



CITY OF NEW BEDFORD
JONATHAN F. MITCHELL, MAYOR

December 6, 2018

City Council President Linda M. Morad and
Honorable Members of the City Council
133 William Street
New Bedford, MA 02740

Dear Council President Morad and Honorable Members of the City Council:

I am submitting for your consideration the attached bond allocation totaling \$3,975,000, which constitutes the next round of projects for the FY 2019-2023 Capital Improvement Program (CIP). Much like previous capital funding rounds, these projects are intended to continue essential renovation and repair efforts while also designating local funding to supplement state aid for much-needed road and sidewalk repairs. Additional projects assigned to the CIP, such as the acquisition of fire apparatus and the Buttonwood Dam and Public Safety Radio system projects, are submitted under separate cover.

The City's capital program was initiated in FY 2014 as a roadmap for the City's long-range capital needs, and the City Council has approved rounds of projects included in the plan on an annual basis. The CIP has guided the City in financing much-needed renovations to the City's schools, libraries, public safety facilities, senior centers, City Hall, the Hillman Street complex, Buttonwood Park Zoo, the Zeiterion theatre and the Art Museum. In addition, the CIP has laid the plan for funding the new Taylor and Jacobs schools, and to implement long-needed repairs at several of the City's elementary schools.

Our utilization of a five-year CIP has been a key component in our efforts to demonstrate responsible fiscal management to rating agencies and investors, and was cited as a factor in our achieving a AA- bond rating in 2014, as well as the recent rating from Standard & Poor's, which affirmed the City's AA- status. The CFO updates the CIP annually in light of funding opportunities and input from other department heads.


The CIP totals \$90.4 million from FY 2019 through 2023. Of this amount, \$15.5 million would be allocated for capital asset preservation projects for public safety, road repairs, public use buildings and other government facilities, and approximately \$7.4 million would be allocated for ongoing replacement of capital vehicles and general fleet replenishment. \$43.3 million would be allocated for major renovations and replacements at general government facilities, while \$24.1 million would be allocated for school projects.

The CIP will be funded by a combination of general obligation debt, Free Cash, grants for facilities projects, and lease purchases for capital vehicle purchases. The program is designed to work within the City's existing debt profile as much as possible, thereby minimizing the impact on ongoing debt service requirements.

New Bedford City Council
Page 2
FY 2019-2023 Capital Improvement Program

Thank you for your consideration of this proposal, and I look forward to the discussion ahead.

Sincerely,



Jon Mitchell
Mayor



CITY OF NEW BEDFORD

CITY COUNCIL

December 13, 2018

ORDERED: That the City appropriates \$3,975,000 for the purpose of making critically-needed repairs to City-owned buildings including, but not limited to, projects for the repair and renovation of public safety facilities, recreational facilities, general office space, and roads and infrastructure and all costs incidental and related thereto. To meet this appropriation, the Treasurer, with approval of the Mayor, is authorized to borrow said sum of money, pursuant to M.G.L. Chapter 44, Section 7(3A), or any other enabling authority.

FURTHER ORDERED, That the Treasurer is authorized to file an application with the appropriate officials of The Commonwealth of Massachusetts ("Commonwealth") to qualify under Chapter 44A of the General Laws any and all bonds of the City authorized by this Order, and to provide such information and execute such documents as such officials of the Commonwealth may require in connection therewith.

FY 2019-2023 Capital Improvement Program
City of New Bedford, Massachusetts

Background

The City develops a five-year capital improvement program (CIP) to coordinate community planning, financial capacity and physical development requirements. A complete CIP facilitates coordination between capital needs and the operating budget, enhances the City's credit rating, and provides a mechanism to more effectively incorporate capital decisions into ongoing fiscal planning.

Forecasting the City's highest priority capital projects over a multi-year period provides a roadmap for facility improvement and vehicle replacement needs. The initial version of the CIP covered the five years from FY 2014 through FY 2018, and the plan has been updated annually as projects have been further refined and updated.

Projects are first identified through the biennial Capital Needs Assessment (CNA), submitted by City agencies and the School Department, which helps identify those projects, based on service needs, physical condition and usage requirements that should be considered for funding consideration in the CIP. The CIP helps to prioritize agencies' requests in relation to demonstrated need and the availability of funding.

The CIP provides a financing plan to meet the City's facility and equipment needs, taking into account the impact of construction costs on the City's debt load, as well as the potential effect of project costs on the annual operating budget. Potential projects are evaluated in relation to each other to ensure that the highest priority projects receive public funding, with essential improvements planned in a manner commensurate with the City's ability to pay. The CIP is funded annually through a capital improvement bond authorized by the City Council, and through project-specific authorizations, grants and lease agreements.

Capital Improvement Plan Summary

The Capital Improvement Program covers General Fund-supported projects from FY 2019 through 2023, and totals \$90.4 million. Of this amount, \$15.5 million would be allocated for capital asset preservation projects for public safety, road repairs, public use buildings and other government facilities, and approximately \$7.4 million would be allocated for ongoing replacement of capital vehicles and general fleet replenishment. \$43.3 million would be allocated for major renovations and/or replacements at general government facilities, while \$24.1 million would be allocated for school projects.

What follows is a summary of the projects proposed to be funded in this year's capital improvement bond, projects proposed to be funded through Free Cash allocations in FY 2019, and a summary of the projects that would be addressed in the CIP's later years.

FY 2019 Capital Improvement Bond

The FY 2019 bond, which totals \$3,975,000, consists of the following seven projects:

- **Police Headquarters Renovations (\$375,000):** This project would continue work at the Police Department headquarters to provide adequate and secure evidence storage behind the new sally port. The current storage facility is insufficient for the volume of evidence in custody.
- **Hillman Complex Continuation (\$500,000):** This project would continue renovations to the Hillman Complex to complete refurbishments to Building 9, including electrical, plumbing and HVAC renovations as well as interior fit-out. Upon completion, the facility will house the Council on Aging, portions of the Department of Community Services and various School Department activities.
- **City Hall Deferred Maintenance (\$350,000):** This project would continue renovations to City Hall by providing initial funding for renovations to interior spaces, including the Council chambers and the 3rd floor restrooms, and to continue exterior renovations such as the courtyard-facing windows and gutters.
- **Merchant Mariners' Memorial Walkway (\$200,000):** This project would replace the roughly 1,600 feet of existing railing on the Merchant Mariner Memorial Walk Way at Fort Taber. The current railing, installed over fifteen years ago, is at the end of its normal lifecycle and has deteriorated from extended exposure to the outdoor elements. Several sections of the railing have fallen into the ocean and the city has utilized old sections of railing from other locations to use in these gaps; other sections of the railing are bowed and distorted. Public safety is the primary objective of this replacement project, as the pier is heavily trafficked by pedestrians enjoying the park, beach-goers, and fishermen.
- **High School Renovations (\$250,000):** This project would continue renovations at New Bedford High School to provide for removal and replacement of aged fencing across the campus, removal of damaged tennis courts which were previously replaced, reconfiguration of existing athletic fields to improve functionality, and to maximize the use of fields and grounds by sports teams and the high school marching band. These renovations are ineligible for reimbursement by the Massachusetts School Building Authority.
- **Zoo Deferred Maintenance (\$700,000):** This project would fund lifecycle repairs at the Buttonwood Park Zoo. Activities would include repair and replacement of doors, HVAC upgrades, concrete repairs and roof replacements. In addition, the project would include the installation of generators at key locations.
- **Roads & Infrastructure (\$1,600,000):** The Capital Improvement Program includes an ongoing infrastructure program intended to augment State-funded and utility-related improvements to roads and sidewalks. Work is assigned based on conditions as assessed

through the City's pavement management program. This program was initiated in FY 2017 and is proposed to continue throughout the five-year planning period.

Due to their grant-reimbursement structure, the annual capital bond does not include authorization for MSBA or other state-funded capital projects. The City Council approved a loan order to fund design for repairs to the Parker and Trinity schools in August 2018. A request to fund construction is anticipated before the end of FY 2019.

Free Cash Projects

In addition to projects proposed for the capital bond, the Capital Improvement Program includes several projects that will be proposed to be funded through an appropriation of the City's certified Free Cash. These cash-funded projects consist of the following:

- **Central Garage Design (\$235,000):** This project would initiate design for the repair and renovation of the fleet maintenance facility located at City Yard. Funding for construction would be requested in FY 2020.
- **Congdon Lucas House (\$175,000):** This project would begin renovations to the Congdon Lucas House, located on the grounds of Hazelwood Park in the South End. The historic structure was originally constructed in 1840 as the homestead for a rural estate. The property has experienced significant deterioration and requires immediate repair. The requested Free Cash appropriation would provide funding for building stabilization to ensure structural stability.
- **Sassaquin Pond Water Quality (\$300,000):** This project would continue stormwater upgrades intended to improve water quality in Sassaquin pond. Sassaquin Pond does not have natural drainage and there is only one small outlet, so contaminants can be effectively trapped within the pond.
- **West Beach Bathhouse (\$125,000):** This project would continue renovations to the West Beach Bathhouse. Funding was included in the FY 2018 capital bond for exterior improvements; the proposed Free Cash appropriation would renovate the interior of the building to allow for recreational boat rentals.
- **Core Server Replacement (\$150,000):** This project would replace one of the City's data storage systems, which hold the real time data generated from the City's business application servers. The device designated for replacement, which was installed in 2008, is nearing end of life and will no longer receive manufacturer support.

The CIP also assumes that appropriations for several additional projects will be submitted for City Council consideration during FY 2019. These projects include the Buttonwood Pond Restoration, South Public Safety Center and the Public Safety Communications system projects, all of which are discussed in the following pages.

The Capital Improvement Program does not include Free Cash items that are not considered part of the City's capital inventory. Items that have been proposed at the date of publication, but which are not included in the CIP, address the replacement of police patrol vehicles and portable staging for public events.

FY 2019-2023 Project Descriptions

The Capital Improvement Program includes 19 projects during the five-year planning period. The following section provides a brief description of each project by category. The complete CIP may be found at the end of this discussion.

General Government Renovations & Replacements

- **Hillman Street Complex Renovations (FY 2019, 2021 & 2022, \$1,750,000):** This project continues renovations begun in FY 2014 to the Hillman Street Complex. Activities would include renovation of Building 9, which serves as annex office space, repointing of the exterior walls, and replacement of deteriorated brickwork.
- **Zeiterion Theater Repairs (FY 2023, \$2,000,000):** This project serves as a placeholder for the renovation of the 2nd floor of the Zeiterion Theater. Efforts will be made to obtain outside funding for the project.
- **Agnes Braz Accessibility Improvements (FY 2021, \$1,200,000):** This project would implement accessibility improvements at the Agnes Braz building located on Coggeshall Street. Activities would include installation of wheelchair access ramps and an elevator.
- **Zoo Renovations (FY 2019-2023, \$4,367,000):** This project would continue renovations at the Buttonwood Park Zoo. FY 2019 funding would fund lifecycle repairs, including door, window, rail and tile replacements, roof repairs and replacements, and generator installations at various locations on the existing campus. Future years would provide for improvements to existing exhibits and educational facilities.
- **Fleet Maintenance Improvements (FY 2019-2020, \$2,485,000):** This project would provide for the development of an integrated fleet management solution for City vehicles. Initial funding in FY 2019 would consist of a Free Cash allocation to provide for design of renovations and expansion to the existing facility at City Yard, with construction anticipated for FY 2020.
- **Buttonwood Pond Restoration (FY 2019-2021, \$6,800,000):** This project would restore the pond at Buttonwood Park. The pond is created by a dam, originally constructed in 1902, whose failure results in periodic flooding downstream in the park. The state's Office of Dam Safety has deemed this dam a significant hazard dam in poor condition and has requested that the City make structural repairs. The project scope would include reconstruction of the dam, dredging of the pond, and cleanup of the area resulting in enhanced recreational use, permit compliance, and public safety.

- **South End Public Safety Center (FY 2019, \$17,000,000):** Initial funding for a feasibility study and preliminary design of an integrated public safety center to provide fire, EMS and police services currently provided by Fire Stations 6 & 11, and Police Station 2 was included in the FY 2016 Capital Improvement Bond. Consistent with the recommendations of the FACETS study, these outdated facilities would require extensive capital expenditures well in excess of the cost of a single consolidated facility in order to bring them into compliance with modern standards. The CIP also assumes that appropriations for several additional projects will be submitted for City Council consideration during FY 2019. These projects include the Buttonwood Pond Restoration, South Public Safety Center and the Public Safety Communications system projects, all of which are discussed in the following pages. The City Council approved a second appropriation in FY 2018 to fund land acquisition and full design, and the City has acquired the former church site at Brock Avenue and Ruth Street as the anticipated location for the new facility. Funding in FY 2019 would provide for construction.
- **Public Safety Communications System (FY 2019-2022, \$7,662,000):** This project would provide for the replacement of the City's public safety communications system, which is utilized by the three public safety agencies (Police, Fire and EMS) to dispatch and manage emergency response. The current system, which dates to the mid-1990s, is obsolete and in need of replacement. The project will also address regulatory changes which are requiring public safety agencies nationwide to migrate to a new set of frequencies.

School Renovations & Replacements

Projects in this category represent major capital improvement needs for the School Department. The City makes use of construction grants from the Massachusetts School Building Authority (MSBA), when available. The costs reflected in the CIP represent the amounts to be locally financed.

- **Schools Deferred Maintenance (FY 2019-2022, \$1,035,000):** This project would provide for renovations to School Department facilities that would not be eligible for reimbursement from the State. Funding in the FY 2019 capital bond will be utilized to continue renovations at New Bedford High School.
- **MSBA Accelerated Repair Projects (FY 2019, 2021 & 2022, \$1,602,000):** This project provides the local share for renovations to the Parker and Trinity schools in FY 2019, and for the Campbell and Brooks schools in FY 2021 and 2022.
- **MSBA Core Projects (FY 2020, 2021 & 2022 \$21,500,000):** This project would provide the local share for a planning study and construction of a future school replacement project in FY 2020-2021, and for a FY 2022 planning study in preparation for an FY 2023 replacement project.

Capital Vehicle Replacements

The CIP includes several projects intended to address ongoing replacement needs for the City's vehicle fleet. Projects included during this period were limited to those that could be financed through a lease purchase arrangement.

- **EMS Vehicles (FY 2020 & 2022, \$960,000):** This project provides for the acquisition and outfitting of four ambulances for Emergency Medical Services over the course of the planning period. The City instituted a policy beginning in 2013 of acquiring replacement vehicles through a series of capital leases, which in turn provides sufficient flexibility to finance ongoing replacements.
- **Fire Apparatus (FY 2019-2023, \$2,950,000):** This project provides for the ongoing replacement of fire apparatus over the course of the planning period. The Fire Department currently operates ten front-line apparatus, which average about fourteen years in service. Acquisition of the replacement vehicles will involve a series of capital leases, providing sufficient flexibility to finance ongoing replacements. The City has purchased four replacement pumpers and one aerial ladder since FY 2013. The project anticipates the acquisition of one pumper in FY 2019 to replace Engine 6. Decisions regarding the specific apparatus to be replaced in future years will be determined based on operational needs.
- **Mobile Command Center (FY 2019, \$510,000):** This project would replace the Police Department's mobile command center. The existing vehicle, which was initially purchased in 2003, is rapidly becoming outdated and contains obsolete aspects in terms of design and technology that have been repeatedly identified in post-incident reviews. Acquisition of the replacement vehicle would be financed by a capital lease.
- **Fleet Replenishment (FY 2019-2023, \$2,975,226):** This project addresses deficiencies identified in the condition of the City's general use fleet, which averages about 13 years old and requires significant investment of maintenance resources to maintain operability. The City Council approved an initial expenditure of \$920,465 in FY 2016, principally to address replacement and improvement needs for snow removal, followed by subsequent appropriations in FY 2017 through 2019. Future allocations will provide for the continued replacement of 10-15 vehicles per year, to ensure that the general fleets are kept in a state of good repair. Financing will be accomplished through a series of capital leases.

Capital Asset Preservation

The Capital Improvement Program includes ongoing funding to address deferred maintenance issues throughout the City's physical plant. The Capital Needs Assessment process identified about \$358 million in deferred maintenance, infrastructure and facility needs for General Fund agencies, largely resulting from a historic insufficiency of resources allocated for that purpose.

As a result, the City's physical assets have continued to depreciate, and the capital requirements needed to bring facilities to proper working order have grown.

The Capital Asset Preservation portion of the CIP is intended to provide resources needed to ensure the continuation of basic operability for the City's facilities. Funding estimates are based on the Asset Depreciation Method, which uses nationally-promulgated standards as guidelines for the maintenance of aging facilities. For example, the Association of Higher Education Facilities Officers and the International Facility Management Association recommend annual capital asset preservation funding ranges that are equivalent to 1.5%-3.0% of the replacement value for an entity's physical plant. Similarly, the Federal Internal Revenue Service and the Massachusetts Department of Revenue has established depreciation standards of 2.5% per year on fixed assets. As of FY 2016, the City's outside auditor estimated the City's physical inventory at \$257.9 million.

The CIP includes \$27.3 million over the five-year planning period for capital asset replacement projects. In addition, the CIP includes \$2.6 million to fund the local share of renovation projects for City schools. Combined, these allocations would average approximately 2.1% annually over the course of the five-year planning period, assuming that the City receives repair grants from the MSBA on a consistent basis. Funding is assigned according to four functional project categories:

- **Public Safety** – Facilities operated by the Police, Fire & EMS departments.
- **Public Facilities** – Facilities designed principally for public use (parks, community centers, Free Library, Buttonwood Park Zoo).
- **Government Facilities** – Facilities designed to house general government operations (City Hall, City Yard, and other shared use-type facilities).
- **Roads & Infrastructure** – The FY 2019-2023 CIP includes an ongoing infrastructure program intended to augment State-funded and utility-related improvements to roads and sidewalks. Work would be assigned based on conditions as assessed through the City's pavement management program.
- Renovation projects for City schools are included in the **Schools Deferred Maintenance and the MSBA Accelerated Repair Projects** categories.

Projects qualifying for capital asset preservation funding are limited to existing facilities in need of capital-eligible renovation and/or repair. Examples of such projects might include interior and/or exterior renovations, roof replacements, HVAC repairs and measures required to maintain compliance with regulatory and/or licensing requirements, and artificial playing field replacements. The capital asset preservation component constitutes a minimal baseline of funding over the course of the CIP planning period, and specific allocations are determined as part of the annual CIP appropriation.

Project Financing

The CIP will be funded by a combination of general obligation debt for facilities projects, lease purchasing for capital vehicle purchases, and grant funding. The CIP is designed to work within the City's existing debt profile to the greatest extent possible, although the impact of debt issuance for new facilities such as the South Public Safety Center, the Public Safety Communications System, the Buttonwood Pond Restoration project and school renovation projects will contribute to a projected increase in net outstanding debt from \$80.9 million in FY 2019 to \$121.1 million in FY 2023, and annual net debt service payments would increase by about \$1.8 million through the end of the five-year planning period. Capital lease payments would also increase to support the acquisition of fire apparatus and other public safety vehicles identified in the program.

Projected Operating Costs

The Capital Improvement Program consists of a series of projects intended to rehabilitate and replace existing buildings. While the debt made necessary to fund these projects will result in increased financing costs, there are no additional staffing or operating requirements anticipated as a result. In addition, ongoing savings are projected to result from the consolidation of two fire stations and a police station into the South End Public Safety Center, the introduction of energy-saving modernization activities at several schools, and from the implementation of the City's energy management program.

Affordability Indicators

The City Council adopted an organization-wide debt management policy in November 2013. Included in the policy are a series of indicators intended to determine the appropriateness of assuming additional tax-supported general obligation debt:

- **Outstanding debt as a percentage of per capita income** – The policy target is 6% or less. The projected ratio would increase from 4.1% in FY 2019 to 5.3% in FY 2023.
- **Outstanding debt as a percentage of assessed valuation** – The policy target is 3% or less. The projected ratio would increase from 1.4% in FY 2019 to 1.7% in FY 2023.
- **Annual debt service as a percentage of the General Fund operating budget** – The policy target is 10% or less. The projected ratio would decrease from at 3.7% in FY 2019 to 3.1% in FY 2023.

**FY 2019-2023 Proposed Capital Improvement Program
City of New Bedford, Massachusetts**

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2019- 2023 Total
<u>General Govt. Renovations & Replacements</u>						
Hillman St. Complex Renovations	\$500,000	\$0	\$500,000	\$750,000	\$0	\$1,750,000
Zeiterion Theatre Repairs	0	0	0	0	2,000,000	2,000,000
Agnes Braz Accessibility Improvements	0	0	0	1,200,000	0	1,200,000
Zoo Renovations	700,000	1,047,000	1,450,000	605,000	565,000	4,367,000
Fleet Maintenance Improvements	235,000	2,250,000	0	0	0	2,485,000
Buttonwood Pond Restoration	150,000	3,050,000	3,600,000	0	0	6,800,000
South Public Safety Center	17,000,000	0	0	0	0	17,000,000
<u>Public Safety Communications System</u>	<u>1,662,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>2,800,000</u>	<u>0</u>	<u>7,662,000</u>
Subtotal:	\$20,247,000	\$7,947,000	\$7,150,000	\$5,355,000	\$2,565,000	\$43,264,000
<u>School Renovations & Replacements</u>						
Schools Deferred Maintenance	\$250,000	\$550,000	\$75,000	\$160,000	\$0	\$1,035,000
MSBA Accelerated Repair Projects ¹	252,000	0	200,000	1,150,000	0	1,602,000
<u>MSBA Core Projects¹</u>	<u>0</u>	<u>300,000</u>	<u>21,000,000</u>	<u>0</u>	<u>200,000</u>	<u>21,500,000</u>
Subtotal:	\$502,000	\$850,000	\$21,275,000	\$1,310,000	\$200,000	\$24,137,000
<u>Capital Vehicle Replacements</u>						
EMS Vehicles	\$0	\$470,000	\$0	\$490,000	\$0	\$960,000
Fire Apparatus	695,000	85,000	1,300,000	600,000	300,000	2,980,000
Mobile Command Center	510,000	0	0	0	0	510,000
<u>Fleet Replenishment</u>	<u>575,226</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>2,975,226</u>
Subtotal:	\$1,780,226	\$1,155,000	\$1,900,000	\$1,690,000	\$900,000	\$7,425,226
<u>Capital Asset Preservation</u>						
Public Safety	\$375,000	\$1,769,000	\$460,000	\$0	\$285,000	\$2,889,000
Public Facilities	800,000	500,000	140,000	450,000	1,025,000	2,915,000
Government Facilities	500,000	350,000	200,000	0	675,000	1,725,000
<u>Roads & Infrastructure</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>8,000,000</u>
Subtotal:	\$3,275,000	\$4,219,000	\$2,400,000	\$2,050,000	\$3,585,000	\$15,529,000
Grand Total:	\$25,804,226	\$14,171,000	\$32,725,000	\$10,405,000	\$7,250,000	\$90,335,226

Funding Sources	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2019-2023 Total
General Obligation Debt	\$23,039,000	\$13,016,000	\$30,825,000	\$8,715,000	\$4,350,000	\$79,945,000
Lease Purchase	1,780,226	1,155,000	1,900,000	1,690,000	900,000	7,425,226
Grant Funding/Free Cash	985,000	0	0	0	2,000,000	2,985,000
Total	\$25,804,226	\$14,171,000	\$32,725,000	\$10,405,000	\$7,250,000	\$90,355,226

¹ Local share only. Does not include anticipated funding from the Massachusetts School Building Authority.