



CITY OF NEW BEDFORD
JONATHAN F. MITCHELL, MAYOR

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CITY CLERK
CITY CLERK'S OFFICE
NEW BEDFORD, MA

February 6, 2020

City Council President Joseph P. Lopes, and
Honorable Members of the City Council
133 William Street
New Bedford, MA 02740

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

I am submitting for your consideration the attached bond allocation totaling \$5,478,000, which constitutes this year's round of projects for the FY 2020-2024 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.

The 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 Zentherion Theatre and the Art Museum. In addition, the CIP was instrumental in prioritizing limited resources to make the new Taylor and Jacobs schools, development of the South Public Safety Center, and long-needed repairs at several of the City's elementary schools, possible.

Our utilization of a five-year CIP has also 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 \$104.9 million from FY 2020 through 2024. Of this amount, \$19.5 million would be allocated for capital asset preservation projects for public safety, road repairs, public use buildings and other government facilities, and approximately \$10.3 million would be allocated for ongoing replacement of capital vehicles and general fleet replenishment. \$24.9 million would be allocated for major renovations and/or replacements at general government facilities, while \$50.2 million would be allocated for school projects.

The CIP will be funded by a combination of general obligation debt, cash funding, and lease purchases for capital vehicles. 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.

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

Sincerely,

Jonathan F. Mitchell
Mayor

Referred to the Committee on Finance.

IN CITY COUNCIL, February 13, 2020

Dennis W. Farias, City Clerk

a true copy attest:

Dennis W. Farias
City Clerk

FY 2020-2024 Capital Improvement Program

City of New Bedford, Massachusetts

Background

The City of New Bedford develops a five-year capital improvement program (CIP) to address its capital needs in light of its forecasted financial capacity. The practice of prioritizing the City's capital projects through a multi-year period establishes a roadmap for facility improvement and vehicle replacement, tends to enhance the City's status with rating agencies, and facilitates the City's ability to incorporate capital spending into its fiscal planning. 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), based on the input of operating departments regarding service needs, physical condition and usage requirements that should be considered for funding consideration in the CIP. Potential projects are evaluated in relation to each other to ensure that the highest priority projects receive public funding. The CIP is funded annually through a capital improvement bond authorized by the City Council, and through project-specific authorizations, grants and lease agreements.

Five-Year Capital Improvement Plan Summary

The Capital Improvement Program covers General Fund-supported projects from FY 2020 through 2024, and totals \$104.9 million. Of this amount, \$19.5 million would be allocated for capital asset preservation projects for public safety, road repairs, public use buildings and other government facilities, and approximately \$10.3 million would be allocated for ongoing replacement of capital vehicles and general fleet replenishment. \$24.9 million would be allocated for major renovations and/or replacements at general government facilities, while \$50.2 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 and a summary of the projects that would be addressed in the CIP's later years.

FY 2020 Capital Improvement Bond

The FY 2020 bond, which totals \$5,478,000, consists of the following seven projects in the CIP:

- **Hillman Complex Continuation (\$500,000):** This project continues 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 and elements of the Department of Community Services.
- **Police Headquarters Renovations (\$1,300,000):** This project consists of HVAC improvements, building envelope repairs, door replacements, and interior renovations at the Police Department headquarters. Climate control is currently provided by a legacy HVAC system which lacks functioning air distribution controls. The rooftop air handlers are at the end of their useful lives, and the facility is in need of upgrades to interior spaces as well as aspects of the building envelope and several areas of roof repairs.

- **Fire Headquarters Interior (\$665,000):** This project would continue work at Fire Station #2, which also houses the headquarters of the Fire Department. This facility in recent years has undergone extensive renovations to its apparatus bay. Improvements would include renovations to the restrooms, sleeping quarters and clean room, as well as resurfacing the station's parking lot.
- **Lawler Library (\$363,000):** This project would address public safety issues at the Lawler Library. Project activities would include replacement of interior flooring, exterior doors and surfaces, pavement and emergency lighting, as well as the replacement of HVAC controls, which were installed more than two decades ago and are technically obsolete.
- **Park Improvements (\$400,000):** This project would complete public safety upgrades and other repairs at the tennis courts and skate parks located at Brooklawn, Buttonwood, and Hazelwood parks in order to address deteriorating conditions and ensure a safe and secure experience for the facilities' users.
- **High School Renovations (\$250,000):** This project continues repairs at New Bedford High School to provide for improvements to the campus grounds. Project activities would include replacement of signage and landscaping, and improvements to the main entrance. These renovations are ineligible for reimbursement by the Massachusetts School Building Authority but would be supplemented by School Department funds.
- **Roads & Infrastructure (\$2,000,000):** 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. The proposed funding level represents a 25% increase to the annual allocation in comparison with the last several years.

Due to their grant-reimbursement structure, the annual capital bond does not include authorization for MSBA or other state-funded capital projects. The CIP includes placeholders in FY 2021 for repairs to the Campbell School and a feasibility study for a replacement for the Congdon and Devalles schools. These projects are included in anticipation of the MSBA approving Statement of Interest applications for FY 2021.

Other FY 2020 Capital Projects

In addition to projects proposed for the capital bond, the Capital Improvement Program includes several projects that will be funded through an appropriation of the premium proceeds collected on interim debt for earlier projects. Use of these funds is limited under State law to capital projects. For FY 2020 and 2021, it is anticipated that a combination of premiums and Free Cash will be utilized to support equipment needs for the City's IT network. The CIP also assumes that an

appropriation for the Central Garage renovation project will be submitted for City Council consideration during FY 2020.

Project Descriptions for the Five-Year CIP

The foregoing projects are proposed to be funded in the first year of the Capital Improvement Program. The projects in the entire five-year planning period are summarized in the following pages. The complete CIP may be found at the end of this discussion.

General Government Renovations & Replacements

- **Hillman Street Complex Renovations (FY 2020, 2022 & 2023, \$2,000,000):** 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.
- **Police Headquarters Renovations (FY 2020, \$1,300,000):** This project implements HVAC improvements, building envelope repairs, door replacements, and interior renovations at the Police Department headquarters. Climate control is currently provided by a legacy system which lacks proper air volume controls, and the facility is in need of upgrades to interior spaces as well as aspects of the building envelope.
- **Zeiterion Theatre Repairs (FY 2024, \$376,000):** This project serves as a placeholder for the replacement of doors and HVAC control units at the Zeiterion Theatre.
- **Agnes Braz Accessibility Improvements (FY 2021, \$350,000):** This project would implement accessibility improvements, including installation of wheelchair access ramps, at the Agnes Braz building located on Coggeshall Street.
- **Zoo Renovations (FY 2021-2024, \$3,302,000):** This project would continue renovations at the Buttonwood Park Zoo, with a focus on renovations to existing exhibits and educational facilities.
- **Fleet Maintenance Improvements (FY 2020 & 2023, \$3,394,000):** This project would provide for construction of an integrated fleet management solution for City vehicles. Initial funding in FY 2019 consisted of a Free Cash allocation to provide for design of renovations and expansion to the existing facility at City Yard. Funding anticipated for FY 2023 would execute repairs to the Fire Garage and the Truck Shed.
- **Sassaquin Pond Remediation (FY 2021, \$1,430,000):** This project serves as a placeholder for improvements to water quality in Sassaquin Pond. The City will be developing a Work Plan for implementing capital improvements, preventive operations and maintenance activities, and programmatic improvements (e.g., public outreach and ordinance updates) which will prioritize the most pressing and cost-effective water quality improvements project in the Sassaquin Pond watershed. The goal of the work plan will be

to identify “low hanging fruit” activities that can be implemented in the near term. In addition, the work plan will provide the needed information for the City to apply for grant funding for implementing future projects. This work will be completed in coordination with the Sassaquin Pond Association through a series of reviews and public meetings.

- **Buttonwood Pond and Dam Restoration (FY 2020-2021, \$6,800,000):** This project would restore the pond at Buttonwood Park. The pond is created by a dam, originally constructed in 1902, whose repeated failures result in periodic flooding downstream in the park. The state’s Office of Dam Safety has designated this dam as a significant hazard and has urged the City to 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.
- **Public Safety Communications System (FY 2020-2022, \$6,000,000):** This project continues activities begun in FY 2019 to replace 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 also addresses 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 2020-2022, \$1,015,000):** This project would provide for renovations to School Department facilities that would not be eligible for reimbursement from the State. Funding in the FY 2020 capital bond will be utilized to continue renovations at New Bedford High School.
- **MSBA Accelerated Repair Projects (FY 2021 & 2023, \$3,709,000):** This project provides the local share for renovations to the Campbell school in FY 2021, and for the Brooks and Hathaway schools in FY 2023.
- **MSBA Core Projects (FY 2021-2024, \$45,500,000):** This project would provide the local share for planning studies and construction of replacements for the Congdon and Devalles elementary schools, as well as a future replacement project in FY 2023-2024.

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 2021-2024, \$1,835,000):** This project provides for the acquisition and outfitting of six replacement ambulances and five command vehicles 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 2021-2024, \$3,155,000):** 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 nine 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 five replacement pumpers and one aerial ladder since FY 2013. The project anticipates the acquisition of a ladder truck in FY 2021 to replace Ladder 4. Decisions regarding the specific apparatus to be replaced in future years will be determined based on operational needs.
- **Mobile Command Center (FY 2022, \$750,000):** This project would replace the Police Department's mobile command center. The existing vehicle, which was initially purchased in 2003, is 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.
- **Public Infrastructure Vehicles (FY 2021, \$800,000):** This project would replace a vacuum ("Vactor") vehicle, equipped with jetting capabilities, that has reached the end of its useful life, and would add a vacuum-type street sweeper to allow DPI to expand street sweeping activities and ensure compliance with Federal requirements. The cost for both vehicles would be financed by a capital lease whose payments would be shared equally between the General and Wastewater Enterprise funds.
- **Fleet Replenishment (FY 2020-2024, \$3,000,000):** This project addresses deficiencies identified in the condition of the City's general use fleet, which averages about 11 years old and requires significant investment of maintenance resources to maintain operability. The City Council approved an initial purchase in FY 2016, principally to address replacement and improvement needs for snow removal, followed by subsequent appropriations in FY 2017 through 2020. Future allocations will provide for the continued replacement of 8-12 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. FY 2020 includes funding to replace a utility vehicle assigned to the Fire Department.

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 \$281 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 2018, the City's outside auditor estimated the City's physical inventory at \$264.2 million.

The CIP includes \$19.5 million over the five-year planning period for capital asset replacement projects, and an additional \$10.0 million for more extensive renovations. In addition, the CIP includes \$4.7 million to fund the local share of renovation projects for City schools. Combined, these allocations would average approximately 2.6% 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 2020-2024 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 \$80.8 million in FY 2020 to \$115.9 million by FY 2024. However, ongoing retirements would limit the increase in annual net debt service payments through the end of the five-year planning period, while capital lease payments would 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 3.5% in FY 2020 to 4.8% in FY 2024.
- **Outstanding debt as a percentage of assessed valuation** – The policy target is 3% or less. The projected ratio would increase from 1.2% in FY 2020 to 1.4% in FY 2024.
- **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 3.3% in FY 2020 to 2.4% in FY 2024.

FY 2020-2024 Capital Improvement Program
City of New Bedford, Massachusetts

Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2020-2024 Total
General Govt. Renovations & Replacements						
Hillman St. Complex Renovations	\$500,000	\$0	\$750,000	\$750,000	\$0	\$2,000,000
Police Headquarters Renovations	1,300,000	0	0	0	0	1,300,000
Zellicion Theatre Repairs	0	0	0	0	376,000	376,000
Agnes Braz Accessibility Improvements	0	350,000	0	0	0	350,000
Zoo Renovations	0	1,047,000	1,450,000	200,000	605,000	3,302,000
Elect Maintenance Improvements	2,700,000	0	0	694,000	0	3,394,000
Sassaquin Pond Remediation	0	1,430,000	0	0	0	1,430,000
Buttonwood Pond Restoration	0	3,200,000	3,600,000	0	0	6,800,000
Public Safety Communications System ¹	1,600,000	1,600,000	2,800,000	0	0	6,000,000
Subtotal:	\$6,100,000	\$7,627,000	\$8,600,000	\$1,644,000	\$981,000	\$24,952,000
School Renovations & Replacements						
Schools Deferred Maintenance	\$250,000	\$590,000	\$175,000	\$0	\$0	\$1,015,000
MSBA Accelerated Repair Projects ¹	0	3,100,000	0	609,000	0	3,709,000
MSBA Core Projects ¹	0	800,000	21,000,000	900,000	21,000,000	45,500,000
Subtotal:	\$250,000	\$3,990,000	\$21,175,000	\$809,000	\$21,000,000	\$50,224,000
Capital Vehicle Replacements						
FAMS Vehicles	\$0	\$600,000	\$550,000	\$55,000	\$630,000	\$1,835,000
Fire Apparatus	0	1,450,000	600,000	325,000	750,000	3,125,000
SCBA Equipment	0	750,000	0	0	0	750,000
Mobile Command Center	0	0	750,000	0	0	750,000
Public Infrastructure Vehicles	0	800,000	0	0	0	800,000
Elect Replacements ¹	600,000	600,000	600,000	600,000	600,000	3,000,000
Subtotal:	\$600,000	\$4,200,000	\$2,500,000	\$980,000	\$2,010,000	\$10,290,000
Capital Asset Preservation						
Public Safety	\$665,000	\$1,210,000	\$651,000	\$0	\$0	\$2,526,000
Public Facilities	763,000	1,504,000	1,700,000	750,000	671,000	5,388,000
Government Facilities	462,000	500,000	0	374,000	212,000	1,548,000
Roads & Infrastructure	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Subtotal:	\$3,890,000	\$5,214,000	\$4,351,000	\$3,124,000	\$2,883,000	\$19,462,000
Grand Total:	\$10,840,000	\$21,021,000	\$36,626,000	\$6,557,000	\$29,874,000	\$104,928,000

Funding Sources	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2020-2024 Total
General Obligation Debt	\$9,778,000	\$16,331,000	\$34,126,000	\$5,577,000	\$27,864,000	\$93,676,000
Lease Purchase	600,000	4,200,000	2,500,000	980,000	2,010,000	10,290,000
Cash Funding	462,000	500,000	0	0	0	962,000
Total	\$10,840,000	\$21,031,000	\$36,626,000	\$6,557,000	\$29,874,000	\$104,928,000

*Total shown only. Does not include anticipated funding from the Massachusetts School Building Authority.
Total appropriation for the Public Safety Communications project is \$1,662,000, including \$1,662,000 in FY 2019.