



City of New Bedford  
Jonathan F. Mitchell, Mayor

City of New Bedford  
Office of the Mayor  
Contact: Elizabeth Treadup  
(508) 979-1410  
[etreadup@newbedford-ma.gov](mailto:etreadup@newbedford-ma.gov)

Date: November 15, 2013  
For Immediate Release

## P R E S S   R E L E A S E

### **Mayor Outlines Long Term Plan to Address City's Facilities and Equipment Needs**

**New Bedford, Massachusetts** –At a press briefing earlier today against the backdrop of a complex of city-owned buildings in need of significant repairs, Mayor Mitchell and several city department heads outlined the City's first Capital Improvement Program (CIP). The CIP is a long-term plan for addressing the facilities and equipment needs of the City of New Bedford through 2018. The plan provides funding for an initial group of pressing capital improvements at city facilities including public safety buildings, school department facilities, facilities designed for public use and those designed to house general government operations.

“The Capital Plan addresses long unmet facility and equipment needs. It is clear that simply continuing to ignore our deteriorating facilities ends up costing the City a tremendous amount of money. We end up paying much more eventually to fix problems when we try to simply put them off. Small repairs end up being much more costly over time if left unaddressed,” said Mayor Jon Mitchell.

“One of Mayor Mitchell's initial directives to me was to lead an interdepartmental effort to develop a long-range capital plan. The CIP addresses the City's ongoing facilities and major equipment needs in a conservative fashion with the dual objectives of addressing core needs while restraining the City's ongoing debt levels,” said City Chief Financial Officer Ari Sky.

The program is designed ensure that the highest priority projects receive public funding in a manner that is in keeping with the City's ability to pay. The total budget for the five-year plan is \$42.9 million and the Mayor has already submitted a Critical Needs Bond Request to the City Council for the initial \$5.8 million investment to finance the significant near term capital requirements.

The FY2014-2018 Capital Improvement Plan contains a complete listing of the highest priority capital improvement projects and their descriptions.

## Highlights of the Capital Improvement Plan

- The first step in creating the Plan was the development of a Capital Needs Assessment (CNA) by the City's new Chief Financial Officer, Ari Sky, that identified roughly \$70 million in needs across all City Departments.
- The Plan is a response to the Capital Needs Assessment. It is the first time the City has put in place a long-term capital plan.
- Under the Plan, the City will pursue \$43 million in projects over the next five years. The Plan will be updated with new projects annually. Much of the focus will be on repairs and deferred maintenance.
- Top funding priorities under the Plan are:
  - \$1.8 Million for roof repairs to the Hillman Street Complex to stop the leaking and the resulting deterioration of the interior of the historic buildings.
  - \$4.5 million for police, fire, and EMS equipment and vehicles.
  - \$18 million for the local share of three new school projects (Hannigan, Taylor, and School TBD) as well as NBHS renovations
- Affordability was the most important factor in developing the Plan. The Plan was designed in a way so we keep financing costs down.
  - The Plan is a tool to help the City achieve its long-term financial goal of reducing the debt burden on the City budget.
  - Under the Plan, the City's overall indebtedness (the amount of debt outstanding) will be reduced by \$10 million over the next five years from \$76 million to \$66 million).

###

*Find us on Facebook [www.facebook.com/CityofNewBedford](http://www.facebook.com/CityofNewBedford) and  
Twitter [www.twitter.com/NewBedford\\_MA](http://www.twitter.com/NewBedford_MA)!*



## CITY OF NEW BEDFORD

JONATHAN F. MITCHELL, MAYOR

November 7, 2013

City Council President Bruce Duarte, Jr. and  
Honorable Members of the City Council  
133 William Street  
New Bedford, MA 02740

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

I am pleased to present the City's first Capital Improvement Program (CIP). The CIP was developed over the past several months and is intended as a planning document to describe the City's long-range capital needs. It is my intention that the CIP will be updated annually as funding issues or opportunities become evident. Actual appropriations for specific projects occurring under the plan will continue to be made on an annual basis, and will be accompanied by updated versions of the CIP upon their submission to the City Council.

The Capital Improvement Program totals \$42.9 million from FY 2014 through 2018. Of this amount, \$11.3 million would be allocated for capital asset preservation projects for public safety buildings, the school department, and public use and government facilities. Approximately \$4.5 million would be allocated for ongoing replacement of capital vehicles for public safety agencies, and \$23.1 million for major renovations and/or replacements. The CIP also includes \$4 million for a new cash-funded infrastructure account that would be directed to supplement State resources provided for roadwork, infrastructure and parks development.

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

An initial allocation of \$5,867,000 would be funded in FY 2014 as a Critical Needs Bond intended to finance significant capital requirements in the near term. In addition, an FY 2014 Environmental Bond for remediation and the construction of a final use project adjacent to Keith Middle School will be submitted to the City Council at a later date and is included in the CIP. A loan authorization for the Critical Needs Bond is attached for the Council's consideration. Combined with the fire apparatus request that the City Council recently approved, this measure represents an important step toward addressing the significant capital needs that are endemic to the City's infrastructure.

Thank you for your consideration of this important program.

Sincerely,

Jon Mitchell  
Mayor

**FY 2014-2018 Capital Improvement Program**  
*City of New Bedford, Massachusetts*

**Background**

The Massachusetts Department of Revenue, credit agencies and the Government Accounting Standards Board recommend that localities develop a capital improvement program to coordinate community planning, financial capacity and physical development requirements. A complete CIP facilitates coordination between capital needs and a locality's operating budgets, enhances a community's credit rating, and provides for 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 an extended look at facility improvement and renovation needs, as well as capital vehicle requirements recommended for appropriation to the City Council. In its initial version, the CIP has been developed as a five year program through FY 2018, including Critical Needs and Environmental bond proposals in FY 2014. In future years, the CIP will continue to estimate project needs on a five-year time frame and will be developed biennially, with the same planning period remaining in place for two years. Current year requirements will be updated annually as needed.

As a planning tool, the CIP will ensure that capital improvements are coordinated and well-timed to maximize the City's financial resources. Typically, projects will first be identified through a biennial Capital Needs Assessment (CNA), submitted by City agencies and the School Department, which will help identify those projects, based on service needs, physical condition and usage requirements, that should be considered for funding consideration in the CIP. The CIP will then help 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.

**Summary**

The Capital Improvement Program covers General Fund-supported projects from FY 2014 through 2018, and totals \$42.9 million. Of this amount, \$11.3 million would be allocated for capital asset preservation projects for public safety buildings, the school department, and public use and government facilities. Approximately \$4.5 million would be allocated for ongoing replacement of capital vehicles for public safety agencies, and \$23.1 million for major renovations and/or replacements. The CIP also includes \$4 million for an Infrastructure Fund account that would be directed to supplement State resources provided for roadwork, infrastructure and parks development.

### **Project Descriptions**

The Capital Improvement Program includes 16 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.

#### **Major Renovations/Replacements**

**Hillman Street Complex Envelope (FY 2014, \$1,870,000):** This project would provide for exterior renovations to Buildings 1, 2, 6, 9 and 11 at the Hillman Street Complex. Activities would include repointing of the exterior walls, roof and window replacement. Existing roofs are more than fifty years old, and windows and mortar have deteriorated to the point where the buildings have suffered interior damage.

**Nemasket Street Remediation & Final Use (FY 2014, \$1,000,000):** This project serves as a placeholder for the completion of remediation activities and the development of a final use for the Nemasket Street lots and acquired residential properties located adjacent to Keith Middle School.

**East Beach Bathroom Facility (FY 2014, \$275,000):** This project would replace bathroom facilities at East Beach. The existing facility has been closed due to excessive deterioration, with temporary facilities provided in the interim. The replacement facility would include permanent bathroom facilities, storage and a first aid station for use during the summer.

**Zoo Licensure Requirements (FY 2014, \$595,000):** This project would provide measures required to comply with licensing standards promulgated by the Association of Zoos and Aquariums (AZA), including expansion of the existing elephant habitat onto available land within the Zoo's perimeter fence and the provision of new wayfinding and educational signage throughout the facility.

**Casa de Saudade Library (FY 2014, \$225,000):** This project would provide local funding to supplement a \$500,000 State grant to install an elevator at the Casa de Saudade branch library. The library is located in a former elementary school, first constructed in 1884 and listed on the National Register of Historic Places. In addition to the branch library, the site currently houses the Immigrants Assistance Center and the Portuguese Official School.

**Salt Shed Replacement (FY 2016, \$300,000):** This project would replace the salt shed located at the City yard. The structure, which serves as the storage location for road salt and other seasonal treatment material, is badly deteriorated and in need of substantial repair. The existing shed would be replaced with a modern salt dome, providing additional capacity and resulting in lowered maintenance costs.

**MSBA School Projects (FY 2014, 2016 & 2018, \$17,894,900):** This project would provide the local share for school renovation projects anticipated to receive funding from the Massachusetts School Building Authority. Initial projects in the FY 2014 time period would consist of renovations to New Bedford High School and an addition which would convert the Sea Lab building to a full-fledged replacement for Taylor Elementary School. A replacement for Hannigan Elementary School would be envisioned for long-term financing in FY 2016, and a placeholder for an additional elementary school has been included in the FY 2018 timeframe. The local share will consist of 10% of the project cost for the FY 2014 projects, and 20% thereafter.

#### **Capital Vehicle Replacements**

The CIP includes a number of projects intended to address long-running deficiencies in 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 2015, 2016, & 2018, \$510,000):** This project would provide for the acquisition and outfitting of four ambulances for Emergency Medical Services over the course of the planning period. EMS currently operates six ambulances, of which four average nearly eight years old. Acquisition of the replacement vehicles would involve a series of capital leases, providing sufficient flexibility to finance ongoing replacements.

**Fire Apparatus (FY 2014, 2016, & 2018, \$3,589,634):** This project would provide 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 nearly 11 years in service. Acquisition of the replacement vehicles would involve a series of capital leases, providing sufficient flexibility to finance ongoing replacements. Decisions regarding the specific apparatus to be replaced would be determined as operational needs require.

**Mobile Command Center (FY 2017, \$330,000):** 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.

**Emergency Support Vehicle (FY 2016, \$57,000):** This project would replace the Police Department's emergency support vehicle, which was initially purchased in 1996. The vehicle is equipped with a number of specialty items requiring significant customization, and would be financed utilizing a capital lease.

The Capital Vehicle Replacement category does not include acquisition plans for vehicles with a value of less than \$50,000 or an expected service life of less than two years. Acquisitions falling below these criteria, such as police cruisers and general use vehicles, would be addressed through the annual operating budget.

### 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 more than nearly \$52 million in deferred maintenance and facility needs, 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 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 total replacement value of 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 2012, the City's outside auditor estimated the City's physical inventory at \$218.3 million.

The CIP includes \$10.8 million over the five year planning period for capital asset replacement, equivalent to approximately 1% annually. Funding would be assigned according to four functional project categories:

- **Public Safety** – Facilities operated by the Police, Fire & EMS departments.
- **School Department** – Facilities operated by the School Department.
- **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).

Projects qualifying for capital asset preservation funding will be limited to existing facilities in need of capital-eligible renovation and/or repair. Examples of such projects might include interior and/or exterior renovations, HVAC repairs and measures required to maintain compliance with regulatory and/or licensing requirements, and would constitute a minimal baseline of funding over the course of the CIP planning period. Specific allocations would be determined as part of the annual CIP appropriation.

**Infrastructure Fund**

The City receives a minimal amount of funding for roadwork and infrastructure maintenance as part of the State's Chapter 90 program. The \$1.6 million-\$2.0 million provided annually is insufficient to maintain the City's roads in an acceptable state of repair. The Department of Public Infrastructure has identified \$8.3 million in potential projects, of which the majority cannot be addressed within a reasonable timeframe without additional funding. The Capital Improvement Program includes \$4 million from FY 2015 through FY 2018 to begin the process of reducing the City's inventory of unfunded road rehabilitation projects. The account would be funded by a cash allocation through the annual budget process.

**Critical Needs Bond**

The Capital Needs Assessment identified a number of significant needs that include a time sensitive component, either due to facility condition, operational need or regulatory requirements. As a result, it was determined that it would be advisable to include these projects in a Critical Needs Bond. The Critical Needs Bond, which totals \$5,867,000, includes the following components of the FY 2014-2018 CIP:

<b>Project Category/Name</b>	<b>Amount</b>
<b><u>Public Safety</u></b>	
Fire Station #8 Repair	\$457,000
Police Station Generators (Ashley, Cove & Pleasant)	170,000
<b>Subtotal Public Safety:</b>	<b>\$627,000</b>
<b><u>School Department</u></b>	
Deferred Maintenance Fund (Repointing, Equipment Repair)	\$975,000
<b>Subtotal School Department:</b>	<b>\$975,000</b>
<b><u>Public Facilities</u></b>	
East Beach Bathroom Facility	\$275,000
Zoo Licensure Requirements	595,000
Casa de Saudade Library	225,000
Zeiterion Life Safety Issues (Sprinkler/Fire Alarm)	400,000
<b>Subtotal Public Facilities:</b>	<b>\$1,495,000</b>
<b><u>Government Facilities</u></b>	
Hillman Street Complex Envelope	\$1,870,000
Deferred Maintenance Fund (Repointing, Facade Repair)	900,000
<b>Subtotal Government Facilities:</b>	<b>\$2,770,000</b>
<b>Critical Needs Bond Total:</b>	<b>\$5,867,000</b>

In addition to facility needs addressed by the Critical Needs Bond, the City has initiated lease purchases designed to address significant capital vehicle needs. Purchases of note include two replacement ambulances for Emergency Medical Services, purchased in late FY 2013, and two fire apparatus ordered in mid-FY 2014.

The proposed Critical Needs Bond will not include authorization for the anticipated round of MSBA-funded grant conversion projects. Those items will be submitted under a separate order once the Authority has granted final approval.

#### **Environmental Bond**

The Capital Improvement Program also includes a placeholder for a \$1,000,000 Environmental Bond in FY 2014. The Environmental Bond is designed to address critical remediation needs at the City-owned Nemasket Street and surrounding properties, which are part of a Massachusetts Department of Environmental Protection waste site. The project will complete remediation activities and construct a final use for the site that will comply with State and Federal remediation requirements.

#### **2009 Facilities Bond**

The City issued a \$3 million facilities bond in late FY 2009. The 2009 facilities bond was utilized to address facility and HVAC repair needs at a number of City buildings. The 2009 bond had a \$776,000 balance as of November 2013. Of that amount, \$524,000 had been designated for repairs to the Zeiterion, with the remainder principally assigned to address HVAC repair needs at City Hall, Art Museum, Buttonwood Park Zoo and Howland Green Library.

#### **Energy Management Services Contract**

The City issued a Request for Qualifications for a comprehensive energy management contract in May 2013. The intention of this program is to identify physical improvements to existing facilities that could be financed by a combination of utility provider rebates and reduced energy costs. Potential projects may include upgrades to HVAC, lighting and streetlights, as well as building envelope improvements that could result in significant reductions to energy consumption. The energy management program would consist of a long-term contract with an energy service company to implement improvements over a number of years, and could result in significant upgrades to the City's physical plant. It is anticipated that energy management contract will be submitted for the City Council's consideration in early 2014.

#### **Project Financing**

The CIP would be funded by a combination of general obligation debt for facilities projects, lease purchasing for capital vehicle purchases, and cash funding for the new Infrastructure Fund. The Critical Needs and Environmental bonds would be funded in FY 2014 to address significant near-term liabilities. The CIP is designed to work within the City's existing debt profile, and would allow a \$9.5 million reduction to the City's net outstanding debt, from \$75.7 million in FY 2015 to \$66.2 million in FY 2018. Annual debt service payments would increase by about \$88,000 during the same period, principally due to the necessary acquisition of long-term debt on previously-authorized capital projects. Capital lease payments would also increase to support the acquisition of fire apparatus and other public safety vehicles identified in the program.

**Affordability Indicators**

The City Council is due to adopt an organization-wide debt management policy in November 2013. Included in the new 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 decline from 3.5% in FY 2014 to 3.1% in FY 2018.
- **Outstanding debt as a percentage of assessed valuation** – The policy target is 3% or less. The projected ratio would decline from 1.3% in FY 2014 to 1.2% in FY 2018.
- **Annual debt service as a percentage of the General Fund operating budget** – The policy target is 10% or less. The projected ratio would increase from 3.7% in FY 2014 to 4.2% in FY 2018.

FY 2014-2018 Capital Improvement Program  
 City of New Bedford, Massachusetts

Description	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2014-2018 Total
	<b>Major Renovations/Replacements</b>					
Hillman St. Complex Envelope	\$1,870,000	\$0	\$0	\$0	\$0	\$1,870,000
Nemasket Street Remediation & Final Use	1,000,000	0	0	0	0	1,000,000
East Beach Bathrooms	275,000	0	0	0	0	275,000
Zoo Licenseure Requirements	595,000	0	0	0	0	595,000
Casa de Saudade Library	225,000	0	0	0	0	225,000
Salt Shed Replacement	0	0	300,000	0	0	300,000
Shawmut Avenue Fuel Station	0	0	0	0	1,000,000	1,000,000
MSBA School Projects	1,894,900	0	8,000,000	0	8,000,000	17,894,900
<b>Subtotal</b>	<b>\$5,859,900</b>	<b>\$0</b>	<b>\$8,300,000</b>	<b>\$0</b>	<b>\$9,000,000</b>	<b>\$23,159,900</b>
<b>Capital Vehicle Replacements</b>						
EMS Vehicles	\$0	\$170,000	\$170,000	\$0	\$170,000	\$510,000
Fire Apparatus	1,189,634	0	1,200,000	0	1,200,000	3,589,634
Mobile Command Center	0	0	0	330,000	0	330,000
Emergency Support Vehicle	0	0	57,000	0	0	57,000
<b>Subtotal</b>	<b>\$1,189,634</b>	<b>\$170,000</b>	<b>\$1,427,000</b>	<b>\$330,000</b>	<b>\$1,370,000</b>	<b>\$4,486,634</b>
<b>Capital Asset Preservation</b>						
Public Safety	\$627,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,827,000
School Department	975,000	1,200,000	1,200,000	1,200,000	1,200,000	5,775,000
Public Facilities	400,000	300,000	300,000	300,000	300,000	1,600,000
Government Facilities	900,000	300,000	300,000	300,000	300,000	2,100,000
<b>Subtotal</b>	<b>\$2,902,000</b>	<b>\$2,100,000</b>	<b>\$2,100,000</b>	<b>\$2,100,000</b>	<b>\$2,100,000</b>	<b>\$11,302,000</b>
Infrastructure Fund	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$4,000,000
<b>Grand Total</b>	<b>\$9,951,534</b>	<b>\$3,270,000</b>	<b>\$12,827,000</b>	<b>\$3,430,000</b>	<b>\$13,470,000</b>	<b>\$42,948,534</b>
<b>Funding Sources</b>						
General Obligation Debt	\$8,761,900	\$2,100,000	\$10,400,000	\$2,100,000	\$11,100,000	\$34,461,900
Lease Purchase	1,189,634	170,000	1,427,000	330,000	1,370,000	4,486,634
Cash Funding	0	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
<b>Total</b>	<b>\$9,951,534</b>	<b>\$3,270,000</b>	<b>\$12,827,000</b>	<b>\$3,430,000</b>	<b>\$13,470,000</b>	<b>\$42,948,534</b>

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