

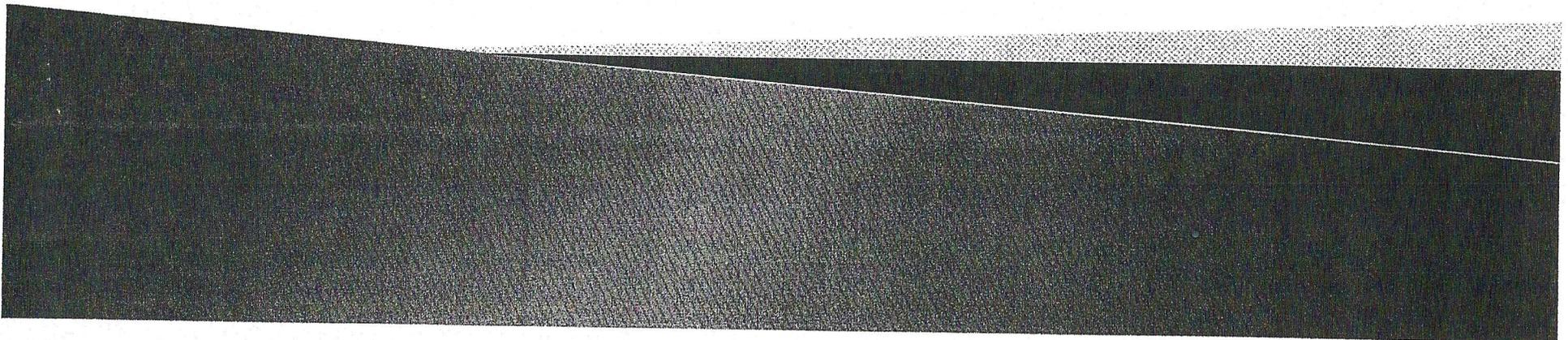
TOWN OF SEEKONK MASSACHUSETTS

CAPITAL PLANNING DISCUSSION

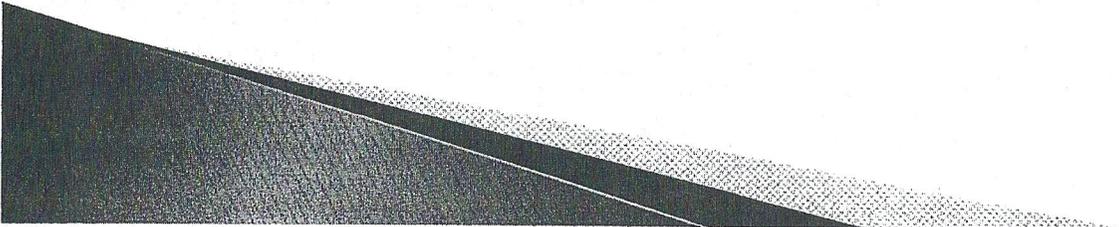
APRIL 24, 2012

PRESENTED BY

UNIBANK FISCAL ADVISORY SERVICES, INC.

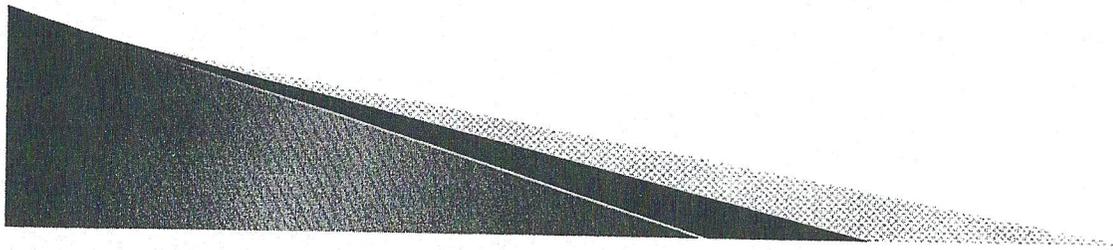


DEFINITION OF CAPITAL PROJECT

- ▶ TANGIBLE ASSETS OR PROJECTS THAT HAVE A DEFINED VALUE AND A USEFUL LIFE MORE THAN 1 YEAR, USUALLY 5 YEARS
 - ▶ CAPITAL PLANNING COMMITTEE DEFINES BASE VALUE AND USEFUL LIFE THAT DETERMINES WHETHER ASSET FUNDED IN CAPITAL PLAN OR IN OPERATIONAL BUDGETS
 - ▶ SEEKONK HAS CHOSEN GREATER THAN \$15,000 AND USEFUL LIFE BEYOND 5 YEARS
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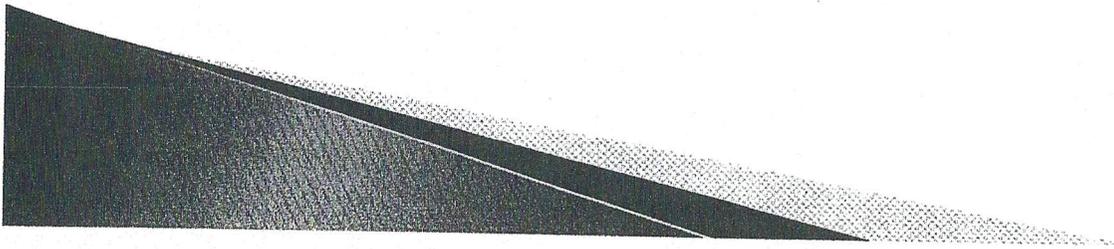
SOURCES OF PAYMENT FOR CAPITAL PROJECTS

- ▶ CASH
- ▶ MUNICIPAL CAPITAL STABILIZATION FUND
- ▶ GRANT FUNDS
- ▶ BORROWING



CASH CAPITAL

- ▶ PERCENTAGE OF DEPARTMENTAL BUDGETS ALLOCATED TO REPLACEMENT AND MAINTENANCE OF ASSETS
- ▶ SALE OF ASSETS GENERATING CASH USED TO PURCHASE NEW CAPITAL ASSETS OR RENOVATE EXISTING ASSETS IN SAME FISCAL YEAR OR DEPOSITED TO MUNICIPAL CAPITAL STABILIZATION ACCOUNT FOR FUTURE PURCHASES

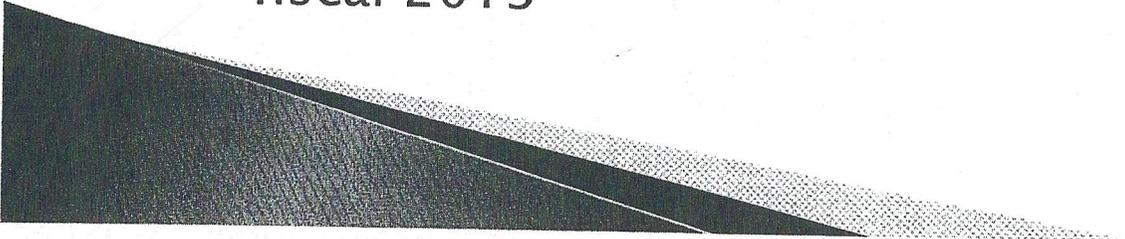


MUNICIPAL CAPITAL STABILIZATION FUND

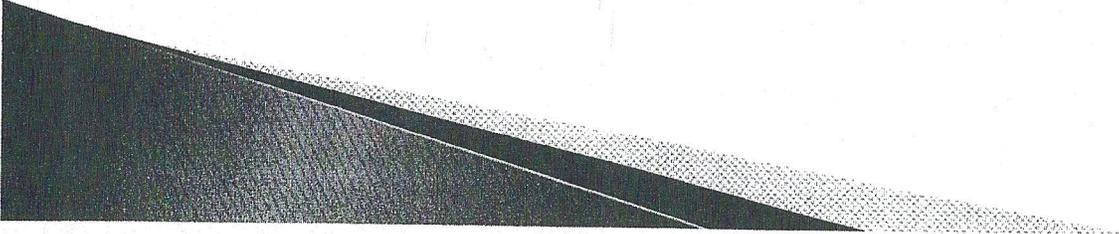
▶ SOURCES OF FUNDS:

- Annual budgetary appropriations
- Proceeds of sale of capital assets with no bonded debt outstanding against them
- Current balance of \$624,486 with anticipated fiscal 2013 appropriation of \$100,000

▶ USES OF FUNDS:

- Acquisition of capital assets
 - Support debt service requirements in early years of debt service in anticipation of future debt capacity becoming available
 - Seekonk currently makes lease payments from this fund with a final lease payment on equipment of \$57,252 in fiscal 2013
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GRANT FUNDS

- ▶ CHAPTER 90 HIGHWAY FUNDS
 - ▶ MSBA GRANT FUNDS FOR SCHOOL-RELATED PROJECTS
 - ▶ MWPAT CONTRACT ASSISTANCE
 - ▶ USDA GRANTS IF COMMUNITY DEMOGRAPHICS QUALIFY
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BORROWING

- ▶ REQUIRES VOTE OF TOWN MEETING
- ▶ STATE STATUTES DICTATE WHAT CONSTITUTES “BORROWABLE” PROJECTS AND REPAYMENT TERMS OF THE BORROWING
- ▶ FEDERAL TAX LAWS STATE WHETHER BORROWING IS TAX-EXEMPT OR TAXABLE AND HOW QUICKLY BORROWED FUNDS MUST BE EXPENDED TO AVOID ARBITRAGE REBATE

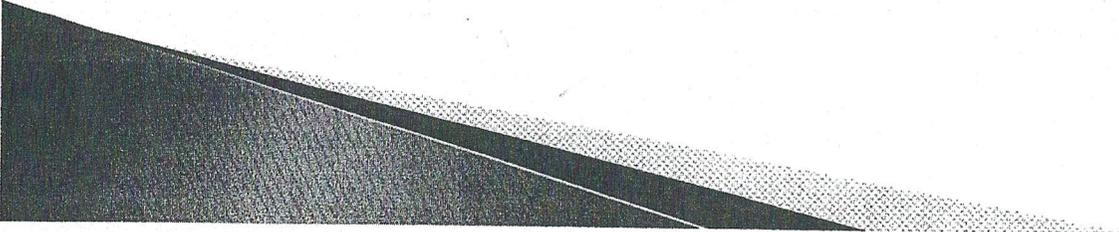


TYPES OF BORROWINGS

▶ **SHORT-TERM NOTES LESS THAN ONE YEAR IN MATURITY**

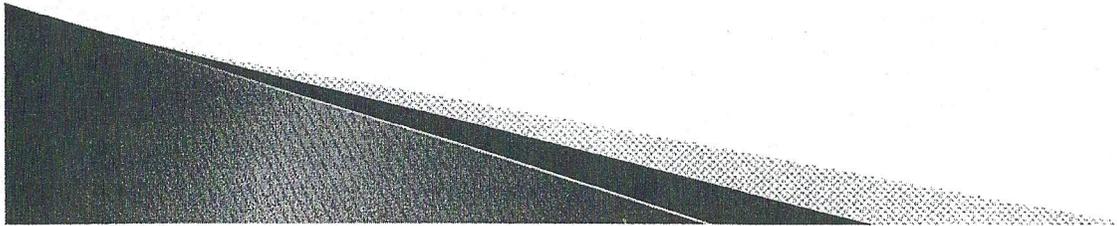
- Through the Department of Revenue Bureau of Accounts
- With disclosure, legal opinion and note rating for issues over \$2 million
- May be for capital purposes (bond anticipation note) or operational cash flow requirements (revenue anticipation note)

▶ **LONG-TERM DEBT MULTIPLE YEAR MATURITIES**

- Through the Department of Revenue Bureau of Accounts as Serial State House Loan Note (limited to 10 year max)
 - Bond issue with disclosure, legal opinion and bond rating
 - Through MWPAT for eligible projects
 - USDA loans if community demographics qualify
 - Municipal Leases
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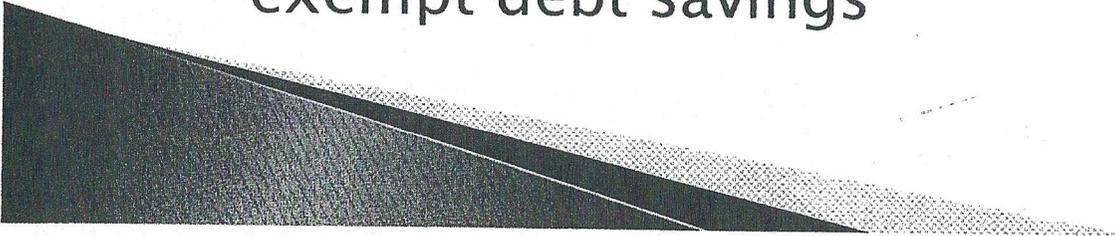
REPAYMENT SOURCES OF BORROWED FUNDS

- ▶ **LEVY LIMIT DEBT BUDGET**
 - Annual appropriations to cover debt service on short or long-term borrowings
- ▶ **DEBT EXCLUSIONS**
 - Voted at town election by majority vote
- ▶ **USER FEES FOR ENTERPRISE OPERATIONS**
 - Calculated into rate structure to cover all debt service requirements
- ▶ **DEDICATED NEW GROWTH REVENUES**
 - 40Q District Improvement Financings
- ▶ **CPA FUNDS**
 - Support debt service on qualified projects under CPA legislation



SEEKONK EXISTING OUTSTANDING DEBT REPAYMENT STRUCTURE

- ▶ MWPAT LANDFILL PROJECT WITHIN LEVY
LIMIT MATURING 2029

 - ▶ REMAINDER OF OUTSTANDING LONG-TERM
DEBT IS EXCLUDED FROM LIMITATIONS OF
PROPOSITION 2 ½
 - See attachment for outstanding projects and
amount of annual debt run-off
 - Potential for November 2012 refinancing of High
School and Martin School outstanding debt for
exempt debt savings
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PROPOSED CAPITAL PROJECTS

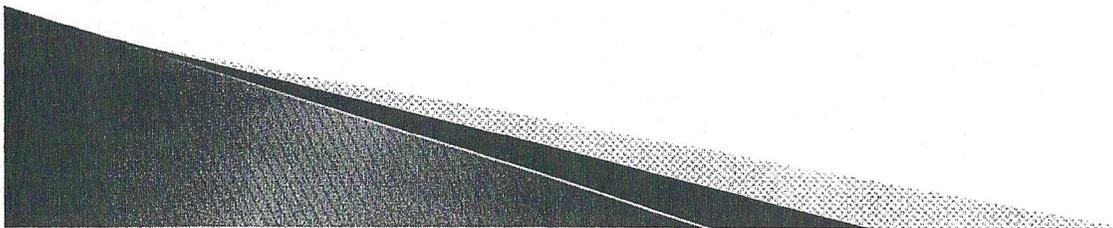
- ▶ **BANNA FIRE STATION \$775,000**
 - Authorized June 18, 2009 and excluded from limitations of Proposition 2 ½ April 8, 2010

- ▶ **SENIOR CENTER \$2,500,000**
 - Excluded from limitations of Proposition 2 ½ April 2, 2012 and expected Town Meeting vote June 2012

- ▶ **RESULT OF BUILDING EVALUATION STUDY**
 - Estimated impact over 4 year term of \$2,500,000
 - Anticipate supporting debt service from levy limit debt budget

- ▶ **IMPROVEMENTS TO ANIMAL SHELTER \$100,000**
 - Expect expenditure to be paid from free cash and not borrowed

- ▶ **SOUTH END FIRE STATION \$3,000,000**
 - Anticipate debt exclusion vote at a future town election to support debt authorized at future town meeting



FINANCING OPTIONS FOR PROPOSED CAPITAL PROJECTS

- ▶ UTILIZE EXISTING DEBT RUN-OFF FOR DEBT EXCLUDED PROJECTS TO AVOID SPIKE IN TAX IMPACT
 - ▶ UTILIZE A MIX OF SHORT AND LONG TERM FINANCING FOR LEVY LIMIT DEBT TO CREATE BUDGETARY CAPACITY FOR DEBT SERVICE
 - ▶ UTILIZE DRAWS ON MUNICIPAL CAPITAL STABILIZATION FUND IF NECESSARY TO BRIDGE IMPACT OF EARLY YEARS UNTIL ADDITIONAL CAPACITY AVAILABLE
 - ▶ UTILIZE A MIX OF LEVEL AND DECLINING DEBT SERVICE STRUCTURES
 - ▶ SEE ATTACHMENT FOR DEBT SERVICE EXPENSE OF PROPOSED CAPITAL PROJECTS
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