

Town of Franklin

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OFFICE OF THE TOWN ADMINISTRATOR

Memorandum

January 6, 2023

To: Finance Committee
From: Jamie Hellen, Town Administrator

Re: FY23 Capital Plan Proposal

Please find the attached Capital Plan for FY23, as well as the five-year capital plan from each department as required by the Town Charter. Included with this memo is a sheet with the 20-year free cash history. The average is \$3.26 million over the past ten years and \$2.75 Million over the past 20 years. FY22 an unusually large year in excess, unspent revenue due to the continued adaptation around symptoms from the pandemic.

From the certified total, there are several policy commitments that eat into the total right off the bat, most notably contributions to stabilization accounts (per town policy) as well as the usual recommendation from staff to hold revenue for annual snow and ice removal. See narrative below for more specifics.

These recommendations are Round 1 of the FY23 Capital program. Once we know the final totals of the winter costs for snow removal, if there are remaining funds, staff will propose a "Round 2" Capital later in April. Traditionally we have used this excess to fund road and infrastructure projects.

The following is an overview of certified free cash status for FY23:

<u>Town Policies</u>	<u>Amounts</u>
CERTIFIED FREE CASH TOTAL	\$4,322,269
Snow and ice removal/infrastructure	-\$750,000
OPEB Trust fund; per Council policy 10% of Free Cash	-\$432,000
Fire Truck Stabilization (7-year plan)	-\$100,000
Fields Stabilization (Replace in 2027-ish)	-\$150,000
Open Space Stabilization	\$0
Budget Stabilization	-1,000,000
Property, Projects and Facilities Stabilization	\$0
Remaining Free Cash for Capital Requests	\$1,890,269

Town Policy Requests

1. **Snow & Ice Removal - \$750,000 HOLD**
 - a. Each year the Town reserves funds for snow and ice removal until April when we see the full costs of the winter. We set these funds aside due to quickly rising snow and ice removal costs.
 - b. Current Snow and Ice budget operating budget appropriations stands at \$1,056,500, our five-year average.
 - c. **NOTE:** I am still a couple months away from publishing an early FY24 budget framework, but with approximately \$950,000 of stormwater services coming OFF the operating budget and installed in the new Stormwater Utility budget, I will likely propose adding in \$950,000 in snow and ice removal costs, traffic calming and roadwork to the operating budget. This will assist in freeing up approximately \$750,000 in free cash for other capital work and projects.

2. **OPEB Contribution - \$432,000**
 - a. \$432,000 of 10% of the overall certified free cash, will be deposited into the OPEB Trust. This is consistent with Town Council policy to set aside this amount annually.
 - b. An update of the OPEB actuarial that has recently been completed and shows a \$69.6 million net liability. A presentation was given on March 2nd, 2022 at a Council meeting.
 - c. The OPEB Trust Fund currently has \$10,604,382.

3. **Fire Truck Stabilization Contribution - \$100,000**
 - a. Reinstating town policy of \$100,000 from Free cash to the truck stabilization account.
 - b. The stabilization account currently has \$16,563.

4. **Recreation Fields Stabilization Contribution - \$150,000**
 - a. This amount will continue to set aside enough funds in the stabilization account to be prepared for the full cost of implementing new fields at the High School/Track and Beaver Street in approximately 2027. Estimated costs will be around \$2 million.
 - b. The stabilization account currently has \$774,695.

5. **Budget Stabilization Account - \$1,000,000**
 - a. Supporting this deposit increases the Budget Stabilization Fund to \$2,017,340. Commitment to stabilization balances and increasing reserves is clearly one driving reason behind the AAA bond rating.

6. **Property, Projects and Facilities Stabilization Account – \$0**
 - a. As usual, there are too many requests for Facilities projects in both the school and town to justify a deposit into the stabilization account.
 - b. The stabilization account currently has \$285,269.

7. **Open Space Stabilization - \$0**
 - a. With the adoption of Community Preservation, the Town has other funding sources for open space. The Town has secured 200 acres of open space in the past 18 months, which represents about 35-40% of annual CPA revenue.
 - b. The Open Space Stabilization account currently has \$2,505,171.

Department Requests

8. School Department, School Facilities - \$480,000

- a. PK-Grade 5 English/Language Curriculum Materials - \$325,000
Curriculum needed as a result of a recent Literacy Audit. The Schools are currently using materials that are outdated, inconsistent between buildings and materials that do not meet the instructional needs of students or best practices for literacy instruction.
- b. Replace Teacher laptops - \$75,000
Replace Teacher laptops that will be 4 years old at the start of the 2023-2024 school year. This is a high priority as this technology at FHS is approaching 4 years and this will purchase approximately 60 units at \$1,250 a piece.
- c. Remington-Jefferson and Keller-Sullivan Security - \$80,000
Creating locked person traps at Remington Jefferson and Keller Sullivan schools. These are the final two schools to do this work and will ensure all Franklin Schools have the locked person traps.

9. Facilities Department (Town Projects) - \$139,000

- a. Davis-Thayer Clean out & market appraisal - \$50,000
To hire movers to help organize furniture inside the school and help move out leftover materials in Davis-Thayer. The Town will also hire an appraiser to conduct a market analysis of the value of the property.
- b. Senior Center Van - \$89,000
To purchase a van for the senior center to host field trips and medical appointments. Please note the van will take time to order and will likely not be staffed until late FY24 or FY25. This purchase also adds to the Town's insurance, liability, full-time staff. However, in my four months at the Center during the leadership transition, this was clearly one of the biggest priorities for the seniors.

10. Technology Department (Town Projects) - \$20,500

- a. Police Station Wi-Fi Replacement - \$5,500
The Police Department currently has non-enterprise Wifi. This upgrade will bring them into the wifi system that the rest of the Town uses and simplify management and support
- b. UPS Replacement at Municipal Building - \$15,000
Uninterruptible Power Supply (UPS) It's the big, smart Battery that carries the servers when the power goes out long enough for them to shut down gracefully so we don't corrupt data by just powering them off. Right now we have less than 16 minutes of run time. Trying to get to about 40-45 minutes. This will protect us from intermittent, brief power outages and hopefully avoid a shutdown altogether. Note: The Town applied for community Compact Grant for this as well but if the money doesn't come in we will still need these replaced

11. Town Administrator & Building Commissioner - \$120,000

- a. Sealers and Weights & Measures equipment - \$40,000
To pay for the (used) vehicle and equipment required under the law to conduct Sealers of Weights & Measures work. As described when the Building Commissioner was appointed to

the position, the Commonwealth recently decided to halt performing this service for cities and towns over 20,000.

b. Schmidt's Farm Home Demolition - \$80,000

To pay for the demolition and tear down of the Schmidt home once the home is turned over to the Town September 2023. The demolition will be an extensive process and includes money to tear down the house, as well as doing the legally required plans for asbestos, pests, and proper disposal of the materials. I also anticipate the Quonset Hut will be demolished and removed. Eventually, it is my hope to restore the Barn with CPC funds.

12. Fire Department - \$379,199

a. Structural Firefighter Clothing- \$63,250

These funds are being requested to replace the protective clothing that firefighters wear to protect themselves during structural firefighting operations. This continual replacement process is necessary as the outside (shell) material, while resistant to heat, degrades over time due to this heat exposure as well as to the ultraviolet rays of the sun. This degradation, combined with normal wear and tear of the garments, weakens the fabric's ability to provide reliable protection for firefighters. While these garments are anticipated to last about ten years, it is necessary for firefighters to have two complete sets, so that one set can be thoroughly cleaned, while keeping that firefighter in service. The requested funds will allow the department to purchase the full protective ensemble for ten (10) firefighters.

b. Portable Radios - \$161,725

The current radios utilized by the department have reached the recommended lifespan for such equipment and are in need of replacement. We have found that the current radios are already having more transmission/reception problems than acceptable and beginning to require increasingly expensive repairs. In addition, these newer radios will dramatically increase interoperability with surrounding departments and will leverage more of the safety technology that is present in our SCBA units. The intent with this request is to fund year two (2) of a four (4) year upgrade program.

c. Four (4) Combustible Gas Meters - \$26,124

The current meters have been in service for seven (7) years and are beginning to malfunction, such that per unit maintenance costs are approaching the cost of a replacement meter. Of the seven (7) meters that were purchased in 2016, only four (4) remain in service. In an assessment of how we deploy our meters, we have determined that four (4) meters should be sufficient for the first-due apparatus. These are pieces of equipment that are used almost daily for any incidents that require atmospheric monitoring, such as calls for smoke/carbon monoxide/odors in structures and for air monitoring at fires and hazardous materials incidents.

d. Gaumard HAL ALS Simulator - \$52,683

The HAL® ALS Simulator Mannequin is a wireless, computer-controlled full-body patient simulation solution designed for immersive emergency response and advanced life support simulation-based training. HAL offers participants the opportunity to practice hands-on, using real equipment and in real environments to improve knowledge, skills, and teamwork. The purchase of this simulator mannequin would give us the opportunity to set up an EMS simulator lab, such that our paramedics would be able to practice high risk - low frequency advanced life support (ALS) skills in a realistic environment such as in the field or the back of an ambulance. In addition, this mannequin would allow us to meet the hands-on skills

training requirements that are mandated as part of each paramedic's biennial recertification process.

e. EMS Command Vehicle - \$67,517

This year we are requesting funds to replace the vehicle used by the EMS officer position. The current vehicle is a 2011 model year Ford Taurus with 80,000 miles on the odometer. The current vehicle is beginning to show its age mechanically, based upon mileage and engine idle hours, and electrically is incapable of handling the electrical needs that we require. The replacement vehicle would be a marked four-wheel drive SUV, which would allow the EMS officer the ability to carry extended EMS supplies, such as would be needed to respond to multi-casualty incidents (MCIs), additional communications equipment, and have the ability to act as a Mobile Command Vehicle during extended fire or EMS incidents.

f. Two (2) Holmatro Mini Cutters - \$7,900

The purchase of these mini cutters would complement the sets of vehicle extrication tools that we currently use. They are small, cordless units that are designed to get into spaces where normal extrication tools will not fit. At only twenty (20) inches long and ten (10) pounds, these cutters are one-quarter (1/4) the size of normal extrication tools, which allows their use in confined spaces and in close quarters to trapped victims. The request for two (2) units is so that a mini-cutter would be available on the first-due engine in each district.

13. Police Department - \$399,788

a. Police Vehicles Replacement - \$338,349

The department is requesting funds to replace five (5) police vehicles consistent with our vehicle replacement policy. The selected vehicles are scheduled to be rotated out of service by recommendation of DPW mechanics and fleet managers based on age, mileage and projected future maintenance costs.

b. Electronic Control Weapons (Tasers) - \$14,603

The Department is in year four (4) of the Axon Enterprise Taser 60 - 5 year purchase plan. This plan allowed the purchase of 46 units simultaneously while spreading the cost of replacements over a five year period.

c. Protective Body Armor - \$16,896

To replace thirteen (13) concealable soft body armor vests worn by officers that have met or exceeded the five year operational cycle and warranty status.

d. Message/Speed Enforcement Trailer - \$21,250

The department is seeking funding to purchase a message / speed enforcement trailer to add to our current fleet of trailers (2). These trailers are regularly requested and deployed after receiving resident complaints pertaining to speeding issues. The message boards are requested regularly by several town departments to display notices to the residents (DPW, Recreation, School, Downtown partnership, etc.).

e. Technology Investments - \$8,690

The department needs to replace technology and office related equipment. Eight (8) desktop computers that were originally purchased in 2015-2016 are in need of replacement. The desktops we will purchase meet the Information Technology Departments replacement guidelines and the IT department was consulted prior to this request.

14. Public Works - \$390,000

a. Vehicles & Equipment- \$390,000

This request is to purchase the following vehicles (in order of priority to the DPW):

- 6-Wheel Truck with Sander and Plow - \$245,000
H-38 1999 GMC sander is no longer in our fleet and has been auctioned off as it would not pass inspection due to a rotting frame. We would like to replace this truck to provide plowing, salting and daily work services throughout the year.
- 10-wheel Dump Truck - \$75,000 (from Free Cash)
W31 2000 Mac 10 Wheel Dump to be traded in and replaced with new 10 Wheel Dump, Plow and Wing Plow Setup. \$250,000 total cost to be split with Water (30%), Sewer (20%), Highway (30%), Stormwater (20%).
- 1-ton Dump Truck - \$70,000
The H-39 F350 1-Ton was never approved for replacement. This truck was auctioned off last year as it was unsafe to drive due to severe frame rot. The truck would not pass inspection. We would like to replace this dump truck with a 1-Ton dump truck with a 9' plow. This truck was assigned to a plow route in the past and we would like to get it back into the snow plowing rotation. This truck would also be used by the Highway & Parks dept. daily tasks.

FY23 requests **not recommended at this time:**

- See DPW Capital Fleet Schedule.

15. Water Enterprise Funds - \$1,109,500

The following recommendations comply with the Town's policy to maintain at least \$1 million in retained earnings for emergency purposes. The Town staff recommend maintaining a \$1.5 million in retained earnings in the stabilization utility due to inflation, less federal stimulus money and to ensure the best customer service during these adapting times. While \$1 million is our policy, we think it's wise to save a little extra in the event of an emergency.

Under this guidance, the Town is recommending to invest \$1.23 in capital water system projects this year. The recommendations are as follows:

a. Fisher Street WTP Upgrade Feasibility Study - \$934,500

Replace the existing Fisher Street WTP membrane cartridge system before the estimated end of cartridge life (2024) which could lead to WTP failure/loss of services. To improve the system reliability and WTP safety of operations. Demolition of the existing membrane system, WTP building modifications and installation of a new pressurized media filtration system for iron and manganese removal, similar to the system in the Grove Street Water Treatment Plant. Consistent and reliable treatment to reduce iron and manganese for Well Nos. 1, 2, 2a, and 2b as well as to provide for safer operating conditions and wide availability of spare parts. Consistency between the existing Grove Street WTP and the improved Fisher Street WTP will also provide operational familiarity and opportunities for optimized equipment maintenance.

- b. Vehicles - \$75,000
W31 2000 Mac 10 Wheel Dump to be traded in and replaced with new 10 Wheel Dump, Plow and Wing Plow Setup. \$250,000 total cost to be split with Water (30%), Sewer (20%), DPW (30% via free cash), Stormwater (20% in the FY24 Stormwater utility budget).
- c. Infrastructure & System Repairs - \$50,000
Replacement of water main sections prone to leaks. Also, includes funding to start a Valve Exercising and Replacement Program throughout Town.
- d. Meter Replacement - \$50,000
The Franklin Water system includes over 10,000 water meters, all of which act as cash registers for the water and sewer department. AWWA recommends that water meters be replaced every 10-15 years. As meters age, their accuracy decreases, generally in favor of the customer. Therefore, we would like to continue our 20 year meter replacement program.

16. Sewer Enterprise Funds - \$935,000

The following recommendations comply with the Town's policy to maintain at least \$1 million in retained earnings for emergency purposes. The Town staff recommend maintaining a \$1.237 million in retained earnings in the stabilization utility due to inflation, less federal stimulus money and to ensure the best customer service during these adapting times. While \$1 million is our policy, we think it's wise to save a little extra in the event of an emergency.

Under this guidance, the Town will invest \$935,000 in capital projects this year. The recommendations are as follows:

- a. Sewer Ejector Station Equipment Replacement - \$125,000
Replacement of Sewer Ejector Pots that are over 30 years old and the steel pots are rotting causing leaks at Monterey, Dawn Marie, and Ainsley Sewer Pump Stations.
- b. Phase V1 Sewer Rehabilitation Construction - Part 2 - \$500,000
Part 2 of Phase 6 Sanitary Sewer Rehabilitation includes rehabilitation of approximately 7,000 LF of sanitary sewer pipe by cured-in-place pipe lining and cured-in-place spot repairs throughout the Beaver Street Interceptor sewershed. Continue efforts to remove I&I from the sewer system, while repairing the structural integrity of older pipes in the system.
- c. Equipment & Vehicles - \$110,000
 - Replace Dawn Marie Generator Replacement (current generator is from 1988) - \$60,000
 - W31 2000 Mac 10 Wheel Dump to be traded in and replaced with new 10 Wheel Dump, Plow and Wing Plow Setup. \$250,000 total cost to be split with Water (30%), Sewer (20%), DPW (30%), Stormwater (20% in the FY24 utility budget).
- d. Sewer Pump Station Improvements Phase II - \$200,000
Replacement of aging pumps, motors, and drives with current technology to prevent interruptions to sewer service. Replace obsolete pump control and level systems to prevent sewer overflows at Grove No. 1 & Grove 2 Sewer Lift Stations and 7 other sewer pump station locations.

Capital FY24 and Beyond

Overall, with interest rates high, inflation, unreliable delivery, supply chain problems and the high costs of goods, services and labor, the Town needs to be conscientious it is on a stable balance of investment with economic ability to pay.

A reminder, the Beaver Street Interceptor will require a sewer rate increase to pay for it. The Town is also beginning its 20-year implementation of stormwater in July 2023. These are cost increases the taxpayers will need to pay for and the increases will begin in FY24 and FY25.

In addition to the needs within each departments' 5 or 10-year capital plans, here is a list of other capital projects over the next five to ten years (in no particular order):

- Ladder Truck - \$2 million
 - In 2-3 years, the Fire Chief is suggesting the Ladder will need to be replaced at a near \$2 million cost. This is a substantial issue we will need to address quickly.
 - Ordering a ladder can take from 18-36 months at this point.
- Pavement & Infrastructure Management - \$40 million-plus.
 - Recent plans on roads and parking lots showed a \$40+ million backlog for roads and municipal and school parking lots.
 - Sidewalks are \$100-\$120/foot. Millions per sidewalk for large feeder roads.
 - FY24 should see a new Pavement Management Plan develop to reflect pandemic related market costs.
- Police Station study and renovation - Estimate \$30 million-plus.
 - For renovation & expansion of the current station; this estimate does not include any new land if a new site is desired. If so, add another \$2-\$4 million.
 - A new Police Station will likely require a debt exclusion vote at the ballot by citizens in the community.
 - A Police Station Building Committee will be considered by the Council in 2023.
- Tri-County School Renovation and Expansion - \$300-plus million (MSBA reimbursable)
 - Tri-County Superintendent Karen McGuire will present at the February 1, 2023.
 - It is expected to cost over \$300 million to construct a new school. Approximately half would be reimbursable by the MSBA. But the remaining 13 communities will bear the remaining cost.
 - The town has no formal plan yet on how to finance its portion. A ballot vote could possibly be the only appropriate method.
- Landfill cap and Recycling Center expansion - \$5 million, approximately.
 - The state Environmental Bond Bill has \$1 million reserved authorization.
 - This project can commence after the Town completes the required mitigation work on the SNETT for the transfer of local and state property. When those land transfers are complete, the Town can engage on a Solid Waste Master Plan. At the conclusion of that plan, a new recycling center can be designed.
- General Facilities, Technology, public infrastructure, school curriculum, schools facilities, green investments and recreation parks and playgrounds will all require consistent investments for the foreseeable future.

Glossary

What is Free Cash?

Free Cash (Also Budgetary Fund Balance) is defined as “remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Important: free cash is not available for appropriation until certified by the Director of Accounts. (See Available Funds)”

The state Department of Local Services has a [glossary on municipal finance terms](#).

You may also visit the [Town of Franklin's Budget website](#) for more.

<https://www.franklinma.gov/town-budget>

TOWN OF FRANKLIN					
20 YEAR FREE CASH / RETAINED EARNINGS HISTORY					
Certified	General Fund	Water Enterprise	Sewer Enterprise	Solid Waste Enterprise	Total
7/1/2003	1,586,454				1,586,454
7/1/2004	2,707,379				2,707,379
7/1/2005	2,104,083				2,104,083
7/1/2006	656,535	2,176,995	2,864,197	183,451	5,881,178
7/1/2007	1,858,230	1,647,411	2,561,047	61,500	6,128,188
7/1/2008	2,328,614	2,460,244	3,345,138	122,289	8,256,285
7/1/2009	2,385,242	1,554,884	1,343,434	351,058	5,634,618
7/1/2010	2,133,006	2,384,106	1,282,996	382,606	6,182,714
7/1/2011	2,935,840	2,030,319	1,386,149	624,111	6,976,419
7/1/2012	3,580,481	3,045,246	862,396	331,426	7,819,549
7/1/2013	2,001,830	4,275,163	1,359,927	383,173	8,020,093
7/1/2014	3,073,946	2,693,223	1,500,456	432,094	7,699,719
7/1/2015	2,359,365	2,348,202	2,673,720	396,933	7,778,220
7/1/2016	3,643,541	2,391,123	1,560,327	379,567	7,974,558
7/1/2017	2,821,988	2,481,336	904,612	380,888	6,588,824
7/1/2018	3,726,972	2,809,777	1,470,260	319,625	8,326,634
7/1/2019	3,482,875	2,754,056	1,404,544	285,807	7,927,282
7/1/2020	2,730,757	3,429,103	1,491,152	298,505	7,949,517
7/1/2021	4,470,514	3,622,117	2,168,606	548,721	10,809,958
7/1/2022	4,322,269	2,730,677	2,172,601	980,427	10,205,974