

FY 2023-2027 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 considering 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, enhances 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) with the input of all 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 in feasible and required timelines. The CIP is funded annually through short-term notes and capital improvement bonds authorized by the City Council, project-specific authorizations, grants, and/or lease agreements.

Five-Year Capital Improvement Plan Summary

The Capital Improvement Program covers General Fund-supported projects from FY 2023 through 2027, and totals \$166.3 million. Of this amount, \$28.9 million would be allocated for capital asset preservation projects for public safety, road repairs, public use buildings and other government facilities, and approximately \$10.1 million would be allocated for ongoing replacement of capital vehicles and general fleet replenishment. Additionally, \$37.4 million would be allocated for major renovations and/or replacements at general government facilities, and \$90 million would be allocated for school projects.

What follows is a summary of the projects proposed to be included in this year's capital improvement bond and a summary of the projects that would be addressed in the CIP's later years.

FY 2023 Capital Improvement Bond

The FY 2023 bond, which totals \$7,650,000 consists of the following projects in the CIP:

- **Mobile Command Center (\$125,000):** This project would provide for the updating of existing technology, radio and video equipment including computers and workstations in the City's Mobile Command Center which was recently donated by the County.
- **City Hall Elevator (\$250,000):** This allocation provides additional funding for this previously approved project which is required to make improvements to the existing historic elevator in City Hall to ensure continued access for all beyond the first floor. As the existing elevator was constructed in 1906, and is well beyond its service life, it requires frequent, costly repairs. The plans for this project will help reduce the need for those costly and difficult repairs for many years.
- **City Hall Deferred Maintenance (\$150,000):** This allocation provides additional funding for the previously approved City Hall bathroom renovations and upgrade which is required to maintain full operation of City Hall.
- **City Yard Campus (\$2,300,000):** This allocation provides additional funding for the previously approved City Yard Campus capital project. Being that this project was initially planned and priced several years ago, the costs and needs have increased while the project has not progressed on the original timeline.
- **Hillman Street Complex Renovations (\$215,000):** This project is a continuation of the plan that began in FY2014 to work on the Hillman Street Complex in segments each year. The activities included in this year would include more annex office space renovations, including interior and exterior work, and an additional ADA ramp for building access.
- **South Public Safety Center Annex (\$170,000):** This funding would support the previously approved project which includes HVAC improvements and cooling upgrades to the first floor, window replacements, roof and shingle replacements and improved building drainage.
- **Zoo Renovations (\$690,000):** This funding supports two capital projects consisting of repairs to the Zoo's maintenance shop including exterior wall repairs, interior wall removal, new insulation, and interior wall, electrical, lighting, improved utilities, and a two-car garage/shed (\$440,000), as well as funding for ongoing zoo deferred maintenance projects (\$250,000) including HVAC, roof repairs, window replacements, generators, restroom upgrades, etc.
- **Zeiterion Theater Renovation (\$750,000):** This funding will contribute to upgrades needed to comply with updated state building codes.

- **Roads & Infrastructure (\$3,000,000):** 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.

Other FY 2023 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 is the Sassaquin Pond Improvement Project and all School projects. These projects are discussed individually in the General Government and School Renovations & Replacements sections of this document.

Project Descriptions for the Five-Year CIP

The foregoing projects are proposed to be funded in 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 2023, 2025 \$1,915,000):** This project continues renovations begun in FY 2014 to the Hillman Street Complex. The activities included in this year would include more annex office space renovations, including interior and exterior work, and an additional ADA ramp for building access.
- **Agnes Braz Accessibility Improvements (FY 2026, \$4,200,000):** 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 2023-2027, \$3,416,000):** This project would continue renovations at the Buttonwood Park Zoo, with a focus on renovations to existing exhibits and educational facilities as well as new exhibits.
- **Sassaquin Pond Remediation (FY 2023-2024, \$1,000,000):** This project funding was approved in FY2021 for continued improvements to water quality in Sassaquin Pond. The City has 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 improvement projects in the Sassaquin Pond watershed. The goal of the work plan is to identify actionable 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 2025-2026, \$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.

- **Fort Taber Community Center (FY 2026, \$700,000):** The Fort Taber Community Center serves community events and acts as a function hall for rent that includes views of New Bedford's beaches and Buzzards Bay, kitchen space, restrooms, outdoor areas, and parking that produces revenue. This project would provide for the replacement of exterior doors, new flooring, sprinkler, and HVAC upgrades for regular building upkeep.
- **Zeiterion Theater Renovation (FY 2023-2024, \$1,500,000):** This funding will contribute to upgrades needed to comply with updated state building codes.
- **Server & Communications Equipment (FY 2026, \$500,000):** This placeholder project has been included in FY 2026 for the planned replacement of the City's network server modules, which maintain the City's business applications and data storage, which will be due within the next several years.
- **North Fire Station (FY 2024-2025, \$17,000,000):** Prior funding included a feasibility study to determine the appropriate placement and configuration of a replacement fire station in the North End. This project is a placeholder for design and construction of the facility once the site has been selected.

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.

- **MSBA Accelerated Repair Projects (FY 2023-2027, \$1,635,000):** This project provides the local share for renovations to Brooks School and Hathaway School.
- **MSBA Core Projects (FY 2023-2027, \$88,340,000):** This project would provide the local share for construction of replacements for the Congdon and DeValles Elementary Schools in FY 2024, the local share for planning studies and construction of replacements for the Ashley and Swift Elementary Schools in FY 2024, local share for a feasibility study for New Bedford High School in FY 2025, the Rodman and Winslow Elementary Schools in FY 2026 and a full renovation of New Bedford High School in FY 2027.

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 2023-2027, \$5,499,000):** This project provides for the acquisition and outfitting of ten replacement ambulances, a transport van and six 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. Due to supply shortages in the automotive industry vehicles need on average 18-24 months lead time before expected delivery.
- **Fire Apparatus (FY 2023-2027, \$1,051,047):** This project provides for the ongoing replacement of fire apparatus over the course of the planning period. Acquisition of the replacement vehicles will involve a series of capital leases, providing sufficient flexibility to finance ongoing replacements. The Department ordered and acquired one new ladder truck, and a new Pumper in FY22 and a second ladder truck has also been ordered. Decisions regarding the specific apparatus to be replaced in future years will be determined based on operational needs.
- **Fleet Replenishment (FY 2023-2027, \$3,500,000):** 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 2022. 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.

Capital Asset Preservation

The Capital Improvement Program includes ongoing funding to address deferred maintenance issues throughout the City's physical buildings. The Capital Needs Assessment Process identified \$577 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 have established depreciation standards of 2.5% per year on fixed assets. As of FY 2022, the City's outside auditor estimated the City's physical inventory at \$285.7 million.

The Capital Improvement Plan includes \$28.9 million over the five-year planning period for capital asset replacement projects. 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 2023-2027 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, and debt is generally not taken out on the projects until they are complete. This allows the City to ensure no unnecessary debt is taken on if other funding sources come through, projects face unforeseen delays, or emergent priorities arise. The City has an adopted Financial Policy to keep debt ratios under identified percentages, we also attempt to keep those rates as level as possible within these plans. Although there are some large project costs identified in the plan, such as the North End Fire Station, the Buttonwood Pond Restoration project, and school renovation projects, the net outstanding debt going from \$114.8 million in FY 2023 to \$153.7 million by FY 2027 maintains debt payments around 2% of total general fund expenditures. Ongoing debt retirement 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, and revised in December 2019. 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 decrease .1% to 3.6% in FY 2023 and increase to 4.3% in FY 2027.
- **Outstanding debt as a percentage of assessed valuation** – The policy target is 3% or less. The projected ratio would remain at or below 1.5% for FY 2023-2027.
- **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 2.2% in FY 2022 to 2.0% in FY 2023-2026, with a .1% increase in the final fiscal year to conclude at 2.1% in FY 2027.

**FY 2023-2027 Capital Improvement Program
City of New Bedford, Massachusetts**

| Description | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2023-2027 Total |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------------------|
| <u>General Govt. Renovations & Replacements</u> | | | | | | |
| Hillman St. Complex Renovations | \$ 215,000 | \$ 0 | \$ 1,700,000 | \$ 0 | \$ 0 | \$ 1,915,000 |
| Agnes Braz Accessibility Improvements | 0 | 0 | 0 | 4,200,000 | 0 | 4,200,000 |
| Zoo Renovations | 690,000 | 506,000 | 1,480,000 | 770,000 | 220,000 | 3,666,000 |
| Sassaquin Pond Remediation | 500,000 | 500,000 | 0 | 0 | 0 | 1,000,000 |
| Buttonwood Pond Restoration | | | 3,200,000 | 3,600,000 | 0 | 6,800,000 |
| Mobile Command Center (Technology Update) | 125,000 | 0 | 0 | 0 | 0 | 125,000 |
| Fort Taber Community Center | 0 | 0 | 0 | 700,000 | 0 | 700,000 |
| Zeiterion Theater Renovation | 750,000 | 750,000 | 0 | 0 | 0 | 1,500,000 |
| Server & Communications Equipment | 0 | 0 | 0 | 500,000 | 0 | 500,000 |
| North Fire Station | 0 | 2,000,000 | 15,000,000 | 0 | 0 | 17,000,000 |
| Subtotal: | \$2,280,000 | \$3,756,000 | \$21,380,000 | \$9,770,000 | \$220,000 | \$37,406,000 |
| <u>School Renovations & Replacements</u> | | | | | | |
| MSBA Accelerated Repair Projects ¹ | \$ 60,000 | \$ 1,575,000 | \$ - | \$ 0 | \$ 0 | \$ 1,635,000 |
| MSBA Core Projects ¹ | 0 | 35,240,000 | 300,000 | 300,000 | 52,500,000 | 88,340,000 |
| Subtotal: | \$60,000 | \$36,815,000 | \$300,000 | \$300,000 | \$52,500,000 | \$89,975,000 |
| <u>Capital Vehicle Replacements</u> | | | | | | |
| EMS Vehicles | \$ 876,000 | \$ 1,138,000 | \$ 1,180,000 | \$ 1,055,000 | \$ 1,250,000 | \$ 5,499,000 |
| Fire Apparatus | 871,047 | 0 | 0 | 180,000 | 0 | 1,051,047 |
| Fleet Replenishment | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 3,500,000 |
| Subtotal: | \$2,447,047 | \$1,838,000 | \$1,880,000 | \$1,935,000 | \$1,950,000 | \$10,050,047 |
| <u>Capital Asset Preservation</u> | | | | | | |
| Public Safety | \$ 170,000 | \$ 900,000 | \$ 1,100,000 | \$ 950,000 | \$ 0 | \$ 3,120,000 |
| Public Facilities | 2,300,000 | 950,000 | 890,000 | 0 | 5,200,000 | 9,340,000 |
| Government Facilities | 600,000 | 850,000 | 0 | 0 | 0 | 1,450,000 |
| Roads & Infrastructure | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 15,000,000 |
| Subtotal: | \$6,070,000 | \$5,700,000 | \$4,990,000 | \$3,950,000 | \$8,200,000 | \$28,910,000 |
| Grand Total: | \$10,857,047 | \$48,109,000 | \$28,550,000 | \$15,955,000 | \$62,870,000 | \$166,341,047 |
| <u>Funding Sources</u> | | | | | | |
| General Obligation Debt | \$ 8,410,000 | \$ 46,271,000 | \$ 26,670,000 | \$ 14,020,000 | \$ 60,920,000 | \$ 156,291,000 |
| Lease Purchase | 2,447,047 | 1,838,000 | 1,880,000 | 1,935,000 | 1,950,000 | 10,050,047 |
| Total | \$10,857,047 | \$48,109,000 | \$28,550,000 | \$15,955,000 | \$62,870,000 | \$166,341,047 |

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