Police							
Vehicle Replacement - 4 marked patrol cars (2012 Chevy Caprice)	completed		\$ 120,000.00				
Building Repairs - (HVAC DDC control system)	in progress		\$ 25,000.00				
Vehicle Replacement (administrative vehicle and CID vehicle)	in progress		\$ 75,000.00				
Digital Radio Replacement (FCC required by 2013)	1	Bonding		\$ 200,000.00			
Vehicle Replacement (two marked patrol cars)	2	Capital Lease		\$ 74,000.00			
Building Repairs - (HVAC DDC control system)	3	Fund 2000		\$ 55,000.00			
Equipment - Side Scan Sonar	4	Grant Funds		\$ 46,000.00			
Equipment - Surveillance Cameras	5	Grant Funds		\$ 54,000.00			
Vehicle Replacement (marked patrol cars)					\$ 76,000.00	\$ 78,000.00	\$ 80,000.00
Vehicle Replacement (unmarked cars - admin, CID, etc.)					\$ 70,000.00	\$ 72,000.00	\$ 74,000.00
Equipment - File Cabinets for Records Retention					\$ 30,000.00		
New Roof - Police Station							\$ 200,000.00
Subtotal: Police			\$ 220,000.00	\$ 429,000.00	\$ 176,000.00	\$ 150,000.00	\$ 354,000.00
Fire							
Voice Recorder (for dispatch)	completed		\$ 25,000.00				
General Building Maintenance	in progress		\$ 25,000.00				
New Ladder Truck #1	1	Bonding		\$ 1,100,000.00			
Vehicle Replacement - 4x4 Utility Vehicle (Hybrid)					\$ 30,000.00		
General Building Maintenance					\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Self-Contained Breathing Apparatus - cylinders					\$ 55,000.00		
Personal Protection Gear						\$ 170,000.00	
New Pumper Truck #5							\$ 475,000.00
Subtotal: Fire			\$ 50,000.00	\$ 1,100,000.00	\$ 110,000.00	\$ 195,000.00	\$ 500,000.00
Harbormaster							
FY2011 F-350 4x4 pickup with snowplow			\$ 45,000.00				
Prevention and Response Multi-Mission Boat	1	Grant Funds		\$ 270,000.00			
Subtotal: Harbormaster			\$ 45,000.00	\$ 270,000.00	\$ -	\$ -	\$ -
Electrical							
Inspectional Services Truck (F-150) and rack body	completed		\$ 25,000.00				
LED Light Replacement Program	completed		\$ 25,000.00				
Bucket Truck replacement	1	Bonding		\$ 100,000.00			
Historical Lighting - preventive maintenance (painting)	2	Fund 2000		\$ 25,000.00			
Streetlight Pole and Luminaire Replacement					\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Fire Alarm Terminal Boxes					\$ 25,000.00		
Utility Truck - F350						\$ 35,000.00	
Subtotal: Electrical			\$ 50,000.00	\$ 125,000.00	\$ 50,000.00	\$ 60,000.00	\$ 25,000.00

**City of Salem
Capital Plan - General Fund
Fiscal Year 2012 - 2016**

CAPITAL REQUEST	FY13 PRIORITY	FY13 - FUNDING SOURCE	ACTUAL FY 2012	Dept. Request FY 2013	FY 2014	FY 2015	FY 2016
Public Services - Equipment							
F-550 1 ton pickup with plow/sanader	completed		\$ 65,000.00				
Vehicle Lift - Motor Pool (two small lifts and one large lift)	1	Fund 2000		\$ 40,000.00			
Bandit wood chipper (Shade Tree Division)	2	Fund 2000		\$ 40,000.00			
Street Sweeper					\$ 170,000.00		
Backhoe with Breaker					\$ 125,000.00		
Graffiti Removal Machine					\$ 45,000.00		
General Building Repairs (DPS Garage)					\$ 75,000.00		
General Building Repairs (bathroom renovations)					\$ 35,000.00		
2013 F-550 1 ton dump diesel (sander/plow)					\$ 75,000.00		
4x4 economical						\$ 35,000.00	
2014 F-550 1 ton dump diesel (sander/plow)						\$ 80,000.00	
Aerial Lift Truck (Shade Tree Division)							\$ 150,000.00
2015 F-550 1 ton dump diesel (sander/plow)							\$ 85,000.00
Subtotal: Public Services			\$ 65,000.00	\$ 80,000.00	\$ 525,000.00	\$ 115,000.00	\$ 235,000.00
Engineering - Roads, Sidewalks, & Crosswalks							
Roads, Sidewalks & Crosswalks (Chapter 90)	in progress		\$ 870,920.00				
Roads, Sidewalks & Crosswalks (non Chapter 90 eligible)	in progress		\$ 1,221,000.00				
Vehicle - administrative hybrid vehicle	2	Capital Lease CH 90 GRANT		\$ 30,000.00			
Roads, Sidewalks & Crosswalks (Chapter 90)	in progress			\$ 874,160.00	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00
Roads, Sidewalks & Crosswalks (non Chapter 90 eligible)					\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Engineering - Canal Street (interim improvements)					\$ 840,000.00		
Roads, Sidewalks & Crosswalks (non Chapter 90 eligible)					\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Bike Path - Design/Construction					\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Subtotal: Eng. - Roads, Sidewalks, Crosswalks			\$ 2,091,920.00	\$ 904,160.00	\$ 1,665,000.00	\$ 825,000.00	\$ 825,000.00
Engineering - Seawalls							
Seawall - Collins Cove (repairs as necessary)			\$ 125,000.00				
Seawall - Forest River					\$ 100,000.00		
Seawall - Columbus Ave.						\$ 100,000.00	
Subtotal: Engineering - Seawalls			\$ 125,000.00	\$ -	\$ 100,000.00	\$ 100,000.00	\$ -
Parks, Recreation & Community Services							
Ford F-350 pickup truck (4x4 with plow/liftgate) for Winter Island	completed		\$ 35,000.00				
Playground Upgrades	completed		\$ 50,000.00				
Upgrades to Wrought Iron Fence - Salem Common	in progress		\$ 25,000.00				
Playground Update - Splaine Park	in progress		\$ 637,797.00				
Garage Roof @ Mack Park	1	Fund 2000		\$ 30,000.00			
Playground Upgrades	2	Fund 2000		\$ 40,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Upgrades to Historic Wrought Iron Fence - Salem Common	3	Bonding		\$ 140,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Upgrades to Historic Wrought Iron Fence - Salem Common	3	Grant Funds		\$ 100,000.00			
Equipment - Parks and Recreation (infield lawnmower)	4	Fund 2000		\$ 30,000.00			
Equipment - Golf Course					\$ 30,000.00		
Wall around Mack Park							\$ 200,000.00
Subtotal: Recreation			\$ 747,797.00	\$ 340,000.00	\$ 130,000.00	\$ 100,000.00	\$ 300,000.00

**City of Salem
Capital Plan - General Fund
Fiscal Year 2012 - 2016**

CAPITAL REQUEST	FY13 PRIORITY	FY13 - FUNDING SOURCE	ACTUAL FY 2012	Dept. Request FY 2013	FY 2014	FY 2015	FY 2016
Council on Aging							
Community Life Center					\$ 4,994,136.00		
Senior Center - Furniture, Fixtures, and Equipment (FFE)						\$ 400,000.00	
Council on Aging Vans						\$ 75,000.00	\$ 75,000.00
Subtotal: Council on Aging			\$ -	\$ -	\$ 4,994,136.00	\$ 475,000.00	\$ 75,000.00
Planning							
Purchase of 10 Blaney St. from Dominion	completed		\$ 1,700,000.00				
Blaney Street Pier and Terminal - construction (seaport advisory council)	in progress		\$ 4,500,000.00				
Blaney Street Pier and Terminal - construction (seaport advisory council)	1	Grant Funds		\$ 1,000,000.00			
Blaney Street Pier and Terminal - construction (seaport advisory council)					\$ 5,000,000.00	\$ 10,000,000.00	
Subtotal: Council on Aging			\$ 6,200,000.00	\$ 1,000,000.00	\$ 5,000,000.00	\$ 10,000,000.00	\$ -
Schools							
Collins - MSBA Project (waterproofing/masonry, etc - design/build)	in progress		\$ 26,974,836.00				
Saltonstall - MSBA Project (waterproofing/masonry, etc. - design/build)	in progress		\$ 11,136,200.00				
42 Passenger Wheelchair Bus	complete		\$ 87,500.00				
77 Passenger Type C conventional school bus	complete		\$ 90,000.00				
Technology - Districtwide Assessment Software	1	Capital Lease		\$ 100,000.00			
Replace Carpeting with Vinyl Floor Tile - Bentley	2	Bonding		\$ 150,000.00			
29 Passenger Type A school bus	3	Capital Lease		\$ 52,000.00			
Service Van - Maintenance Dept.	4	Capital Lease		\$ 31,500.00			
Technology Improvements - Bentley (wireless internet/new computers)	5	Bonding		\$ 50,000.00			
Interactive Whiteboards - Bentley	6	Bonding		\$ 50,000.00			
Interactive Whiteboards - Districtwide					\$ 156,250.00	\$ 156,250.00	\$ 156,250.00
Computer Replacement - Districtwide					\$ 125,000.00	\$ 125,000.00	\$ 125,000.00
Building Wireless Infrastructure - Districtwide					\$ 110,000.00	\$ 110,000.00	\$ 110,000.00
29 Passenger Type A school bus					\$ 52,000.00	\$ 52,000.00	\$ 52,000.00
Rooftop HVAC unit - Salerno Vocational School					\$ 85,000.00		
Roof Replacement - Salerno Tech					\$ 25,000.00		
42 Passenger School Bus						\$ 85,000.00	
Roof Replacement - Bentley						\$ 110,500.00	
Roof Replacement - Carleton							\$ 100,000.00
Masonry Repairs - Bates							\$ 300,000.00
Subtotal: Schools			\$ 38,288,536.00	\$ 433,500.00	\$ 553,250.00	\$ 638,750.00	\$ 843,250.00
Total - General Fund			\$ 50,537,470.00	\$ 6,791,660.00	\$ 14,291,386.00	\$ 12,853,750.00	\$ 3,317,250.00

**City of Salem
Capital Plan - General Fund
Fiscal Year 2012 - 2016**

CAPITAL REQUEST	FY13 PRIORITY	FY13 - FUNDING SOURCE	ACTUAL FY 2012	Dept. Request FY 2013	FY 2014	FY 2015	FY 2016
LESS ~ Non Grant Funds to offset costs							
2013 CIP: appropriation from Capital Outlay Account (Fund 2000):							
Replace 12 Switches located at 93/120 Washington St.				\$ (30,000.00)			
Parking Lot Maintenance				\$ (50,000.00)			
Building Repairs - (HVAC DDC control system)				\$ (55,000.00)			
Historical Lighting - preventive maintenance (painting)				\$ (25,000.00)			
Vehicle Lift - Motor Pool (two small lifts and one large lift)				\$ (40,000.00)			
Bandit wood chipper (Shade Tree Division)				\$ (40,000.00)			
Garage Roof @ Mack Park				\$ (30,000.00)			
Playground Upgrades				\$ (40,000.00)			
Equipment - Parks and Recreation (infield lawnmower)				\$ (30,000.00)			
2012 CIP: appropriation from Capital Outlay Account (Fund 2000):							
Public Property - Cost of ESCO audit			\$ (54,217.00)				
Parking- Riley Plaza Plans			\$ (25,000.00)				
Police - HVAC DDC unit repairs			\$ (25,000.00)				
Fire - Voice Recorder			\$ (25,000.00)				
Fire - Building Repairs			\$ (25,000.00)				
Electrical - LED light replacement (final year)			\$ (25,000.00)				
Park, Rec, & Community Services - Playground updates			\$ (50,000.00)				
Park, Rec, & Community Service - Upgrades to Common Fence			\$ (25,000.00)				
Garage Roof @ Mack Park							
Playground Upgrades (Castle Hill Playground - FY2013)							
LESS ~ Grants and other sources/funds to offset costs							
Chapter 90 Funds: (Roads/Sidewalks/Crosswalks)			\$ (870,920.00)	\$ (874,160.00)	\$ -	\$ -	\$ -
2012 CIP: Grants and other sources/funds to offset costs							
State Grant - Blaney St. Purchase			\$ (1,700,000.00)				
Seaport Council - Blaney St. landside improvements			\$ (1,000,000.00)				
Free Cash/Capital Outlay - Blaney St. landside improvements			\$ (400,000.00)				
Federal Ferry Discretionary - Blaney St. Marine Structures (Wharf)			\$ (2,500,000.00)				
Seaport Council - Blaney St. Marine Structures (Wharf)			\$ (600,000.00)				
EOEEA Grant			\$ (420,946.00)				
Free Cash Appropriation			\$ (216,851.00)				
Chapter 90 Funds: (Roads/Sidewalks/Crosswalks)			\$ (870,920.00)				
Green Communities Grant and Rebates			\$ (210,000.00)				
MSBA Reimbursement - Collins (78%)			\$ (21,040,372.08)				
MSBA Reimbursement - Salts (78%)			\$ (8,686,236.00)				
Law Enforcement Trust Fund			\$ (75,000.00)				
2013 CIP: Grants and other sources/funds to offset costs							
CAPITAL LEASES							
Capital Lease (operating budget)				\$ (467,500.00)			
GRANTS AND OFS				\$ (1,000,000.00)			
Owners Escrow - Universal Steel (remediation)				\$ (600,000.00)			
Mass Development Grant - Universal Steel (teardown of existing structure)				\$ (250,000.00)			
EOPPS Grant - Harbormaster Boat				\$ (270,000.00)			
EOPPS Grant - Police Equipment				\$ (100,000.00)			
MHC Grant - Common Fence				\$ (100,000.00)			
Grant (Blaney St. project)				\$ (1,000,000.00)			
Net ~ General Fund Expenses - to be bonded				\$ 1,790,000.00			
			FY 2012	FY 2013	FY 2014	FY 2015	FY 2016

FY13 CIP: Enterprise Funds – Executive Summary

- The total proposed Capital Plan for the City of Salem’s Enterprise Funds for FY13 is \$785,000. However, there will be no bonding for water and sewer capital for FY2013, as all projects will be funded with retained earnings and from SESD.
- 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.

FY13 Enterprise Fund CIP – Funding Sources

FY13 Enterprise Fund CIP – funded from one time revenue sources – Retained Earnings

- | | |
|--|------------|
| • Water: Energy Efficiency Evaluation – SBWSB pump station | \$ 35,000 |
| • Water: Main System Upgrades ~ Valve/Pipe Replacement | \$ 100,000 |
| • Water: Easement research, takings, and cleaning | \$ 175,000 |
| • Sewer: Illicit Connection Removal | \$ 400,000 |
| • Sewer: Sewer Line Extension/Rehabilitation/Upgrades | \$ 50,000 |

TOTAL ~ WATER/SEWER RETAINED EARNINGS: \$760,000

FY13 Enterprise Fund CIP – funded from other financial sources (SESD)

- | | |
|--|-----------|
| • Sewer: Inflow/Infiltration Removal Program | \$ 25,000 |
|--|-----------|

TOTAL ~ GRANTS and OTHER FINANCIAL SOURCES: \$ 25,000

IMPACT OF CAPITAL IMPROVEMENT PROJECTS ON OPERATING BUDGET

Description	Cost	Funding	Impact on Operating Budget
Water – Main System upgrades	100,000	Retained Earnings – Enterprise Fund	Reduction in repairs to water systems.
Water – Energy Efficiency Evaluation	35,000	Retained Earnings – Enterprise Fund	Reductions in utility charges.
Water – Easement research, taking, and cleaning	175,000	Retained Earnings – Enterprise Fund	No impact.
Sewer – Illicit Connection removal	400,000	Retained Earnings – Enterprise Fund	Reductions in penalties/fines from DEP and EPA on mandates for correction illicit connections.
Sewer – Sewer Line Extension/Upgrades/Rehabilitation	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.

City of Salem
Capital Plan ~ Water and Sewer Enterprise Fund
Fiscal Year 2012 - 2016

CAPITAL REQUEST	FY13 PRIORITY	FUNDING SOURCE	ACTUAL pre - 2012	ACTUAL FY 2012	proposed FY 2013	FY2014	FY2015	FY2016
Water Enterprise-Engineering								
Highland Ave Water Tank (2003)	ongoing	bonding	3,000,000					
Water Transmission Main - Rantoul St. (2009)	ongoing	bonding	2,500,000					
Citywide Upgrade - Water Meters (2009)	ongoing	bonding	3,000,000					
Internal/External Rehabilitation ~ Gallows and Folly Hills Storage Tanks (2011)	ongoing	bonding	1,000,000					
Main System Upgrades Vales/Pipe replacement	ongoing	r/e		\$ 100,000.00				
Energy efficiency evaluation - SBWSB pump station	1	r/e			\$ 35,000.00			
Main System Upgrades Vales/Pipe replacement	2	r/e			\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Water Easements - Research, Taking, Clearing	3	r/e			\$ 175,000.00			
Subtotal: Water Enterprise			\$ 9,500,000.00	\$ 100,000.00	\$ 310,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Sewer Enterprise-Engineering								
South River Basin Upgrade (2009)	ongoing	bonding	4,350,000					
Forrester Street Relief Drain (2012)	ongoing	bonding		\$ 375,000.00				
Illicit connection removal (study, design, construction)	ongoing	r/e		\$ 200,000.00				
Sewer Line Extension/Upgrade/Rehabilitation	ongoing	r/e		\$ 50,000.00				
Illicit connection removal (study, design, construction)	1	r/e			\$ 400,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Sewer Line Extension/Upgrade/Rehabilitation	2	r/e			\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
I/I Removal Program	3	SESD			\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
100 year flood protection - Canal St. area						\$ 16,000,000.00		
Subtotal: Sewer Enterprise			\$ 4,350,000.00	\$ 625,000.00	\$ 475,000.00	\$ 16,175,000.00	\$ 175,000.00	\$ 175,000.00
Total: Enterprise Fund			\$ 13,850,000.00	\$ 725,000.00	\$ 785,000.00	\$ 16,275,000.00	\$ 275,000.00	\$ 275,000.00

NOTES ~ Funding Sources:

Bonding: 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

March 26, 2012

Water Enterprise Fund

Highland Avenue Water Tank & Main System Upgrades (2003)

- Authorized: \$ 12,000,000
- Issued: \$ 7,671,792 (bonded)
- Unissued: \$ 4,328,208

- **As of March 18, 2012, we have \$1.4 million encumbered, \$2.9 million available, and \$8.7 million expended**

The 2003 \$12 million loan authorization included the 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 potential commercial development at the site which may impact the location of the tank.

The main system upgrades completed to date are the “non participating portion” of the Bridge Street project in the amount of \$800,000 (of a \$10.4 million dollar project) and various replacement of aging pipes and valves throughout the City. In addition, the City recently completed some emergency repairs and improvements (valves and pipe replacement) to the distribution system in Highland Avenue, North Street and Liberty Street in Danvers.

The existing \$2 million BAN has been 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. (2009)

- Authorized: \$ 2,500,000
- Issued: \$ 2,500,000 (bonded)
- Unissued: \$ 0

- **As of March 18, 2012, we have \$144,000 encumbered, \$1.0 million available, and \$1.36 million expended**

The 2009 \$2.5 million loan authorization was 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 was needed in anticipation of the city of Beverly's Rantoul street roadway construction project. The cleaning and lining of that segment of water main was completed in 2010 and the remaining funds have been used to prepare construction documents for the remaining segment of transmission main, from the Beverly Hospital to the Water Treatment Plant on Arlington Avenue in Beverly.

Construction of the next phase of cleaning and lining should start in the Spring of 2012 and be completed by the end of the calendar year.

The existing \$2,500,000 BAN has been converted to bonds in FY2011.

Upgrade of Water Meters (2009)

- Authorized: \$ 3,000,000
- Issued: \$ 3,000,000 (bonded)
- Unissued: \$ 0

- **As of March 18, 2012, we have \$1.0 million encumbered, \$253,000 available, and \$1.72 million expended**

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.

The installation of new automatic meter reading system and the new meters throughout the City is underway and should be complete within two years. All BAN's have been converted to bonds in FY2011. It is estimated that an additional \$500,000 will be needed to complete this project.

Internal and External Rehabilitation – Gallows and Folly Hills Storage Tanks (2011)

- Authorized \$ 1,000,000
- Issued \$ 1,000,000
- Unissued \$ 0

- **As of March 18, 2012, we have \$323,000 encumbered, \$388,000 available, and \$289,000 expended**

Both Storage tanks were inspected in 2010, the results found the protective painting system at the Gallows Hill Tank was failing and needs to be replaced, and the Folly Hill Tank required further structural inspection.

The Folly Hill Tank was drained and inspected this past fall 2011, a report summarizing the findings of the inspection is expected in the Spring of 2012. Improvements to the Folly Hill Tank are expected, but not yet defined.

The current loan authorization is being expended to complete the investigations of both tanks. Necessary improvements will require additional funding.

Sewer Enterprise Fund

South River Basin Upgrade (2009)

- Authorized: \$ 4,350,000
- Issued: \$ 1,500,000
- Unissued: \$ 2,850,000

- **As of March 18, 2012, we have \$86,000 encumbered, \$2.7 million available, and \$1.6 million expended**

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.

Conceptual improvement alternatives have been developed and Flood Mitigation Grant Funding has been requested to make improvements tot the Canal/Salem Statue University Area and the Rosies Pond/Jefferson Avenue Area.

The \$1,451,000 BAN has been converted to \$1,500,000 in bonds in FY2011. The remaining \$2,850,000 will remain authorized and unissued.

The remaining loan authorization will fund the advancement of both projects to the 25% design phase, as detailed geotechnical, utility corridor and pumping alternative design reports need to be developed. Further design, permitting and construction costs will need an additional loan authorization.

Forrester Street Relief Drain

- Authorized \$ 375,000
- Issued \$ 0
- Unissued \$ 375,000

- **As of March 18, 2012, we have encumbered entire amount, and matched it with funds from 2003 Main Systems Upgrade to complete \$550,000 project**

This flood relief project is fully funded and under construction. The loan authorization is adequate to cover the costs of the project.

CIP Finance Summary for FY 2013

Department	Project	Total Estimated Expenditure	FY13	FY14	FY15	FY16	FY17
I.T.	Equipment Citywide Permit Management Program	\$ 150,000	\$ 58,000	\$ 58,000	\$ 58,000		
I.T.	Equipment - Replace 12 Switches (Washington St.)	\$ 30,000	\$ 30,000				
Public Property	Vehicle - Hybrid	\$ 30,000	\$ 11,000	\$ 11,000	\$ 11,000		
Public Property	Project - Remediation of Tax Title Land - Universal Steel	\$ 1,850,000	\$ 1,850,000				
Parking	Repairs/Maintenance - Municipal parking lots	\$ 50,000	\$ 50,000				
Police	Equipment - Digital Radio Replacement	\$ 200,000	\$ 8,000	\$ 48,000	\$ 46,000	\$ 44,000	\$ 42,000
Police	Vehicles - Replace two (2) patrol vehicles	\$ 74,000	\$ 28,000	\$ 28,000	\$ 28,000		
Police	Repairs/Maintenance - HVAC DDC control system	\$ 55,000	\$ 55,000				
Police	Equipment - Side Scan Sonar	\$ 46,000	\$ 46,000				
Police	Equipment - Surveillance Cameras	\$ 54,000	\$ 54,000				
Fire	Equipment - New ladder truck	\$ 1,100,000	\$ 44,000	\$ 117,000	\$ 113,000	\$ 109,000	\$ 105,000
Harbormaster	Equipment - Multi Mission Boat	\$ 270,000	\$ 270,000				
Electrical	Equipment - Bucket truck replacement	\$ 100,000	\$ 4,000	\$ 24,000	\$ 23,000	\$ 22,000	\$ 21,000
Electrical	Maintenance - Historic Lighs Posts	\$ 25,000	\$ 25,000				
Public Services	Repairs/Maintenance - Motor pool lifts	\$ 40,000	\$ 40,000				
Public Services	Equipment - Bandit wood chipper	\$ 40,000	\$ 40,000				
Engineering	Vehicle - Hybrid	\$ 30,000	\$ 11,000	\$ 11,000			
Engineering	Infrastructure - roads, sidewalks, crosswalks (Ch. 90)	\$ 874,160	\$ 874,160				
Parks, Rec. & Comm Svcs.	Equipment - Playground updates	\$ 40,000	\$ 40,000				
Parks, Rec. & Comm Svcs.	Repairs/Maintenance - Repairs to Mack Park garage roof	\$ 30,000	\$ 30,000				
Parks, Rec. & Comm Svcs.	Repairs/Maintenance - Common Fence	\$ 240,000	\$ 105,600	\$ 33,000	\$ 32,000	\$ 31,000	\$ 30,000
Parks, Rec. & Comm Svcs.	Equipment - infield lawnmower	\$ 30,000	\$ 30,000				
Parks, Rec. & Comm Svcs.	Infrastructure - Blaney St. pier and terminal	\$ 1,000,000	\$ 1,000,000				
Subtotal - Municipal		\$ 6,358,160	\$ 4,703,760	\$ 330,000	\$ 322,000	\$ 206,000	\$ 198,000
Schools	Buildings - Bentley repairs - floor replacement	\$ 150,000	\$ 6,000	\$ 36,000	\$ 34,500	\$ 33,000	\$ 31,500
Schools	Technology - Districtwide Assessment Software	\$ 100,000	\$ 35,000	\$ 35,000	\$ 35,000		
Schools	Technology - Bentley whiteboards, computers, wireless infrastructure	\$ 100,000	\$ 4,000	\$ 24,000	\$ 23,000	\$ 22,000	\$ 21,000
Schools	Vehicle - 29 passenger wheelchair bus	\$ 52,000	\$ 19,000	\$ 19,000	\$ 19,000		
Schools	Vehicle - service van - maintenance dept.	\$ 31,500	\$ 12,000	\$ 12,000	\$ 12,000		
Subtotal - Schools		\$ 433,500	\$ 76,000	\$ 126,000	\$ 123,500	\$ 55,000	\$ 52,500
Water	Infrastructure - Main System Upgrades Valves/Pipes	\$ 100,000	\$ 100,000				
Water	Infrastructure - Energy efficient evaluation	\$ 35,000	\$ 35,000				
Water	Infrastructure - Easement research, takings, and cleaning	\$ 175,000	\$ 175,000				
Sewer	Infrastructure - Sewer Line Upgrades/Rehabilitation	\$ 50,000	\$ 50,000				
Sewer	Infrastructure - Inflow/Infiltration Removal Program	\$ 25,000	\$ 25,000				
Sewer	Infrastructure - Illicit connection removal	\$ 400,000	\$ 400,000				
		\$ 785,000	\$ 785,000	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES - City, School, Enterprise		\$ 7,576,660	\$ 5,564,760	\$ 456,000	\$ 445,500	\$ 261,000	\$ 250,500
Funding Summary:	General Obligation Bonds - General Fund	\$ 1,790,000	\$ 171,600	\$ 282,000	\$ 271,500	\$ 261,000	\$ 250,500
	General Obligation Bonds - Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Outlay (CIP Fund)	\$ 340,000					
	Capital Lease	\$ 467,500					
	Enterprise Fund - Retained Earnings	\$ 760,000					
	Enterprise Fund - SESD Retained Earnings	\$ 25,000					
	State Aid - Chapter 90 Funds	\$ 874,160					
	Grants and OFS	\$ 3,320,000					
TOTAL FUNDING - City, School, Enterprise		\$ 7,576,660	\$ 171,600	\$ 282,000	\$ 271,500	\$ 261,000	\$ 250,500

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 statues.
- 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