

JOINT CAPITAL PLANNING COMMITTEE

Fiscal Year 2014

FY 14 Recommendation Summary

The Joint Capital Planning Committee (JCPC) recommends that 7% of the local property tax levy be committed to the capital plan for Fiscal Year 14, an increase of 0.5% from FY 13. This brings the percentage back up to the level in FY 08, after an all-time low of 5.64% in FY 11.

In addition to property taxes, money for the recommended Five Year Capital Plan will come from grant funds from the federal and state government and from unexpended balances from previously authorized capital projects. The Enterprise Funds contain their own capital appropriations and are not included in this report. Besides funding outright purchases, the capital budget pays off debt incurred previously for capital projects; for instance, the FY 14 plan includes the third year of debt service on \$4.5 million in borrowing Town Meeting approved in November 2010 to start repairing the Town's deteriorating roads.

In addition, the Community Preservation Act Committee recommends projects to be paid for from Community Preservation Act (CPA) funds as detailed in the separate report from the Community Preservation Act Committee. These projects are shown in purple type in the later pages of this JCPC report, as is a total of \$164,088 for repayment in FY 14 from CPA funds of debt incurred for previously approved CPA projects.

Recommendations for FY 14 capital plan funding total \$3,308,455 and include \$1,943,955 for equipment, \$787,500 for buildings and \$591,000 for facilities.

Why Capital Planning?

JCPC, comprising two representatives each from the Select Board, School Committee, Jones Library Board of Trustees, and Finance Committee, advises the Town Manager, Finance Committee, and Town Meeting on the capital needs of the Town. It was organized in 1992 as the Town began to recover from the fiscal crisis of the early 1990s, when state aid was reduced, property tax limits were imposed, and the Town used reserves and unexpended capital appropriations to balance three years of operating budgets. Capital needs were so neglected that antiquated equipment did not work; building maintenance and repairs fell far behind. It has taken 21 years of careful planning and management to get equipment on regular replacement schedules and buildings free of some of the health and safety problems that arose from failure to keep up those facilities during that period.

After several years of decreased state aid, many cities and towns, including Amherst, are faced with often-conflicting needs to meet increasing operating expenses, provide for pensions and other post-employment benefits (OPEB), satisfy capital needs, and rebuild reserves. The Financial Management Policies and Objectives adopted by the Finance Committee in January 2008 and reviewed by JCPC acknowledge the need to adequately fund a viable multi-year capital plan to maintain infrastructure, replace worn equipment, and provide for other long-range capital assets.

What are Capital Improvements?

A capital improvement is a tangible asset or project with an estimated useful life of five (5) years or more, and a cost of \$5,000 or more. Among the items properly classified as capital improvements are:

- New public buildings, or additions to existing buildings, including land acquisition costs and equipment needed to furnish the new building or addition for the first time;

- Major alterations, renovations, or improvements to existing buildings that extend the useful life of the existing buildings by ten (10) years;
- Land acquisition and /or improvement, unrelated to a public building, but necessary for conservation or park and recreation purposes;
- Major equipment acquisition, replacement or refurbishment, including but not limited to vehicles, furnishings, and information technology systems' hardware and software; or other items that combined in purpose together make it a Capital Project;
- New construction or major improvements to Town's physical infrastructure, including streets, sidewalks, storm water drains, the water distribution system, and the sanitary sewer system. Infrastructure improvements must extend the useful life of the infrastructure by at least ten (10) years to be appropriately classified as a capital improvement;
- A feasibility study, engineering design services, or consultant services which are ancillary to a future capital improvement project.

How Are Capital Needs Prioritized?

JCPC reviews requests for capital plan funding that meet several criteria. Successful capital planning facilitates postponing some capital expenditures in favor of others as part of the planning process. JCPC has adopted the following guidelines for prioritizing capital projects, with examples listed in parentheses. The guidelines themselves are not necessarily listed in priority order:

- Imminent threat to health and safety of citizens, employees or property (police cruisers and radios, self-contained breathing apparatus for firefighters, building repairs);
- Maintenance and improvement of capital assets (major repairs of buildings, replacement of vehicles and equipment, park and play area renovations);
- Requirement of state or federal law (asbestos cleanup program mandated by federal law in 1986, removal of gas tanks, etc);
- Improvement of the infrastructure (streets and sidewalks, water and sewer programs);
- Improvement/maintenance of productivity (equipment replacement, computer hardware / software);
- Improvement of an overburdened situation (Town Hall renovations, cemetery expansion program);
- Newly identified need (recreation fields);
- Priority assigned by Department (Very High, High, Medium, Low); and
- Consistency with and in furtherance of long-term planning objectives of the Town (Master Plan, Climate Action Plan, Historic Preservation Plan, Disability Access Transition Plan, etc.).

Where Does The Money Come From?

Funds for the recommended Five Year Capital Plan will come from the same sources as before: property taxes, enterprise and other special purpose funds of the Town, grant funds from the federal and state government and from unexpended balances from previously authorized capital projects. This plan assumes commitment of 7% of the local property tax levy in FY 14. Earlier capital plans used as much as 10% of the tax levy, which along with the other resources was enough to keep up with renovation and maintenance of existing buildings and equipment replacement, but not enough to cover significant new projects. We haven't come close to this goal since FY 07.

The Recommended Capital Plan – A One Year Budget, A Five Year Plan

The General Fund Five Year Capital Plan for FY 14-18 includes voted appropriations from FY 13, a proposed budget for FY 14, and a tentative plan of capital investment for the period FY 15-18. Next year JCPC will update the plan to balance projected expenditures with projected available revenues for subsequent years. The total capital budget in any fiscal year is comprised of direct cash expenditures for

capital items, debt service (interest and principal) on all prior bonded expenditures, and debt service on new authorized and issued bonds, if any. The plan is organized into three categories of projects: major equipment (vehicles, technology, etc.), building needs, and facilities needs (road maintenance, parks, open space, etc.). Included in the plan are recommendations developed by the Community Preservation Act (CPA) Committee for eligible community housing, open space, historic preservation, and recreation projects funded from the local voter-approved 1.5% property tax CPA surcharge and matching state funds. JCPC appreciates the CPA Committee's cooperation and coordination of their recommendations to allow presentation of both plans at the Annual Town Meeting. Recommendations for FY 14 capital plan funding total \$3,308,455, plus Community Preservation Act projects of \$585,483 and include the following:

Equipment [Note: Included in 2013 ATM Article 19 and Article 20]

JCPC recommends a total of \$1,943,955 for equipment items. Of this total, the Ambulance Fund supplies \$144,000 for a new ambulance and defibrillators; borrowing accounts for \$825,000 for a new fire pumper truck and three DPW trucks; repurposed old capital appropriations account for \$5,000; and taxation funds the remaining \$969,955.

Town technology infrastructure equipment replacement (computers and network equipment) is recommended for \$123,000 and includes scheduled replacements of servers, PCs, printers, routers, switches, and other critical Town technology systems. Other Town technology-related items include \$30,000 to purchase a high volume photocopier for the Bangs Center and a replacement GIS plotter located in the IT Department, \$25,000 for the second of three payments to upgrade the Wi-Fi system in the Town center and public buildings, \$70,000 to continue scanning public documents in order to reduce storage demands in Town Hall and increase public access to these documents, and \$40,000 for new Munis modules for work order management, inventory control, and on-line employment applications.

JCPC recommends \$105,000 for the replacement of three police cruisers. The Amherst Police Department currently utilizes 11 marked police vehicles (black and white) and 3 unmarked police vehicles (silver) for routine patrol. Chief Livingstone has revised the department's longstanding protocol for vehicle replacement by replacing patrol vehicles after they reach approximately 100,000 miles and administrative vehicles after they reach approximately 120,000 miles. This results in a reduction from four to three for the annual replacement of vehicles and the need to replace an additional fourth vehicle only once every three years on average. This year is one of these years when we need to purchase three vehicles. In addition, \$10,500 is recommended to continue replacing in-vehicle video recording systems, which record police stops and arrests and provide a record of those events in case questions about them arise later.

Fire equipment includes \$400,000 of debt for the purchase of a new pumper truck to replace a 1996 pumper, which will become a back-up truck. The JCPC recommends borrowing for this pumper a year ahead of the original schedule for purchasing this piece of equipment, because of the low interest rates currently available and because this is a truck that will have to be replaced soon. The Fire Department is also recommended to receive \$27,000 for the replacement of a staff vehicle and \$40,000 for the replacement of protective gear for firefighters. The Department likes to keep to a regular replacement schedule of the protective gear to ensure it is up to date and completely functional. It skipped purchasing this equipment in FY13, so this year's request is particularly important. The Department is also using \$70,000 of Ambulance Funds to purchase five CPR assist devices. These allow a patient strapped to a stretcher to receive continuous CPR so the EMT's or paramedics can transport the patient or attend to his or her other medical needs. The Ambulance Fund will also provide funding for purchasing two simulation mannequins for training personnel in CPR techniques and \$50,000 to replace five defibrillators.

The Public Works Department is recommended to receive four trucks. \$45,000 is recommended for a ¾ ton pickup truck with plow for the Highway Division. \$105,000 from a proposed bond is recommended for the purchase of a bucket truck to replace one currently used by the Streetlight Division. This new bucket truck will allow for greater and safer access for crews replacing streetlights. An additional \$320,000 in debt is also recommended to replace two large dump truck/sanders. These trucks are the workhorses of the Department and do the bulk of the work fighting snow during storms. The JCPC recommends that the second of these large trucks be bought one year ahead of schedule to take advantage of low interest rates. \$40,000 would purchase a dump truck attachment for a truck assigned to the Trees and Grounds division, which will allow that division to more efficiently pick up trash and recycling from town barrels. There is an additional \$20,000 of General Fund monies that is recommended to purchase the snow plowing and sanding equipment to accompany one of these trucks. Finally, \$5,000 of previously appropriated and unspent funds from completed projects is recommended to be repurposed for the Department to use for its ongoing purchase of park replacement equipment, such as picnic tables, trash cans, and playground equipment.

The Cherry Hill Golf Course will receive funds for the third of three lease payments for the purchase of a fairway mower. In addition, it is recommended to receive \$12,500 for the first of a three-year lease payment for the purchase of a rough mower, which will replace a mower that is over 20 years old and requires constant repair. JCPC recommends \$32,451 to the LSSE Department and Cherry Hill Golf Course, which will share a new Sand Pro Groomer, which is a multifunctional piece of equipment that will be used both to maintain sand traps and other features at the golf course and to maintain softball fields and other areas throughout town.

Library equipment includes an annual allocation of \$20,000 for technology infrastructure and \$5,000 for photocopier replacement. Technology acquisition and maintenance at the libraries are overseen by and coordinated with the Town's IT Department..

Recommended School equipment items total \$310,350, including \$20,000 to replace one of the vans used to transport children in the SPED program to and from school. \$40,000 is recommended for replacing kitchen equipment at the Fort River and Wildwood Schools and \$10,000 for design work to replace the back-up generator at the Wildwood School. In addition, \$19,550 is recommended for multimedia audio/visual equipment, \$166,400 for computer equipment for replacement of servers, switches, desktops, printers and similar computer and networking equipment and to update and maintain the network infrastructure, \$3,900 to maintain the Schools' telecommunications infrastructure, and \$26,000 to replace three photocopiers in elementary schools and one at the Business Office; the cost of the latter will be split with the Regional School Department. Another \$5,500 is recommended to replace the desk at the Fort River School library, which had rotted and has been replaced with a temporary structure.

Buildings [Note: Included in 2013 ATM Article 20 and Article 21]

JCPC recommends a total of \$787,500 for building repairs and renovations, \$400,000 of which is to be funded through borrowing and \$378,500 through taxation.

\$25,000 is recommended for building envelope repairs for all town buildings. The Facilities Director asked that this sum be set aside to cover the costs of unexpected repairs to roofs, HVAC units, and other items that arise during the course of the year. \$10,000 is recommended for interior repairs to Town Hall, including painting and other minor repairs.

The Bangs Community Center recommendation is for \$15,000 for interior building repairs, principally for the installation of a key card system for staff access to the building.

The North Amherst School building, the site formerly rented by the Survival Center, would receive \$15,000 for the purchase of shelves and storage systems to allow Town records currently stored at the Ruxton DPW site to be moved to a safe, dry, climate controlled place. \$35,000 is recommended to supplement CDBG funds that had been allocated for repairs to the Child Care Facility on Strong Street to make repairs to the roof and the HVAC system. Public Works recommendations include \$5,000 for ongoing facility improvements/repairs at the DPW Garage.

Various projects at library buildings are recommended for funding, including: \$15,000 to repair the steps at the Munson Library; \$11,000 to repair the roof at the Jones Library in the atrium area where there have been recurring leaks (this supplements an appropriation of \$14,000 from the CPA committee for this project); \$30,000 for upgrades and modernization of the fire alarm system at the Jones Library, including replacing the main fire alarm control panel, replacing old smoke detectors, and installing a notification system to give the Fire Department more accurate information about the location of alarms; and \$18,000 for a project to insulate portions of the North Amherst Library.

JCPC recommends \$594,500 for various projects at school buildings, including \$150,000 for school security upgrades, such as installing locks in classroom that teachers can lock from the inside. \$30,000 is recommended for general interior repairs, for example, painting, carpeting, and shades, as the need arises. The Wildwood School would receive \$400,000 from a debt authorization to replace its boiler. The payback for the boiler change is six years. In addition, Wildwood would receive \$6,000 to replace grills that feed the air intake systems so as to prevent leaves and other debris from clogging the system and also \$8,500 for the ongoing replacement of exterior doors that have fallen into disrepair.

Facilities [Note: Included in 2013 ATM Article 21]

A total of \$591,000 is recommended for facilities needs, of which \$76,000 is funded via taxation and \$15,000 from the repurposing of funds previously appropriated for other projects. Road maintenance and repairs will be done with \$500,000 in Chapter 90 funds that come from the state. In a change from previous practice, there is no longer a warrant article for Chapter 90 spending. This is because the Town has always been able to spend grant money without appropriation.

Public Works related items include \$30,000 to continue a multi-year project to tackle the backlog of sidewalk repairs that have accumulated. This money will be pooled with the Chapter 90 money to address the sidewalks on town streets. JCPC recommends \$6,000 to allow the Public Works Department to re-lamp a portion of the existing streetlights each year with more energy efficient bulbs. These funds will also be used to replace existing residential lampposts in many of the older neighborhoods with underground power services. \$40,000 is recommended for tree removal support, which will pay for renting a crane to do tree pruning in hard to reach areas and for renting a grinder to chip wood collected from town property from the storms over the past two years. The DPW will use the chips around town.

JCPC recommends using \$15,000 from funds, which previously had been appropriated for engineering studies associated with dredging Puffer's Pond, for the installation of a fence to prevent access to the cliff and dam and for other minor improvements to the Puffer's Pond site.

Key Capital Planning Issues Going Forward

The Five Year Capital Plan is more or less in balance, if spending on capital increases by 0.5% of the property tax levy each year through FY 18. Some projects requested for FY 14 were moved to later years; \$43,000 in requested items were completely removed from the Plan because of lack of funds. The Plan identifies several major projects on the horizon, including repairs and renovations of Fort River and Wildwood elementary schools; dredging and beach and trail improvements at Puffer's Pond; a new fire station; and renovating or replacing the 19th century Department of Public Works facility. Many other

projects large and small will compete for scarce resources. Because Amherst's debt level is much lower than that of communities with comparably high bond ratings, larger projects might prudently be financed by borrowing, with debt repayments included in the capital plan for future years. But this will be possible only if the Town increases funding allocations to the capital budget over a period of years as recommended by the JCPC and the Finance Committee, either through increased general tax support or earmarked property tax support via a debt exclusion override. An adequately funded capital plan should be a critical component of any long-term financial plan for the Town.

JOINT CAPITAL PLANNING COMMITTEE

Katherine Appy, School Committee
Tamson Ely, Library Trustees
Kay Moran (chair), Finance Committee
Robert Pam, Library Trustees
Doug Slaughter, Finance Committee
Rob Spence, School Committee
Diana Stein, Select Board
Jim Wald, Select Board

Staff Liaisons: Sanford Pooler, Finance Director,
Sonia Aldrich, Comptroller