



**Four Major Capital Investments
Pre-Listening Sessions
General Questions**

**Below are the questions that some people have asked.
Please suggest others questions we should be asking.**

FISCAL

1. *Can the Town afford to do all of these projects/make all of these major investments?*

Yes, if we make responsible choices about what to do for each of the troubled buildings, obtain grant funds when available, appropriately time the projects, and the residents approve a debt-service override for at least one project. All of the current buildings have significant problems because of deferred maintenance, the Town's growth, and changes in needs since they were constructed. If we make significant investments in all four, at least one will need a debt service override.

2. *How is the Town going to pay for these projects/make the needed major investments?*

We have known that we need to address the needs of these buildings for many years and have planned accordingly. The Town's debt obligation is very low and much of our debt, including previously issued bonds, have been fully paid or will be within the next few years. We accumulated reserves to help us to pay for part of the projects and manage future debt that will be required. The Town managed its finances responsibly and has a strong bond rating, which will enable it to borrow at a low interest rate. The Town increased the proportion of the budget allocated to meet capital expenses to address the needs of these four projects, address other deferred capital needs such as roads and sidewalks, and provide the equipment and tools needed to provide the services we expect from our Town.

3. *Why did we get so far behind with addressing the needs of our important public buildings?*

Our capital budget was inadequately funded. In 2008, the Town adopted Financial Management Policies and Objectives that determined the appropriate amount of the annual budget that should be used to address capital needs, including infrastructure.

"The annual budget should include a Capital Program that includes debt service obligations and cash-funded capital projects funded from current revenues equal to at least 10% of the estimated property tax levy. This does not include capital projects funded via debt exclusions (debt excluded from Proposition 2 ½ limits)."

For FY 08, only 7.2% of the tax levy was allocated to the capital program. Because of the recession that began shortly after the policy was established, the allocation for capital was reduced, not

increased. The allocations to the capital program were 6.51% in FY 10 and 6.23% in FY11. The result was that we deferred investments in infrastructure and building maintenance that we now must address. Since FY11, the Town has made a concerted effort every year to increase that percentage. This year, FY20, we have reached 9.5%, the highest it has ever been.

4. *How will the funding of these projects affect other capital needs like roads and sidewalks?*

The Town has significant other capital needs and any plan must be prepared to ensure there are capital funds available to address problems with streets and sidewalks, buy important vehicles (ambulances, police cars) and address other identified capital needs. Regardless of whether we repair these buildings or replace them, the deferred need to address the problems at the elementary schools, library, DPW building, and Fire/EMS Station, as well as, roads and sidewalks will require expenditure of capital funds. Because the large capital projects would be funded by borrowing, the annual expenditure is for repayment of debt and other capital needs. Those payments will have some effect on the capital budget, but there will be funds to address other important capital needs. If one or two projects are funded by a debt exclusion override, that expense will have no effect on the Town's other capital needs. If we decide to repair a building without a major addition or new structure that will require borrowing, those expenses will compete with other needs for capital expenditures.

5. *What are the consequences of a decision to not proceed with a project to replace or make substantial improvements and additions to one of these current buildings?*

Should we not go forward with significant new construction/renovation, the Town will need to make substantial investments to repair and improve the existing building. In anticipation of possibly proceeding, we have spent as little as possible to maintain these buildings. It did not make sense to do more than necessary to continue to use a building if it might be replaced. The cost of repair and renovation would rival the cost of new construction, but would not completely address programmatic, safety, environmental, and other concerns.

6. *Will all of these projects be done at one time? What is the timeline?*

The projects may not be done at once. We cannot manage that much construction and it would not allow for responsible financial management. The timeline has not been determined. The Schools and the Jones Library applied for grants for those projects and the timing for them will be largely determined by the grants. The DPW and Fire/EMS Department projects will be timed according to such other factors such as the location of a DPW facility. If the Fire/EMS Station is built at the site of the current DPW building, then DPW decisions has to be made first. We also need to manage the financing of the projects as we determine the timing.

7. *Will my taxes go up? By how much? When?*

Property taxes go up every year, but are limited by Proposition 2 ½. To proceed with investments in all four facilities will likely require the voters to approve an override to fund one or two of the projects. If passed, taxes will increase after the funds are borrowed. The amount of the tax increase depends on the amount borrowed pending approval of the override. The funds for these investments will be borrowed and the money to repay that debt will come out of the operating budget. Projects funded from the current budget will not cause taxes to increase more than they would in any other year. A provision of Proposition 2½ allows voters to decide whether to exclude indebtedness for a building project from the normal budget and to pay for it with a temporary property tax increase. Voters will decide whether to fund one or two projects by a debt exclusion override. The amount that taxes will increase is determined by the cost of the project, the interest rate at the time funds are borrowed, and the assessed value of the property.

Usually payments on municipal debt are larger in the first year and decline in each succeeding year until the bond is fully paid. Therefore, unlike a home mortgage, the additional taxation on property will go down each year. For example, if voters approve a debt exclusion override for a \$20,000,000 building that meets the Town's net zero bylaw requirement and bonds are issued at 4%, for a \$325,000 home the increase in taxes will be highest in the first year, an additional \$220 in the property tax for the year, \$55 for each quarterly payment. The annual increase will be \$200 in the fifth year, \$180 in the tenth year, \$140 in the twentieth year, and \$104 in the 29th and final year. The debt exclusion override authorization then ends.

8. *Does the Net Zero Energy Building Bylaw apply to all of these projects?*

The Net Zero Energy bylaw applies to all new Town-owned buildings and additions. It does not apply to renovations. The decision whether to build a new building, build an addition, or renovate will be determined through the process to develop a Major Capital Plan. The bylaw does not apply to the Jones Library since the Town does not own the building. That building belongs to Jones Library, Inc. a separate nonprofit organization. However, the Library Trustees are committed to making the building energy efficient and may choose to adhere to the standards established in the Net Zero Energy Building Bylaw. In addition, while renovations are not subject to the Net Zero Energy Building Bylaw, if the Town Council adopts the Climate Action Goals currently under consideration, the Town Council may decide that extensive renovations also need to meet the Net Zero Energy Building Bylaw.

9. *What is the additional estimated cost that will be incurred adhering to the Net Zero Energy Bylaw?*

We estimate that the additional expense for new construction to comply with the Net Zero Energy Building Bylaw is between 7.5 - 10% of the building cost. We expect that there will be substantial savings in utility bills since new buildings will be largely or entirely powered by solar and other renewable energy, including for heating. This will substantially reduce the cost to operate these buildings. It is possible that the annual savings in utility expenses will be equal to or greater than the cost to borrow the additional funds in order to comply with the bylaw.

PROCESS

10. *What is the process for making the final decision on these projects?*

The final decisions will be made by the Town Council after it has all of the information it requires and receives public input through listening sessions, by email and paper mail, at Council Committee and Council meetings that include the topic in the agendas, and by other means of communication. Because of deadlines associated with library and school grant programs, the Council may need to make decisions about some projects before adopting a plan encompassing all four identified projects and other capital needs.

11. *When will the Town Council complete their Major Capital Plan encompassing all of these projects?*

While the Council would like to have a Major Capital Plan by June 2020, the Council cannot predict a specific date without more information. We will not know whether the Massachusetts School Building Authority will respond favorably to the Statement of Interest filed earlier this year until December 2019 or later. If invited in by the MSBA and accepted by the Town, the School Committee and a building committee will need to initiate a community process to make final decisions on the educational and building plans. The Massachusetts Board of Library Commissioners has notified the Jones Library Trustees that they will award Amherst the Library

grants in July 2020. The Council has not made a decision on a location for a new facility for the Department of Public Works, which affects that project and the Fire/EMS Station projects.

12. *What will be included in the Major Capital Plan?*

The final Major Capital Plan will encompass decisions about what should be done to resolve problems in our existing elementary school, Jones Library, Central Fire/EMS station, and DPW buildings; the expense involved; the timeline for each project; and the means of funding. The Plan will need to be adjusted as additional information becomes available.

13. *What are the next steps after the listening sessions?*

We expect to hear from the Massachusetts School Building Authority (MSBA) about the 2019 Statements of Interest by December 2019 or February 2020. **The Council Finance Committee and the Council will carefully consider the information it receives from the public and the MSBA decision. The Council will also consult the Joint Capital Planning Committee, which includes members from the School Committee and Library Trustees. It will develop an initial draft plan that will be adjusted as we receive further information and public comment on that initial draft.**

14. *Will there be additional opportunities for members of the community to give input before final decisions are made? How will we be kept in the loop?*

There will be opportunities to provide comments and make suggestions throughout the process as the initial draft plan is developed, reviewed, and adopted and then as successive versions of the plan are considered. You can find these at www.amherstma.gov/capital. There will be reports through the press and at regularly scheduled and special meetings.

SPECIFIC PROJECT QUESTIONS

15. *What happens if the Schools are not accepted into the Massachusetts School Building Authority (MSBA) this year?*

We will submit another Statement of Interest in 2020, but may need to do some emergency repairs to the current buildings. The Town Manager, in consultation with the School Committee and the Joint Capital Planning Committee, will determine what repairs must be made to the current Wildwood and Fort River buildings. He will include essential repairs in the Capital Plan he submit to the Council on May 1. The Council and School Committee can submit another Statement of Interest in the spring of 2020. The recently completed Fort River Study, the assessment of the Crocker Farm building, and the 6th grade study will continue and provide important information when a Statement of Interest is accepted by the MSBA.

16. *What are the next steps after the Jones Library is awarded the grant from the Massachusetts Board of Library Commissions (MBLC) in July 2020?*

The Town Council will have 6 months from the date of the MBLC announcement, with the possibility of a 6-month extension, to secure funding for the Town's portion of the project. If local funding is not secured, the grant will be deemed rejected. If local funding is not secured, the grant will be deemed rejected. Construction Grants are offered by the MBLC "on an irregular basis, based on a number of factors, including state bond authorizations and the availability of funds through our annual capital budget." (<https://mblc.state.ma.us/programs-and-support/construction/construction.php>) As a result, if Amherst does not accept the state funds it is not clear when there would be another MBLC grant competition. In the absence of state funding, it will still be necessary to make repairs to assure the building's integrity, accessibility, and

public safety. The cost to the Town for such repairs, or renovation of the Jones, would be similar to the amount of the Town's portion identified in the grant.

17. *Is there any state or other funding available to offset the cost of the DPW and Fire/EMS Station?*

We continue to diligently search for grant opportunities but are not aware of possible state or other funding opportunities.

18. *Where is the DPW moving?*

This decision has not been made. The Council will continue to consider all options so that it can make a decision and allow the planning process to move forward.

19. *Does the Fire/EMS Station have to be on the DPW lot?*

This proposed location is the best alternative. The Town has investigated a number of possible locations for a Fire/EMS Station. This is clearly the best available location to assure adequate service to all parts of Town including downtown, South Amherst, and East Amherst. The DPW building cannot be renovated to resolve its problems so it is logical to move that facility to a new location and use the current property for the Fire/EMS Station.

20. *Is the Fire/EMS Station decision dependent upon the DPW site?*

If we are to locate a new Central Fire/EMS Station location at the current DPW site, we need to build a new facility for the Department of Public Works in order to make that property available. There is not adequate space on the property for both facilities.