

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 – FY2016 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.

FY2016 Capital Improvement Program (CIP) – highlights of proposed CIP and FY2016 Capital Budget

For FY2016, 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 equipment, and continued improvements to the City's infrastructure.

Also, with regards to the City's infrastructure, the City is scheduled to receive an estimated \$850,000 from the State for road repairs. In addition to the authorized Chapter 90 funding, the City will be funding an additional \$150,000 for roadway improvements and sidewalks beyond the state aid appropriation.

Other infrastructure related improvements include the City's committed financial continuation of the development of the Salem Wharf project at Blaney Street pier, upgrades to the security systems at Salem Public Schools, automation of the South Harbor and Museum Place Garages, and park and pedestrian upgrades city wide.

The City proposes to fund the replacement of capital equipment, including computer hardware, one fire engine, 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 \$390,446 the purchase of city vehicles and equipment, including but not limited to five police cruisers, two school buses, and several DPW heavy vehicles.

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 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 2016 CIP Overview

During the FY2016 budget process, the City's Finance Director met with department heads to review the requests for FY2016. The Finance Director subsequently met with the Mayor to discuss funding options and priority levels for the requested items. This resulted in the FY2016 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 proposed list of CIP for the general fund budget totals \$7,609,904 of which \$1,094,000 will come from State and Federal Grants, \$85,000 from R/Reserved, \$24,000 from Revolving Funds, \$243,618 from requested Community Preservation Act Funds, \$454,125 from recommended Community Preservation Act Funds, \$390,446 from capital leases, \$60,000 from short-term CIP/Fund 2000 and \$4,408,715 will come from a loan order.

FY 2016 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 FY2016 that is routine in nature would be as follows:

Vehicles

• One Fire Engine	\$	550,000
• Four Marked Police Cruisers	\$	169,364
• One Traffic Unit Police Cruiser	\$	42,631
• Replace Veteran's Agent Vehicle	\$	25,451

TOTAL: Vehicle Replacement	\$	761,995
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Heavy Equipment (Public Services Department)

• Replace Six Wheel Dump Truck (Unit #71)	\$	69,440
• Replace Six Wheel Dump Truck (Unit #108)	\$	58,800
• Replace International Dump Truck (Unit #14)	\$	155,400

- Trash Packer \$ 90,000

TOTAL: Heavy Equipment Replacement	\$ 373,640
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Public Safety Equipment

- GPS Units in Police Vehicles \$ 40,000

TOTAL: Public Safety Equipment	\$ 40,000
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Departmental Equipment

- Electrical - (Painting Pedestrian and Historical Lights) \$ 25,000
- I.T. - Computer Replacement \$ 130,075
- I.T. - City Wide Fiber Optic Network \$ 700,000
- Parking- Automation of Garages \$ 550,000
- Public Works- Compressor Replacement \$ 25,000
- Public Works- Sign Replacement \$ 34,000
- Public Works- Two Ton Propane Hot Box \$ 45,000

TOTAL: Departmental Equipment	\$ 1,509,075
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General Repairs/Infrastructure

- Engineering-Bike Path Design and Construction \$ 25,000
- Engineering-McGrath Park Upgrades \$ 140,000
- Engineering-Non. Ch. 90 Sidewalks/Crosswalks \$ 150,000
- Engineering- Salts Parking Improvements \$ 125,000
- Fire-Building Improvements/Maintenance \$ 25,000
- Parks and Rec- RV Field Electrical Upgrades \$ 26,000
- Parking-Garage Upgrades \$ 150,000

• Planning-Blaney Street Match	\$	550,000
• Planning-Mary Jane Lee Park Phase II	\$	60,000
• Planning-Old Town Hall Window Replacement	\$	105,000
• Police- Roof Replacement Design/Engineering	\$	60,000
• Public Works- Open Space/Pocket Park Upgrades	\$	25,000

TOTAL: General Repairs/Infrastructure	\$	1,441,000
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School Department

• Bentley Carpet Replacement	\$	90,000
• Building Wireless Infrastructure	\$	240,000
• 29 Passenger School Bus	\$	57,000
• 77 Passenger School Bus	\$	96,000
• District Wide Computer Replacement	\$	75,000
• District Wide Security Updates	\$	25,000
• Replacement of Building/Grounds Equip.	\$	75,000
• Roof Replacement-Salerno Automotive	\$	50,000

TOTAL: School Department	\$	708,000
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R/Reserve/Revolving Fund Projects (No impact on General Fund)

• Harbormaster – Electronics Replacement 27' Whaler	\$	24,000
• Parks and Recreation – Golf Course Equipment	\$	40,000
• Parks and Recreation – Olde Salem Green Cart Paths	\$	45,000

TOTAL: R/Reserve and Revolving Fund Projects	\$	109,000
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Community Preservation Act Funds – (Recommended to Council by CPC Committee)

• Parks and Rec- Forest River Trails	\$	15,000
• Parks and Rec- Mary Jane Lee Park	\$	85,575
• Parks and Rec- McGlew Park Soft Costs	\$	79,000
• Parks and Rec- Historic Wrought Iron Fence	\$	60,000
• Planning-City Council Artwork Restoration	\$	79,000
• Public Services- Charter St. Burial Ground	\$	90,550
• School- Bates Elementary Playground	\$	45,000

TOTAL: Community Preservation Act Recommended Projects	\$	454,125
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Community Preservation Act Funds – (Requested)

• Library- Replacement of Window Frames and Sills	\$	106,500
• Parks and Rec- Mack Park Restrooms	\$	35,500
• Parks and Rec- Memorial Park Pillars (Phase II)	\$	26,618
• Parks and Rec- Playground Upgrades	\$	50,000
• Parks and Rec- Upgrade Gazebos	\$	25,000

TOTAL: Community Preservation Act Requested Projects	\$	243,618
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Grant Funding and Other Financial Sources (Ch. 90 included)

• Engineering – Ch. 90 Roadway Improvements	\$	850,000
• Harbormaster- 6.5 Ribcraft Aluminum Vessel	\$	95,000
• Schools- Solar Canopy at Salem HS	\$	999,000

TOTAL: Projects Dependent on Grant Funding	\$	1,944,000
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GRAND TOTAL:	\$	7,609,904
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NET AMOUNT TO BE BONDED:	\$	4,859,161
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FY 2016 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 FY2016 that is non-routine in nature.

FY 2016 CIP GENERAL FUND EXECUTIVE SUMMARY

The total proposed Capital Plan for the City of Salem for is \$7,609,904. However, the total amount proposed for borrowing and capital leases are \$4,859,161. This Capital Plan has multiple funding sources, including grant funds, capital lease, one-time appropriations, Community Preservation Act funds, 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.

FY16 CIP – Funding Sources

FY16 CIP – funded from one time revenue sources – Capital Outlay Fund

• Police Department Roof Replacement-Architect/Engineering	\$ 60,000
TOTAL ~ CAPITAL OUTLAY FUND:	\$ 60,000

FY16 CIP – funded from Grants (Ch. 90 Included)

• Engineering – Ch. 90 Roadway Improvements	\$ 850,000
• Harbormaster- 6.5 Ribcraft Aluminum Vessel	\$ 95,000
• Schools- Solar Canopy at Salem High Schools	\$ 999,000
TOTAL ~ GRANTS AND OFS:	\$ 1,944,000

FY16 CIP – funded from capital lease (built into operating budgets)

• Police-4 Marked Cruisers/1 Traffic Cruiser	\$ 211,995
• School- 29 Passenger Bus	\$ 57,000
• School- 77 Passenger Bus	\$ 96,000
• Veterans- Replacement of Vehicle	\$ 25,451
TOTAL ~ CAPITAL LEASES	\$ 390,446

FY16 CIP – funded from anticipated Bond Authorization

• Electrical-Painting Pedestrian and Historical Lights	\$ 25,000
• Engineering- Bike Path Design and Construction	\$ 25,000
• Engineering-McGrath Park Upgrades	\$ 140,000

• Engineering-Non. Ch. 90 Sidewalks/Crosswalks	\$ 150,000
• Engineering-Salts Drop Off/Parking Area	\$ 125,000
• Fire –Building Upgrades	\$ 25,000
• Fire- Fire Engine Replacement	\$ 550,000
• IT- City Wide Fiber Optic Network	\$ 700,000
• IT- City Wide Computer Replacement	\$ 130,075
• Parks and Rec- RV Field Electrical Upgrades	\$ 26,000
• Parking- Automation of Garages	\$ 550,000
• Parking- Garage Upgrades	\$ 150,000
• Planning- Blaney Street Terminal Match	\$ 550,000
• Planning- Mary Jane Lee Park Phase II	\$ 60,000
• Planning - Old Town Hall Window Replacement Project	\$ 105,000
• Police- GPS Units for Vehicles	\$ 40,000
• Public Works- Compressor	\$ 25,000
• Public Works- Purchase and Replacement of Signs	\$ 34,000
• Public Works- Open Space/Pocket Park Upgrades	\$ 25,000
• Public Works- Replace Six Wheel Dump Truck	\$ 69,440
• Public Works- Replace Six Wheel Dump Truck	\$ 58,800
• Public Works- Replace International Dump Truck	\$ 155,400
• Public Works- Trash Packer	\$ 90,000
• Public Works- Two Ton Propane Hot Box	\$ 45,000
• Schools- Bentley School Carpet Replacement	\$ 90,000
• Schools- Building Wireless Infrastructure Districtwide	\$ 240,000
• Schools- District Wide Computer Replacement	\$ 75,000
• Schools- District Wide Security Updates	\$ 25,000
• Schools- Replacement of Building Grounds Equipment	\$ 75,000
• Schools- Roof Replacement at Salerno Automotive	\$ 50,000

TOTAL ~ BOND AUTHORIZATION	\$ 4,408,715
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FY16 CIP – funded from Community Preservation Act Funds (Recommended & Requested)

***Requested projects are contingent upon approval of the Community Preservation Committee (CPC) and City Council.*

RECOMMENDED BY CPC COMMITTEE TO CITY COUNCIL

• Parks and Rec- Forest River Trails	\$	15,000
• Parks and Rec- Mary Jane Lee Park	\$	85,575
• Parks and Rec- McGlew Park Soft Costs	\$	79,000
• Parks and Rec- Upgrades to Historic Wrought Iron Fence	\$	60,000
• Planning-Artwork Restoration in City Council Chambers	\$	79,000
• Public Works- Charter Street Burial Ground	\$	90,550
• Schools- Bates Elementary Playground Upgrades	\$	45,000

REQUESTED

• Library- Replacement of Window Frames and Sills	\$	106,500
• Parks and Rec- Mack Park Restrooms	\$	35,500
• Parks and Rec- Memorial Park Pillars and Fencing (Phase II)	\$	26,618
• Parks and Rec- Playground Upgrades	\$	50,000
• Parks and Rec- Gazebo Upgrades	\$	25,000

TOTAL ~ COMMUNITY PRESERVATION ACT FUNDS- Recommended	\$	454,125
TOTAL ~ COMMUNITY PRESERVATION ACT FUNDS- Requested	\$	243,618

FY16 CIP -- Funded from R/Reserve and Revolving Funds

Please note, these projects have no impact on the General Fund

• Harbormaster – Engine Replacement 27' Whaler	\$	24,000
• Parks and Recreation – Golf Course Equipment	\$	40,000
• Parks and Recreation – Olde Salem Green Cart Paths	\$	45,000
TOTAL ~ R/RESERVE AND REVOLVING FUNDS	\$	109,000

IMPACT OF CAPITAL IMPROVEMENT PROJECTS ON OPERATING BUDGET

<u>Description</u>	<u>Cost</u>	<u>Funding</u>	<u>Impact on Operating Budget</u>
Electrical -- Painting Pedestrian and Historical Lights	25,000	Bonding	Asset preservation and decrease in long term capital outlay for new poles.
Engineering-Bike Path Design and Construction	25,000	Bonding	No impact.
Engineering- McGrath Park Paving/Abutter/Soil Remediation/Concession Stand	140,000	Bonding	No impact.
Public Works- Open Space and Pocket Park Upgrades	25,000	Bonding	No impact.
Engineering-Non. Chapter 90 Roads, Sidewalks and Crosswalks	150,000	Bonding	Reduces long term capital maintenance costs.
Engineering- Saltonsall School Parking/Drop Off Area Improvements	125,000	Bonding	No impact.
Fire- Building Upgrades and Maintenance	25,000	Bonding	Reduces long term capital maintenance costs.
Fire- Replacement of Fire Engine	550,000	Bonding	Reduces long term capital maintenance costs.
IT- City Wide Fiber Optic Network	700,000	Bonding	Improves city-wide network efficiency.
IT- City Wide Computer Replacement Program	130,075	Bonding	Improves city-wide software efficiency.
Parks and Recreation- Winter Island Electrical Upgrades at RV Field	26,000	Bonding	New revenue opportunities (RV fees) from additional electrical capacity.
Parking-Automation of Downtown/South Harbor Garages	550,000	Bonding	Improves efficiency, eliminates potential for fraud, waste, and abuse. Streamlines revenue collection.
Parking- Garage Upgrades	150,000	Bonding	Reduces continued maintenance costs.

<u>Description</u>	<u>Cost</u>	<u>Funding</u>	<u>Impact on Operating Budget</u>
Planning – Blaney Street Terminal (City Match)	550,000	Bonding	Increases revenue opportunities for the wharf area.
Planning-Mary Jane Lee Park Phase II	60,000	Bonding	No impact.
Planning-Old Town Hall Window Replacement Project	105,000	Bonding	Reduced electricity costs and continued maintenance.
Police – GPS Units for Vehicles	40,000	Bonding	No impact.
Public Services – Compressor	25,000	Bonding	No impact.
Public Services- Sign Replacement	34,000	Bonding	No impact.
Public Services- Replacement Six Wheel Dump Truck	69,440	Bonding	Decreases annual maintenance costs.
Public Services- Replacement of Six Wheel Dump Truck	58,800	Bonding	Decreases annual maintenance costs.
Public Services-Replacement of International Dump Truck	155,400	Bonding	Decreases annual maintenance costs.
Public Services- Trash Packer	90,000	Bonding	Decreases annual trash costs and improves city wide trash pick-up.
Public Services- Two Ton Propane Hot Box	45,000	Bonding	No impact.
School- Bentley Elementary Carpet Replacement	90,000	Bonding	Decreases annual maintenance costs.
School- Building Wireless Infrastructure City Wide	240,000	Bonding	Improves district wide access.
School- District Wide Computer Replacement	75,000	Bonding	Improves district wide software efficiency.
School- District Wide Security Updates	25,000	Bonding	No impact.
School- Replacement of Grounds Equipment	75,000	Bonding	Reduces district maintenance costs.
School- Salerno Automotive Roof Replacement	50,000	Bonding	Decreases annual maintenance costs.

<u>Description</u>	<u>Cost</u>	<u>Funding</u>	<u>Impact on Operating Budget</u>
Police- Roof Replacement Design/Engineering	60,000	Capital Outlay Fund	No impact.
Police- 4 Marked Cruisers/1 Traffic Unit Cruiser	211,995	Capital Lease Program	Annual payments for the vehicle through the capital leasing program. Reducing maintenance cost of repairing aging vehicles.
School- 1 29 Passenger Bus/1 77 Passenger Bus	153,000	Capital Lease Program	Annual payments for the vehicle through the capital leasing program. Reducing maintenance cost of repairing aging vehicles.
Veterans- Vehicle Replacement	25,451	Capital Lease Program	Annual payments for the vehicle through the capital leasing program. Reducing maintenance cost of repairing aging vehicles.

**City of Salem
Capital Plan - General Fund
Fiscal Year 2016 - 2020**

CAPITAL REQUEST	Approved FY15	FY16 Priority	FY16 Funding Source	Dept. Request FY2016	Requested			
					FY2017	FY2018	FY2019	FY2020
Council on Aging								
Community Life Center - Furniture, Fixtures, and Equipment (FFE) (160K From Donation)					1,300,000			
Council on Aging Vans	75,000.00				25,000	25,000		
Subtotal: Council on Aging	75,000.00			-	1,325,000	25,000		
Electrical								
Fire Alarm Terminal Boxes					25,000	25,000	25,000	25,000
Painting Pedestrian and Historical Lights (Preventative Maintenance)	25,000.00	1	Bonding	25,000	25,000	25,000	25,000	25,000
Streetlight Pole and Luminaire Replacement								
Utility Truck - F350	35,000.00							
Subtotal: Electrical	60,000.00			25,000	50,000	50,000	50,000	50,000
Engineering - Roads, Sidewalks, & Crosswalks								
Bike Path - Design/Construction	25,000.00	1	Bonding	25,000	25,000	25,000	25,000	25,000
Essex Street Roadway Improvements					650,000			
Mack Park Pedestrian Safety Upgrades (Grove and Tremont)					100,000			
McGrath Park Paving/Concession Stand		1	Bonding	140,000	400,000			
New Liberty Intersection/Pedestrian Upgrades					650,000			
Roads, Sidewalks & Crosswalks (Chapter 90)	850,000.00	1	Ch. 90	850,000	500,000	500,000	500,000	500,000
Roads, Sidewalks & Crosswalks (Non Chapter 90 eligible)	650,000.00	1	Bonding	150,000	150,000	150,000	150,000	150,000
Saltonsall School Parking/Drop Off Area Improvements		1	Bonding	125,000				
Subtotal: Eng. - Roads, Sidewalks, Crosswalks	1,525,000.00			1,290,000	2,475,000	675,000	675,000	675,000
Fire								
General Building Maintenance/Upgrades		1	Bonding	25,000	25,000	25,000	25,000	25,000
Personal Protective Clothing	40,000.00							
New Fire Station-5						7,500,000		
Replace Chief's Reponse Vehicle-Car 1					38,000			
Replace Squad 1					42,000			
Replace Engines 2 and 5		1	Bonding	550,000	550,000			
Upgrade Radio System					60,000			
Upgrade Telephone System					50,000			
Subtotal: Fire	40,000.00			575,000	765,000	7,525,000	25,000	25,000
Harbormaster								
6.5 Ribcraft Aluminum Vessel w/Trailer	88,338.00	1	Grants	95,000				
Electronics Upgrades- 27' Whaler	28,870.00							
Engine Replacement(s)-27' Whaler		1	Revolving	24,000				
Multi Vessell Trailer					26,100			
Subtotal: Harbormaster	117,208.00			119,000				
Information Technology								
City Wide Fiber Optic Network		1	Bonding	700,000	700,000			
Emergency Preparedness - Redundant Servers-City	50,000.00							
Emergency Preparedness - UPS	50,000.00							
City Wide Computer Replacement		1	Bonding	130,075	100,000	100,000	100,000	100,000
Subtotal: Information Technology	100,000.00			830,075	800,000	100,000	100,000	100,000
Library								

**City of Salem
Capital Plan - General Fund
Fiscal Year 2016 - 2020**

	Approved FY15	FY16 Priority	FY16 Funding Source	Dept. Request FY2016	Requested			
					FY2017	FY2018	FY2019	FY2020
CAPITAL REQUEST								
Replacement of Window Frames and Sills	90,000.00	1	CPA-Requested	106,500				
Subtotal: Library	90,000.00			106,500				
Mayor								
Ford Escape	25,451.00							
Subtotal: Mayor	25,451.00							
Parks, Recreation & Community Services								
Equipment - Golf Course	40,000.00	1	R/Reserve	40,000	40,000	40,000	40,000	
Equipment Lease - Olde Salem Greens	113,639.00							
Facilities Needs Assessment	25,000.00							
Forest River Restrooms					35,000			
Forest River Trails		1	CPA-Recommended	15,000				
Mack Park Restrooms		1	CPA-Requested	35,500				
Mack Park Wall Upgrades					200,000			
Mary Jane Lee Park		1	CPA-Recommended	85,575				
McGlew Park Soft Costs		1	CPA-Recommended	79,000				
Memorial Park - Pillars & Fencing (Phase I in FY15 and II in FY16)	27,800.00	1	CPA-Requested	26,618				
Olde Salem Greens Cart Paths (2 Cart Paths Per Year)	30,000.00	1	R/Reserve	45,000	45,000	45,000	45,000	
Playground Upgrades	50,000.00	1	CPA-Requested	50,000	50,000	50,000	50,000	
Upgrades to Historic Wrought Iron Fence - Salem Common	50,000.00	1	CPA-Recommended	60,000	50,000	50,000	50,000	
Upgrade Gazebos		1	CPA-Requested	25,000	25,000	25,000		
Winter Island Electrical Upgrades-RV Field (Phase I-Two Phases)		1	Bonding	26,000	26,000			
Subtotal: Recreation	336,439.00			487,693	471,000	210,000	185,000	
Parking Department								
Automation of Downtown/South Harbor Garages		1	Bonding	550,000				
Construct Additional Parking at Riley Plaza					75,000			
Crombie St. Lot - Resurfacing					150,000			
Museum Place Garage - Waterproof (Design/Construction)								
Parking Kiosk Umbrellas	50,000.00							
Parking Garage Upgrades	150,000.00	1	Bonding	150,000				
Subtotal: Parking Dept.	200,000.00			700,000	225,000	-		
Planning								
Artwork Restoration: City Council Chambers		1	CPA-Recommended	79,000				
Blaney Street Pier and Terminal -City Match	250,000.00	1	Bonding	550,000				
Blaney Street Pier and Terminal-Construction	4,000,000.00							
Mary Jane Lee Park- Phase II		1	Bonding/CDBG	60,000				
Old Town Hall Window Replacement Project		1	Bonding	105,000				
Winter Island Scenic Pathway and Historic Fort Restoration	50,000.00							
Subtotal: Planning	4,300,000.00			794,000	-	-	-	-

City of Salem
Capital Plan - General Fund
Fiscal Year 2016 - 2020

CAPITAL REQUEST	Approved FY15	FY16 Priority	FY16 Funding Source	Dept. Request FY2016	Requested			
					FY2017	FY2018	FY2019	FY2020
Police								
Equipment - File Cabinets for Records Retention					30,000			
Evidence Room					118,310			
CAD/RMS Replacement	320,378.00							
GPS Units for Vehicles	40,000.00	1	Bonding	40,000				
Roof Replacement-Phase I		1	Fund 2000	60,000	550,000			
Vehicle Replacement 4 Marked Cruisers (2 Cruisers Purchased in FY15)	76,650.00	1	Lease	169,364	78,000	78,000	80,000	80,000
Vehicle Replacement -Traffic Unit Cruiser		1	Lease	42,631				
Subtotal: Police	437,028.00			311,995	776,310	78,000	80,000	80,000
Public Services - Equipment								
Charter St. Burial Ground		1	CPA-Recommended	90,550				
Compressor		1	Bonding	25,000				
Ford Escape for the Park Foreman	25,451.00							
General Building Repairs (DPS Garage)					75,000			
General Building Repairs (Bathroom Renovations)					35,000			
Graffiti Removal Machine					45,000			
Open Space/Pocket Park Upgrades		1	Bonding	25,000				
Purchase and Installation of Salt Shed	85,000.00							
Purchase and Replacement of Non-Conforming Signs	46,000.00	1	Bonding	34,000	34,000	44,000		
Replace 1986 Aerial Lift Truck-Shade Tree (Unit 118)					155,000			
Replace 1988 Loader (Unit 40)	198,200.00							
Replace 1999 Ford F350 pickup (Unit 92)					40,700			
Replace Ford F350 (Unit 38)					40,645			
Replace Ford F550 Utility Truck (Unit 36)					49,500			
Replace Ford F550 Six Wheel Dump Truck (Unit 71)-Currently Flatlined		1	Bonding	69,440				
Replace Ford F550 Six Wheel Dump Truck (Unit 107)					58,800			
Replace Ford F550 Six Wheel Dump Truck (Unit 108)		1	Bonding	58,800				
Replace Ford F550 Six Wheel Dump Truck (Unit 122)					69,440			
Replace 2000 International Dump Truck (Unit 12)	152,136.00							
Replace 2000 International Dump Truck (Unit 14)		1	Bonding	155,400				
Replace 2000 International Dump Truck Sander and Plow (Unit 15)					165,300			
Replace 2000 International Dump Truck (Unit 87)					133,000			
Replace 2006 JP Backhoe (Unit 680)					132,000			
Street Sweeper					200,000			
Trash Packer		1	Bonding	90,000				
Two Ton Propane Hot Box		1	Bonding	45,000				
Utility Vehicle to Replace Existing Vector (#8)						360,000		
Water Utility Vehicle						60,000		
Subtotal: Public Services	350,336.00			593,190	1,233,385	420,000	-	-
Schools								
Bates - Elevator repair					120,000			
Bates- Playground		1	CPA-Recommended	45,000				
Bentley-Carpet Replacement		1	Bonding	90,000				
Bentley-HVAC Equipment					50,000			
Bentley-Roof Replacement					110,500			
Bertram Field House/Concession					800,000			

**City of Salem
Capital Plan - General Fund
Fiscal Year 2016 - 2020**

	Approved FY15	FY16 Priority	FY16 Funding Source	Dept. Request FY2016	Requested			
					FY2017	FY2018	FY2019	FY2020
CAPITAL REQUEST								
Building Wireless Infrastructure - Districtwide		1	Bonding	240,000				
Bus-29 Passenger		1	Lease	57,000				
Bus-42 Passenger	94,000.00	1	Lease	96,000				
Bus-77 Passenger					92,000			
Computer Replacement - Districtwide	210,000.00	1	Bonding	75,000				
District Wide Security Updates	75,000.00		Bonding	25,000				
Early Childhood Center and Elementary Building Transition								
Relocation of Building Services Office					35,000			
Replacement of Building and Grounds Equipment		1	Bonding	75,000				
Replacement of Lunch Room/Cafeteria Equipment	35,000.00							
Salerno Automotive-Roof Replacement		1	Bonding	50,000				
Solar Canopy at Salem High School		1	DOER Grant	999,000				
Salerno Automotive-HVAC Unit Replacement					85,000			
Transformer Replacement at Salem HS	60,000.00							
Subtotal: Schools	474,000.00			1,752,000	1,292,500	-		-
Veteran Services								
Vehicle Replacement-Ford Explorer		1	Lease	25,451				
Subtotal: Veteran Services				25,451	-	-	-	-
Total - CIP				7,609,904				
			Bonding	4,408,715				
			Capital Leases	390,446				
			Ch. 90	850,000				
			CPA Recommended	454,125				
			CPA Requested	243,618				
			Grants	1,094,000				
			Fund 2000	60,000				
			R/Reserve	85,000				
			Revolving	24,000				
			Grand Total	7,609,904				
			Total GF Expenses	4,859,161				

FY16 CIP Enterprise Funds Executive Summary

- The total proposed Capital Plan for the City of Salem's Enterprise Funds for FY15 is \$14,220,000.
- 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.

FY16 Enterprise Fund CIP – Funding Sources

FY16 Enterprise Fund CIP – funded from one time revenue sources – Retained Earnings

- Sewer: Sewer Line Extension/Rehabilitation/Upgrades \$ 50,000

TOTAL -- WATER/SEWER RETAINED EARNINGS:	\$ 50,000
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FY16 Enterprise Fund CIP – funded from other financial sources (SESD)

- Sewer: I/I Removal Program \$ 25,000

TOTAL -- GRANTS and OTHER FINANCIAL SOURCES:	\$ 25,000
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- Water: Internal/External Rehabilitation-Gallows Hill Storage Tank \$ 1,300,000
- Water: Salem PS and Booster Station \$ 150,000
- Water: Valve/Hydrant Replacement Program \$ 2,500,000
- Water: System Annual Improvements \$ 1,145,000
- Water: City Wide System Flushing, Valve Maintenance \$ 400,000
- Sewer: City Wide System Flushing, Valve Maintenance \$ 400,000
- Sewer: MS4 Compliance/Illicit Connection Removal \$ 750,000
- Sewer: Canal Street Upgrades \$ 7,500,000

TOTAL – BONDING:	\$ 14,145,000
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IMPACT OF CAPITAL IMPROVEMENT PROJECTS ON OPERATING BUDGET

<u>Description</u>	<u>Cost</u>	<u>Funding</u>	<u>Impact on Operating Budget</u>
Sewer – MS4 Compliance and Illicit Connection Removal Study, Design and Construction	750,000	Bonding	The study, design, and construction to reduce structural defects and address aging infrastructure.
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.
Sewer- Canal Street Phase II	7,500,000	Bonding	Flood mitigation improvements.
Sewer-City Wide System Flushing, Valve Maintenance, Leak Detection and GIS Administration	400,000	Bonding	Reductions in emergency repairs.
Water-Internal/External Rehabilitation for Gallows Hill Storage Tank.	1,300,000	Bonding	Repairing structural defects, as well as sealing the roof to prevent future water leaks.
Water-Salem PS and Booster Station	150,000	Bonding	Repair structural defects to avoid maintenance issues.
Water- City Wide Water System Flushing, Valve Maintenance, Leak Detection and GIS Administration	400,000	Bonding	Repairing structural defects and addressing needed repairs to water infrastructure.

<u>Description</u>	<u>Cost</u>	<u>Funding</u>	<u>Impact on Operating Budget</u>
Water- Main System Upgrades: Valve/Hydrant Replacement Program	2,500,000	Bonding	Preventative Maintenance/Reductions in Emergency Repairs.
Water: Distribution System Annual Improvements	1,145,000	Bonding	Preventative Maintenance/Reductions in Emergency Repairs.

City of Salem
Capital Plan - Water and Sewer Enterprise Fund

Fiscal Year 2016 - 2020

CAPITAL REQUEST	Approved FY15	FY16 Funding Source	FY16	REQUESTED			
				FY17	FY18	FY19	FY20
Water Enterprise-Engineering							
Pump Stations and Tanks							
Internal/External Rehabilitation-Gallows Hills Storage Tanks		Bonding	1,300,000				
Internal/External Rehabilitation: Folly Hills Storage Tanks	2,500,000						
Energy efficiency evaluation - SBWSB Pump Station							
Transmission System							
Salem PS and Booster Station		Bonding	150,000	-	-	-	-
Sohier Road				1,903,000			
Transmission Main Rehab and Easements (10 Year Program)						7,800,000	7,800,000
Distribution System							
Main System Upgrades: Valve/Hydrant Replacement Program		Bonding	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Water Distribution System Annual Improvements		Bonding	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000
City Wide Water System Flushing, Valve Maintenance, Leak Detection and GIS Administration	400,000	Bonding	400,000	400,000	400,000	400,000	400,000
City Wide Water Meter Replacement Program	200,000						
Subtotal: Water Enterprise	3,100,000		5,495,000	5,948,000	4,045,000	11,845,000	11,845,000
Sewer Enterprise-Engineering							
City Wide Sewer System Flushing, Valve Maintenance, Leak Detection and GIS Administration		Bonding	400,000	400,000	400,000	400,000	400,000
Sewer Line Extension/Upgrade/Rehabilitation	50,000	R/E	50,000	50,000	50,000	100,000	100,000
I/I Removal Program	25,000	SESD	25,000	25,000	25,000	25,000	25,000
MS4 Compliance/Illicit Connection Removal		Bonding	750,000	750,000	750,000	750,000	750,000
Canal Street Upgrades							
Canal Street- SSU Flood Mitigation Improvements-Phase II							
Pump Station (\$1.5 Million FEMA Grant Reduction FY15)	2,750,000	Bonding	6,300,000	14,600,000	7,300,000		
Storage Tank and Treatment							
Collection System	175,000						
Force Main	375,000						
Bikeway and Roadway Improvements		Bonding	1,200,000				
Subtotal: Sewer Enterprise	3,375,000		8,725,000	15,825,000	8,525,000	1,275,000	1,275,000
Total: Enterprise Fund	6,475,000		14,220,000	21,773,000	12,570,000	13,120,000	13,120,000

Bonding	\$ 14,145,000.00
R/E	\$ 50,000.00
SESD	\$ 25,000.00

Water and Sewer Enterprise Fund

Capital Projects Update – Approved Projects

May 19, 2015

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 May 19, 2015, 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 construction, 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. All other aspects of this loan authorization are complete.

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 May 19, 2015, we have \$79,324 encumbered, \$40,257 available, and \$2.38 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 cleaning and lining of that segment of water main was completed in 2010 and a portion of the remaining funds were 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.

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 May 19, 2015, we have \$0 encumbered, \$1,190 available, and \$2,998,810 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 this phase of new automatic meter reading system and the new meters throughout the City is complete , as of the end of FY 2015, with the entire loan authorization will be expended, approximately 99% of the meters will have been replaced. A new loan authorization will be needed to complete the replacement of the last meters. All BAN's have been converted to bonds in FY2011. It is estimated that an additional \$200,000 may be needed to compete 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 May 19, 2015, we have \$17,715 encumbered, \$6,977 available, and \$977,308 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 in the fall of 2011, a report summarizing the findings of the inspection has been prepared and the necessary repairs are expected to be competed in FY 2015, with a new loan authorization.

Sewer Enterprise Fund

South River Basin Upgrade (2009)

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

- Unissued: \$ 2,850,000

- **As of May 19, 2015, we have \$1,749 encumbered, \$290 available, and \$4,347,961 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 to the Canal/Salem Statue University Area and the Rosie's Pond/Jefferson Avenue Area. The City has received a \$3 million grant from Flood Mitigation Grant to offset the costs of this project. The first of 2 phases of drainage improvements on Canal Street, which include new drainage piping and other utility improvements in Canal Street that are needed prior to the City stating the Canal Street Corridor Roadway Improvement construction was completed in the fall of 2013,. Phase II drainage improvements are currently being designed and will be constructed with a new loan authorization, beginning in the Spring of 2016.

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 the Phase II Utility Improvements to construction. Further Phase II construction and construction oversight funding will be needed, along with design, permitting and construction

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