



CITY OF NEW BEDFORD

CITY COUNCIL

March 25, 2021

ORDERED, that the City appropriates \$5,585,000 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 the approval of the Mayor, is authorized to borrow said sum of money, pursuant to M.G.L. Chapter 44, Section 7 (1), 7(7) or any other enabling authority. or any other enabling authority.

FURTHER RESOLVED, 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.

FURTHER RESOLVED, That any premium received by the City upon the sale of any bonds or notes hereunder, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to pay project costs and the amount authorized to be borrowed hereunder shall be reduced by the amount of any such premium so applied; and that the Mayor is authorized to take any other action necessary to carry out these projects.

FY 2021-2025 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 2021 through 2025, and totals \$120.7 million. Of this amount, \$18.2 million would be allocated for capital asset preservation projects for public safety, road repairs, public use buildings and other government facilities, and approximately \$11.3 million would be allocated for ongoing replacement of capital vehicles and general fleet replenishment. \$31.4 million would be allocated for major renovations and/or replacements at general government facilities, while \$59.8 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 2021 Capital Improvement Bond

The FY 2021 bond, which totals \$5,585,000, consists of the following nine 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. This project was originally proposed as part of the FY 2020 capital bond.
- **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. This project was originally proposed as part of the FY 2020 capital bond.
- **Park Improvements (\$400,000):** This project is the continuation of multi-phased activities geared toward 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. This project was originally proposed as part of the FY 2020 capital bond.
- **Howland Green Library (\$420,000):** This project would address deferred maintenance issues by replacing the roof, windows and doors and renovating interior and exterior spaces at Howland Green Library. In addition, the existing alarm system would be upgraded to accommodate building safety concerns.
- **New Bedford Art Museum (\$310,000):** This project would address deferred maintenance issues by restoring exterior stonework and renovating interior spaces at the Anthony S. Catojo building, also known as the location of the New Bedford Art Museum. The funds will also allow for the replacement of the fire alarm panel, which has become obsolete.
- **Monkey Island Improvements (\$252,000):** This project would initiate planning and preparatory activities to reinforce facilities at Monkey's Island, where the current condition of the pier is partially dilapidated along the eastern side. Due to its location, this project is subject to Chapter 91 jurisdiction, Army Corps of Engineers permitting and approval by the Conservation Commission. Initial funding would be utilized to conduct an engineering study of the site, prepare planning documents and undertake the permitting process. The CIP includes a placeholder in FY 2025 for construction.
- **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. This project was originally proposed as part of the FY 2020 capital bond.

- **Pulaski Roof Top Units (\$590,000):** This project would replace the roof top HVAC units at Casimir Pulaski Elementary School. The existing units were installed in 1974 and have exceeded their useful service life. This project is ineligible for funding from the MSBA.
- **Roads & Infrastructure (\$2,500,000):** 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 the local share for the Campbell School feasibility study, estimated at \$30,000.

Other FY 2021 Capital Projects

In addition to projects proposed for the capital bond, the Capital Improvement Program includes several projects that will be funded through separate loan orders due to their scale and/or their multiyear funding schedule. Included in this category are the City Yard renovations and Sassaquin Pond improvement projects. These projects are discussed individually in the General Government Renovations & Replacements section of this document.

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 2021 & 2023, \$1,250,000):** 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 Theatre Repairs (FY 2025, \$400,000):** This project serves as a placeholder for the replacement of doors and HVAC control units at the Zeiterion Theatre.

- **Agnes Braz Accessibility Improvements (FY 2024, \$1,350,000):** This project would provide general renovation, including exterior repair, HVAC replacement and accessibility improvements, to the Agnes Braz building located on Coggeshall Street.
- **Zoo Renovations (FY 2022-2025, \$3,192,000):** 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 2021-2022, \$4,300,000):** 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. The FY 2021 allocation would also provide for exterior renovations to the Fire Garage and the Truck Shed, while funding in FY 2022 would continue improvements to the City's fleet maintenance infrastructure.
- **Sassaquin Pond Remediation (FY 2021-2024, \$1,500,000):** This project serves as a placeholder for improvements to water quality in Sassaquin Pond. The City is currently developing a Work Plan for implementing capital improvements, preventive operations, 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. With the funding to complete specific projects identified in the Work Plan, the City will be able to improve the water quality at Sassaquin Pond.
- **Buttonwood Pond and Dam Restoration (FY 2021-2022, \$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.
- **Server & Communications Equipment (FY 2025, \$500,000):** This project serves as a placeholder for the planned replacement of the City's network server modules, which maintain the City's business applications and data storage, and will be due for replacement within the next several years.

- **North Fire Station (FY 2022-2023, \$7,700,000):** The FY 2021 budget includes funding for a feasibility study to determine the appropriate placement and configuration of a replacement fire station to be located in the North End. This project is a placeholder for design and construction of the facility once the site has been selected.
- **Public Safety Communications System (FY 2021-2022, \$4,400,000):** 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 2021, 2022 & 2024, \$1,265,000):** This project would provide for renovations to School Department facilities that would not be eligible for reimbursement from the State. Funding in the FY 2021 capital bond will be utilized to continue renovations at New Bedford High School, and to replace the rooftop HVAC units at Casimir Pulaski Elementary School.
- **MSBA Accelerated Repair Projects (FY 2021-2024, \$6,052,000):** This project provides the local share for renovations to the Campbell school in FY 2021-2022, and for the Hathaway school in FY 2023-2024.
- **MSBA Core Projects (FY 2022-2025, \$52,500,000):** This project would provide the local share for planning studies and construction of replacements for the Congdon and Devalles elementary schools in FY 2022 and 2024 and a full renovation of New Bedford High School in FY 2023 and 2025.

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 2021-2025, \$2,476,016):** This project provides for the acquisition and outfitting of eight replacement ambulances and seven 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 2021-2025, \$3,495,000):** 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 ten 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, as well as a used Quint to maintain service while the North Fire Station project is underway. The project anticipates the acquisition of a pumper in FY 2022 to replace Engine 25. 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.
- **Fleet Replenishment (FY 2021-2025, \$3,887,050):** This project addresses deficiencies identified in the condition of the City's general use fleet, which averages about 15 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 6-8 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. In addition, FY 2021 includes funding to replace two utility vehicles 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 \$285.6 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 2020, the City's outside auditor estimated the City's physical inventory at \$275.6 million.

The CIP includes \$18.2 million over the five-year planning period for capital asset replacement projects, and an additional \$10.5 million for more extensive renovations. In addition, the CIP includes \$7.3 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 2021-2025 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 and lease purchasing for capital vehicle purchases. 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 North End Fire Station, 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 \$92.8 million in FY 2021 to \$118.1 million by FY 2025. 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 and the construction of the North End Fire Station, as well as 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 3.7% in FY 2021 to 4.3% in FY 2025.
- **Outstanding debt as a percentage of assessed valuation** – The policy target is 3% or less. The projected ratio would increase from 1.3% in FY 2021 to 1.4% in FY 2025.
- **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 3.2% in FY 2021 to 2.2% in FY 2025.

Description	FY 2021-2025				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 Total
<u>General Govt. Renovations & Replacements</u>					
Hillman St. Complex Renovations	\$500,000	\$0	\$750,000	\$0	\$1,250,000
Zeiterion Theatre Repairs	0	0	0	400,000	400,000
Agnes Braz Accessibility Improvements	0	0	0	1,350,000	1,350,000
Zoo Renovations	0	340,000	797,000	1,450,000	3,192,000
Fleet Maintenance Improvements	3,700,000	600,000	0	0	4,300,000
Sassaquin Pond Remediation	100,000	400,000	500,000	0	1,500,000
Buttonwood Pond Restoration	3,200,000	3,600,000	0	0	6,800,000
Server & Communications Equipment	0	0	0	500,000	500,000
North Fire Station	0	700,000	7,000,000	0	7,700,000
Public Safety Communications System ²	1,600,000	2,800,000	0	0	4,400,000
Subtotal:	\$9,100,000	\$8,440,000	\$9,047,000	\$3,300,000	\$31,392,000
<u>School Renovations & Replacements</u>					
Schools Deferred Maintenance	\$840,000	\$175,000	\$0	\$250,000	\$1,265,000
MSBA Accelerated Repair Projects ¹	30,000	2,817,000	30,000	3,175,000	6,052,000
MSBA Core Projects ¹	0	300,000	200,000	28,000,000	52,500,000
Subtotal:	\$870,000	\$3,292,000	\$230,000	\$31,425,000	\$59,817,000
<u>Capital Vehicle Replacements</u>					
EMS Vehicles	\$596,016	\$580,000	\$65,000	\$715,000	\$2,476,016
Fire Apparatus	245,000	600,000	350,000	800,000	3,495,000
SCBA Equipment	649,969	0	0	0	649,969
Mobile Command Center	0	750,000	0	0	750,000
Fleet Replenishment	1,087,050	700,000	700,000	700,000	3,887,050
Subtotal:	\$2,578,035	\$2,630,000	\$1,115,000	\$2,215,000	\$11,258,035
<u>Capital Asset Preservation</u>					
Public Safety	\$0	\$770,000	\$0	\$0	\$1,130,000
Public Facilities	1,745,000	570,000	750,000	550,000	4,115,000
Government Facilities	0	500,000	0	0	500,000
Roads & Infrastructure	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
Subtotal:	\$4,245,000	\$4,340,000	\$3,250,000	\$3,050,000	\$18,245,000
Grand Total:	\$16,793,035	\$18,702,000	\$13,642,000	\$39,990,000	\$120,712,035

Funding Sources	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2021-2025 Total
General Obligation Debt	\$14,215,000	\$16,072,000	\$12,527,000	\$37,775,000	\$28,865,000	\$109,454,000
<u>Lease Purchase</u>	2,578,035	2,630,000	1,115,000	2,215,000	2,720,000	11,258,035
Total	\$16,793,035	\$18,702,000	\$13,642,000	\$39,990,000	\$31,585,000	\$120,712,035

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

²Total appropriation for the Public Safety Communications project is \$7,662,000, including \$1,662,000 in FY 2019 and \$1,600,000 in FY 2020.