

The Draft 5-Year Capital Improvement Plan
July 1, 2020 – June 30, 2025
Draft Date October 4, 2019

In accordance with Article V.10 of the Yarmouth Town Charter, I am pleased to present to the Town Council a draft report on the Capital Improvement and Investment needs for the Town of Yarmouth’s municipal (non-school) affairs for the five-year period beginning July 1, 2020.

Yarmouth Town Charter, Article V. Sec. 10. Capital Program. The planning board, in consultation with the town manager and designated member(s) of the town council, shall prepare and submit to the town council, annually, a five-year capital program at least 120 days prior to the beginning of each budget year. The capital program shall contain such information as the town council may, from time to time, designate by order.

This report is organized into three major sections:

Part I: Summary Foundation for budget planning purposes.

This will be presented in tabulation form showing the prior year, proposed FY 21, and the forecast FY 22-25 appropriation or funding sources and levels for Capital Reserves and Debt Service Schedules. This summary includes a tabulation of “routine” on-going (re)investment in Yarmouth’s infrastructure and capital assets (i.e. roads, sewer, sidewalks, parks and playgrounds, buildings and grounds, trucks, vehicles and equipment, etc.) as well as the assumed debt schedules. It also lists contributions to non-lapsing reserve funds that are important obligations but not investments in “capital” assets (e.g. unemployment payments reserves, tax revaluation reserve, Housing Assistance Fund.)

Appendices for Part I are included in the report and include the funding requests from Department Heads and Committees for the various capital reserves.

Appendices are presented at the end of the report.

Part II: Current, Planned and Forecast Debt authorizations for capital projects.

The Town and School Department each have outstanding bonded indebtedness which must be covered in the annual budgeting process. In addition, in November 2019, the voters authorized \$52,000,000 in school construction bonds and \$8,500,000 in bonds for a new public safety building. There also remains

\$1,000,000 in authorized but unissued road improvement bonds. As of this drafting date, work on the major building projects is still in the pre-bid phases and so the timing and structure of those planned debt issues is not finalized. We anticipate that decisions on such timing and structure---and amortization schedules will be mostly resolved by November 2019 and this draft CIP should be updated accordingly. The selected debt payment schedules will have a very significant impact on the Part I summary and should lead to some adjustment in Capital Reserve Funding to best manage for tax rate goals and considerations.

Part III: Itemization of identified or requested capital funding needs and ideas not substantially carried in Part I or Part II.

Tax rate burdens and differing views on the appropriate functions of local government are legitimate and healthy considerations. As a consequence, not all that is identified as a need can or will be addressed within a five-year funding plan horizon. Moreover, there are many issues for which thoughtful and aspirational consideration may be needed to plan and invest for the future life, sustainability, cost efficiency and health of the community- but for which no specific strategy or conceptual investment plan has established. For example, the Town has identified affordable housing as a public concern but has not yet established a plan of action against which funding commitments might be considered. It's important for the community to plan its solutions---but also important to constantly be open to ideas, opportunities, and emerging needs. Part III is an attempt to provide such openness.

PROCESS NOTE: The Capital Improvement Plan is a “planning document” and not necessarily a funding authorization. Part I requests will form a major foundational “starting point” for the FY 21 budget request, but the Town Council and the Town Meeting may increase or decrease amounts, eliminate reserve funds, establish new ones, create new funding strategies (i.e. dedicate fees or sale of assets), or modify the debt timing, structure and amortization schedules throughout the entire deliberative process for the budget. The Council may elect to take on one of more of the Part III issues and seek to fund those as well. This draft CIP will be modified to reflect the recommendations and comments of the Planning Board prior to delivery of a final draft to the Town Council. But neither the Town Council nor the Town Meeting is committed or constrained by the CIP as it remains a planning tool, not a funding obligation.

Part I: Summary Foundation for budget planning purposes.

Five-year Funding Strategies have been developed for the following Reserves.

Primary Funding Source: Annual Budget Appropriations

- Dam Inspections and Repairs
- Road Improvements and Paving/Subset: Roadway Stripes Painting
- Sidewalk Improvements and Extensions
- Historic Building(s) Capital Maintenance (Old Meeting House)
- Town Trucks and Equipment Reserve (Excluding Schools and Fire-Rescue)
- Tax Revaluation Reserve
- Parks and Playgrounds
- Property Acquisitions
- Harbor and Waterfront Facilities
- Future Dredging
- Unemployment Reserve
- Merrill Memorial Library Building Reserve
- All other Town Buildings Reserves/Subset: Town Bridges and Boardwalks
- Matching Fund for MDOT and PACTS road projects
- Solid Waste Facility/ Subset: Stump grinding contract
- Police Equipment Reserve
- STAY Program
- Brown Tail Moth (Environmental Hazards) Reserve

Primary Funding Source: Dedicated Revenues (non-property tax sources)

- Fire-Rescue Equipment and Apparatus (EMS Fees)
- Sewer System (Sewer User Fees)
- Cousins Island Dock (80% Town of Chebeague, 20% Town of Yarmouth)
- Future Landfill Closure Liability (Punch Cards for Bulky Waste)
- Technology Reserve- (Cable TV Franchise Fee)
- Housing Assistance Fund (Cell Phone Tower fee at North Road Fire-Rescue)
- Economic Development Activities and projects- (TIF Funds)
- Impact Fees on Development- Proposed, not yet considered
- PAYT Trash Disposal Fees- Not yet implemented

MATTERS OF NOTE REGARDING THE DRAFT FY21-FY25 CIP:

Reserve Fund Deficits are forecast in the next few years in some reserve fund accounts in the following years, absent corrective strategies to be determined:

- a. **Fire Rescue Equipment**- Large Equipment purchases in FY 24, FY 25 and FY 27 are beyond the 5-year window of this CIP, but current funding commitments suggest the Town will face inadequate reserve balances at those times. Increases in appropriations, debt, or lease financing options may need to be considered.
- b. **Wastewater**- Under the current sewer fee revenue allocation formula, about 2/3rds of revenues collected are credited for property tax offsets and approx. 1/3rd is dedicated to the Wastewater Capital Reserve. But capital planning efforts reveal that costs for replacement of the Rowe School and Harbor Pump Stations in the coming years will overwhelm the Reserve balances by several million dollars. In addition, the two overflow aeration ditches at the treatment plan need concrete rehabilitation at an estimated cost of \$340,000. Increasing the dedicated share of sewer fee revenues or debt issuance may need to be considered, but some sort of debt financing will still be necessary.
- c. **Parks and Playgrounds (including Conservation/Open Space Lands)**- Maintenance and replacement expenses for Parks and Playgrounds buildings and infrastructure could also exceed the available resource capabilities in the upcoming 5-year period. In response, a gradual increase in annual appropriations to that capital reserves was initiated in FY 20 and needs to continue.
- d. In the **Town Buildings Maintenance Reserve**, the Town has added the duty to identify capital maintenance and repair needs for pedestrian and roadway bridges of less than 25 ft spans. A major expense threat for repair or replacement of the pedestrian bridge over the Royal River sluiceway (East Elm St) would have put this effort in a deficit condition but for the use of TIF funds in FY 20. The bridge funding should be segregated from the Building Maintenance Reserve and funding allocations increased. The **Davis Landing Bridge** is a highway bridge over East Main Street in structurally deficient

condition. A preliminary estimated cost of replacement is \$650,000 is pegged but the funding challenge needs to be taken on.

- e. **Radio equipment-** The CIP calls for a major replacement and upgrade to the Town's two-way radio communications for Public Safety and public works radios (including a switch to digital equipment) at a cost over \$220,000 is identified but not funded. It was originally hoped this cost might be covered by the Public Safety Building Bond, but a roughly 25% increase in construction costs in 2019 nixed that hope.
- f. **Cold Storage-** The Town is looking forward to the construction of the new public safety building on North Road in 2020/21. A cold storage building (aka garage) was planned to be part of the project but is unlikely to fit within budget scope- so this CIP call for new cold storage building next to the new police station to be built in FY 23 or FY 24 at an estimated cost of \$70,000. Cold storage for public works and transfer station needs (at the landfill) is another identified but unfunded need.
- g. **Technology-** The Town's technology equipment and platforms have been funded through the Cable TV franchise fees which have been dedicated to that purpose for a number of years. Recent and pending FCC rule changes suggest that the Town may experience a significant loss of revenue. A partial shift to annual appropriations started in FY 20 to cover desired costs associated with tv and streaming equipment for meetings and the Log Cabin. The Town's needs, costs, and reliance on technology funding will increase over time but revenue sources are expected to diminish.
- h. **Landfill closure-** The Town has intended to fund a Landfill Closure Liability Reserve for years by dedicating punch card revenue receipts to that fund. Unfortunately, other immediate capital needs for the transfer station have consistently called for those dedications to be used up. A partial shift to annual appropriations started in FY 20 to cover desired costs associated with future landfill closure and post closure monitoring obligations was started. Additional funding is included in the Solid Waste Reserve to pay for annual stump grinding. Like Bridges/Municipal Building Reserve, the Town should

consider segregating the stump grinding funds from the long-term closure funds.

- i. **Dams/Fish passage-** The Town is not planning any major capital work to the two dams on the Royal River or their related fishways- but the Town is under a threat of litigation and may be faced with forced expenditures. And, various private, state or federal grant funding opportunities (if found) are likely to require a local match to invest in securing the dams and/or improving fish passage. In FY 20 the Town Council set aside funds for non-structural repairs to the Elm Street dam. The Town is waiting with interest (but no expectations) for a study of options to be undertaken by the Corps of Engineers to see if that suggests any options acceptable to the varied community interests.
- j. **Property Acquisition Reserve-** The Town's interest in funding the Property Acquisition Reserve seldom survives the pressures to reduce the property tax burdens on citizens, and therefore remains at low balances which make even high priority strategic acquisitions very difficult. This plan repeats a prior year suggestion to establish an Impact Fee assessment on all new residential development with revenues to be dedicated to the Property Acquisition Reserve account.
- k. **Harbor and Channel Dredge-** Maintenance dredging of the Royal River is a federal responsibility but may not be a federal priority. A partial shift to annual appropriations started in FY 20 to cover a possible local share associated with future dredging and dredge materials disposal for the navigability of the Royal River channel and mooring area. Otherwise, this CIP generally continues the Town's practice in recent years of NOT funding (or only nominally funding) a reserve to help support a future maintenance dredge project for the Royal River. Rather, the Town relies (at some risk) on future funding and priority through the Army Corps of Engineers.
- l. **Athletic Fields-** The CIP recognizes but does not contribute funds for improvements to the Athletic Fields at Yarmouth High School (Bathrooms, concession, storage). That project started and continues to be a private fundraising intention.

- m. **Generators-** The Town has identified the need to install a much larger emergency generator to power the town hall during emergency power failures and to provide the citizens a warming shelter. This cost of roughly \$100,000 and is not funded. If school construction bids in late 2019 allow for inclusion of a large emergency generator, that will be a great thing. It is too soon to know if that project budget has the capacity to include a generator. New or enlarged generators are also needed for the Town Hall and the Public Works garage.
- n. **Community Center-** The community is engaged in an effort to convert the Masonic Hall (Mill St) into a community center of some sort. While it has not been established or agreed (or even requested) that the Town provide capital funding for this effort- a reasonable person might nonetheless anticipate such a request to emerge. This CIP does not address that.
- o. Other potential community and capital projects covered but not fully “funded” or planned in Part II of this CIP may include:
 - i. Senior or affordable housing efforts
 - ii. Water Quality projects
 - iii. Climate Change/Infrastructure sustainability investments
 - iv. Cyber-Security threats
 - v. Wyman Station succession planning
 - vi. Off Leash Dog Park
 - vii. Cemetery buildings and grounds
 - viii. New or expanded floats at Madeleine Point and Wharf Rd
 - ix. Future Rails-to-Trails or Rails-with-Trails projects
 - x. Public Arts Installations
 - xi. I-295 Overpass replacements Exit 15 and 17 (any local enhancements)
 - xii. Election Polling location/Increased Parking at AMVETS
 - xiii. Beth Condon Pathway Extensions
 - xiv. Main Street Master Plan Implementation
 - xv. LED Street Lighting Conversion (lease-purchase)
 - xvi. Municipal Solar project (lease-purchase, PPA)
 - xvii. Royal River Pump Station

- xviii. Harbor Pump Station
- xix. Spear Farm Barn Replacement
- xx. Authorized but unissued Road Bonds of \$1M.
- xxi. West Side Trail Improvements/Extensions
- xxii. Other projects and aspirations as may be identified in Part III.
- xxiii. Tax Revaluation- every 7-10 years (last done 2016)

**SEE APPENDIX I FOR TABLES OF CAPITAL RESERVE FUNDING PROJECTIONS WITH
SUPPORTING MATERIALS AND REQUESTS FROM TOWN STAFF, BOARDS, AND
COMMITTEES**

Part II Debt Schedules

The Town of Yarmouth and Yarmouth School Department have several outstanding bonded arrangements, each with its own amortization schedule and final maturities. In addition, the Town has \$9,500,000 in authorized but unissued debt (\$1M for Roads and \$8.5M for a new Public Safety Building). Yarmouth schools have one existing debt schedule with a final maturity in November 2022; but has an authorized but yet unissued bonding program of \$52,000,000 pending.

| <u>Yarmouth Schools</u> | <u>Final Maturity</u> | <u>Principal Balance (12/31/19)</u> |
|-------------------------|-----------------------|-------------------------------------|
|-------------------------|-----------------------|-------------------------------------|

Existing Debt Issues

| | | |
|----------------------|-------|-------------|
| 2002 School Projects | FY 22 | \$2,091,000 |
|----------------------|-------|-------------|

Authorized School Debt Not Yet Issued

| | | |
|----------------------|-------------------|-------------------------|
| 2019 School Projects | TBD (FY 40-FY 50) | \$52,000,000 authorized |
|----------------------|-------------------|-------------------------|

| <u>Town of Yarmouth</u> | <u>Final Maturity</u> | <u>Principal Balance (12/31/19)</u> |
|-------------------------|-----------------------|-------------------------------------|
|-------------------------|-----------------------|-------------------------------------|

Existing Debt Issues

| | | |
|---------------------|-------|--------------------|
| 2002 Town Hall | FY 22 | \$169,000 |
| 2009 Sewer Bonds | FY 24 | \$448,610 |
| 2013 Athletic Field | FY 25 | \$875,000 |
| 2013 Town Garage | FY 34 | \$2,375,000 |
| 2013 Library | FY 34 | \$1,400,000 |
| 2013 Knaub Refi | FY 34 | \$375,000 |
| 2018 Roads | FY 34 | <u>\$3,000,000</u> |
| | | \$8,642,610 |

Authorized Municipal Debt Not Yet Issued

| | | |
|---------------|-----|------------------------|
| Roads | TBD | \$1,000,000 authorized |
| Public Safety | TBD | \$8,500,000 authorized |

| | |
|---|---------------|
| TOTAL Existing Outstanding Bonded Indebtedness: | \$10,733,610 |
| TOTAL Additional Debt Authorized but unissued: | \$61,500,000 |
| TOTAL Existing and Authorized Debt: | \$72,233,610 |
| Legal Debt Limit (15% of State Valuation): | \$245,385,500 |

Authorized and unissued debt.

The tentative plan of financing for the \$52,000,000 in school improvements and \$8,500,000 for a Public Safety building is to use “temporary” financing or Bond Anticipation Notes (BANs) from March 2019 through April 2020 to borrow only as much as is needed to work through all the pre-development costs encountered prior to bidding and start of construction. Construction on the School buildings may begin in late 2019 if all permits fall into place and all bid results are favorable. Construction on the Public Safety Building is slated to start in April 2020. So, current planning assumes some Bond Anticipation Notes will be required for the early invoices for starting the actual construction of the schools.

In April 2020, the Town plans to issue \$52,000,000 in school construction bonds that will be used to repay the earlier BAN and all remaining construction and outfitting expenses. At that time, the Town also plans to issue \$8,500,000 for the Public Safety Building but to defer issuing the remaining \$1,000,000 in Road bond authorizations to a later year to be determined.

The Town intends to schedule the Public Safety Bonds over a 20- year maturity schedule while the Council is considering the best period to amortize the School bonds (20-30 years is being considered.) That choice will have a significant impact on tax rates for the next 20-30 years...and may influence choices on where/when other capital investments can be afforded.

Attached in the Appendices is the Existing Debt amortization schedules and two possible (model) schedules for the new debt, with implications as to future tax rate burdens. [20 and 30 Year Amortization Models]

Parts I and II of the CIP constitute the bulk of our capital program. Additional work by EDAB using TIF funds can and should also be taken into consideration. The CIP does not include the work of the Yarmouth Schools on building and equipment needs. Nor are Capital Planning and investments by and through the Yarmouth Water District, ecomaine, Riverside Cemetery, Yarmouth Historical Society, MML Trustees, Yarmouth Community Center, Maine DOT, others included. But it would be wise to continue to see all of these (and Part III aspirations) as important elements in the mix of plans to recognize and coordinate.

Potential Future Debt Needs:

Various projects have been identified in Parts I, II, and III of this Capital Improvement Plan that may require debt instruments of some kind (bonds, leases, or other forms of debt). In addition, while this capital improvement planning process attempts to look out several years to allow for responsible fiscal planning and management--- it is an ever-evolving horizon. New demands, new ideas, new understandings, new state or federal mandates, changes in the economy, environment or community will sure occur and the plan is subject to constant update, revision, and reprioritization. Nonetheless, we are prudent to try to look out a few years to spot and make preparations for known challenges. Among those likely to require debt strategies are:

- Davis Landing Bridge replacement (East Main Street over Pratt's Brook)- preliminary construction cost estimate of \$650,000.
- Harbor Pump Station Replacement (and line capacity upgrade)- preliminary construction cost estimate of \$7,121,000.
- Royal River Pump Station Replacement (and line capacity upgrade)- preliminary construction cost estimate of \$4,600,000
- Pay-As-You-Throw driven capital expenses at the transfer station- estimated cost of construction- \$800,000 (lease-purchase financing proposed)
- LED Street Lighting conversion- estimated cost of project- \$350,000 (lease-purchase financing proposed)
- Harbor and Channel Dredging (if not federally funded)- Cost not yet determined, \$2,000,000 used for discussion placeholder.
- Wastewater aeration ditches rehabilitation.
- Yarmouth Community Center (20 Mill Street): Not currently classified as a municipal project, but a private fundraising effort. Bookmark for reality check.
- Landfill closeout- Cost and dates not determined. Requires annual consideration.
- Formal Public Meeting Space/Council Chambers/Public Voting (polling station)- Not currently planned but increasingly a concern for public engagement and democratic participation practices. (perhaps 7500 sf with on-site parking for 120).
- Future Replacements of Fire Department Tower (Ladder) Truck and Engine 82- \$2.5M guesstimated total.
- Spear Farm Barn demolition and replacement
- Municipal Solar project (possible private finance on Town land "donation" with Power Purchase Agreement financing).

SEE APPENDIX II FOR DEBT SCHEDULES- CURRENT AND PROJECTED

**PART III- Requested or Identified Capital Projects and Programs not
Significantly Addressed in Parts I and II.**

This Part is intended to capture ideas and concerns that have been identified by various committees, the Town Council, Planning Board, staff, State, federal and regional entities as the general public that ought to be acknowledged and, if deemed appropriate and timely, factored into the capital plans for the Town of Yarmouth. This is not intended as an empty “wish list”, but as a reminded of work and concerns not yet undertaken. We may discover, on reflection, that some of these need to be assigned higher priority and brought forward for public discussion and to strategize Yarmouth’s response to the challenges they present.

No order of priority is suggested by the order of listing below. (Not all suggest a capital expenditure response, and not listed in any priority order):

- Drainage and landscaping improvements at Memorial Green (Town Hall)
- Sea Level rise planning and response
- Climate Action Plan
- Municipal Solar project
- Emerald Ash Borer/Asian Long-horned Beetle invasion
- Future Dredging
- Fish Passage- Royal River
- Off Leash Dog Park
- Senior Housing
- Affordable/Workforce Housing
- Municipal TV Equipment/Chambers/Applications
- Periodic Tax Revaluation
- Riverside Cemetery Vault
- Historic Preservation Programs- Village and environs
- Opioid Abuse/Addictions
- Life Safety/Rental Housing Code
- Homelessness
- Rural Character Preservation
- Public Arts

- Comprehensive Plan Update
- Traffic Management/By-Pass for the Village and Main St
- Public Meeting space (post Log Cabin)
- Wyman Station Succession Planning
- Waterfront/Economic Development Master Plan
- Cyber Security- Technology Management
- Regionalization Opportunities
- Complete Streets including Bike/Ped and ADA accessibility
- Main Street Master Plan Implementation
- Athletic Fields (sufficiency of number and condition)
- Public Works Facility (Phase II)
- Rails to Trails/Rails with Trails
- Groundwater/Aquifer protection strategies (regional)
- State and Federal and local bridge replacements
- Deep water access for the public
- Cold Storage Building-

SEE APPENDIX III FOR PUBLIC COMMENTS, SOLICITATION MEMOS AND RELATED MATERIALS.

**TOWN MANAGER'S CAUTIONARY NOTE REGARDING DEMANDS ON
OPERATIONAL BUDGETS AND STAFFING.**

Focus and planning for capital needs and investments is and has been a strength for Yarmouth for many years and should continue as it has served the Town incredibly well. The list of accomplishments and successful investments to strength the character, connection, and sustainability of Yarmouth is incredible and should be applauded and carried on indefinitely.

At the same time, the Town has not fully recognized the tremendous increase of pressures on operational and staffing capacities in the same time period. Investments of the 1950's thru the 1980's are running out their service lives and require maintenance, upkeep and updating. Hundreds of acres of new open space have been added. Huge investments have been made in Town buildings, the library, athletic fields, recycling facilities, harbor resources, Public Works Garage, the wastewater system, sidewalks and pathways, bridges and trails. Computer systems, fee systems, stormwater management and urban waters issues, and a host of social service issues as well as administrative burdens for accounting, finance, various dedicated revenue streams management, intergovernmental and regional service delivery and citizen expectations. Additionally, the town is increasingly called and required to address issues of access and affordability for residents who are seniors, or who have disabilities, differences, or face difficult financial circumstances. The combination of all these increased demands has accompanied the growth of Yarmouth and changes in both society and the roles of State and Federal governments. The Town has been both benefited and burdened by the capital investments along the way, but the resources and staffing to maintain all the capital infrastructure and address the citizen service needs has been outstripped by the cumulative growth of responsibilities.

In order to maintain and operate the capital assets of the Town, and to continue to deliver outstanding public services as we do, the Town will need to prioritize staffing and operational budgets along with capital plans. Some progress and budget increases have been made, of course, but the Town's capacity is stretched very thin in several areas including (not in any priority order):

- Human Resources and Accounting support
- Parks and Groundskeeping staff and equipment
- Highways maintenance especially winter maintenance of roads and sidewalks
- Library hours, staffing and parking
- Building Maintenance/Custodial and meetings support
- Paramedic coverage*
- TV Equipment/Camera Operations/Scheduling/Programming/Maintenance
- Police coverage/security, traffic details, speed enforcement
- Project Management/Engineering*
- Code Enforcement*
- Plan reviews and permit management
- IT Support and cyber security
- Senior/Social Services Coordination and programming*
- Town Council administrative support, communications, scheduling, record keeping*
- Solid Waste/Recycling system labor and public education support
- Insurance, Risk Management, Workplace Safety and Employee training compliance

*Small forward steps taken in last two years.