

Capital Improvement Plan FY 2018 - 2022

Introduction

Presented in this section is the proposed FY2018-2022 CIP, the first year of which constitutes the requested FY2018 Capital Budget. The Westborough Town Charter requires the Town Manager to submit a Capital Improvement Program (CIP) to the Board of Selectmen, Advisory Finance Committee and the Capital Expenditures Planning Committee based on material prepared by the Capital Expenditure Planning Committee. Each year, Town Meeting reviews the Proposed Capital Budget as a Capital Improvement Plan warrant article that incorporates those items rated high enough to be incorporated in the Capital Budget for the coming fiscal year. Town Meeting may adopt the Capital Budget by voting to appropriate funds for each recommended capital project. The planned acquisition of capital associated with the annual appropriation constitutes an important component of the Town's capital plan.

The CIP is an important tool the Town of Westborough utilizes to help manage existing infrastructure and guide capital spending. It creates an orderly process for evaluating the Town's assets and their expected useful lives, projecting replacement costs and assigning priorities among such projects when resources cannot fund all requests. Further, the CIP process ensures that the Town plans for annual operating and capital costs in anticipation of long range needs and goals.

Process

2016 Capital Expenditure Planning Committee

Sean Keogh, Chair	AFC Representative
Bruce Tretter	Selectmen Representative
Stephen Doret	School Committee Representative
Joanne Savignac	Treasurer/Collector
Margy Peairs	Moderator Appointment
Susan Woodcock	Moderator Appointment
Vacant	Planning Board Representative

The Town of Westborough defines capital projects/items as an expenditure of \$25,000 or more with a useful life greater than three years that falls under one of the following categories:

- Acquisition of land
- Construction, expansion or renovation of a facility. Facilities include buildings, streets, bridges, sidewalks, parking lots, utilities, playing fields, cemeteries, playgrounds, etc.
- Acquisition of large capital items including vehicles, technology, communications equipment, etc.
- Facility maintenance projects including roof repair, HVAC, electrical, masonry, painting carpeting, street resurfacing, sidewalk reconstruction, playground equipment/major repairs.
- Planning, feasibility, engineering or design studies related to a capital project.

Town departments and the School Department seeking to replace or obtain a capital item or to complete a capital project must submit a "Project Proposal". Project Proposals submitted include the Year Proposed for Construction or Purchase, Total Project Cost, Description of Project/Purchase, Departmental Priority, Justification/Need/Vision, Cost Summary, Needs Criteria, Type of Project, Possible Alternatives and Impact, if Disapproved. The proposals were provided to the Capital Expenditures Planning Committee who met with each department and rated each project on a scale of 0-5 on each of the eight factors of the Needs Criteria listed below:

Public Safety and Health – Consideration of the impact of a request and its impact on existing conditions of public safety and health.

Infrastructure Needs - Consideration of the impact of a request in relation to infrastructure problems and needs of the community.

Efficiency of Services – Consideration given to requests that increase the efficiency of services provided by the Town to the public.

Legal Requirements – Consideration of requests based on mandates of local, state or federal regulations or laws.

Public Support – Consideration of requests in relation to public support of a specific project or program, specifically, you should consider how the public will view the purchase of specific capital items.

Personnel Impact – Consideration of requests that are necessary based upon increased personnel or increased use by personnel.

Service Impact – Consideration of requests that are necessary due to increased, altered or new services the Town is offering.

Administrative Needs – Consideration of requests that are necessary due to the administrative needs of various departments.

The Town Manager then takes this information and balances the committee ratings with the cost of each item and departmental priorities. The resulting five year plan seeks to create a balanced replacement schedule that properly maintains infrastructure and fleet according to Westborough's fiscal management policies.

Funding

The Town needs to ensure that its capital needs are addressed on a regular basis to ensure that the Town does not find itself in a position of having to replace a lot of capital at one time causing unnecessary debt issuance and associated interest costs for capital replacement that could have been done in a planned manner without the issuance of debt. The annual Capital Budget should

include an equipment replacement and facilities maintenance schedule equal to 1.0% - 1.5% of the General Fund Operating Budget. This percentage is derived from a calculation of all current capital assets original acquisition cost amortized over the useful life as determined by the Massachusetts Division of Capital Asset Management depreciation schedule to determine the Annual Replacement Value.

Capital projects/items may be funded using one of the following funding sources:

- **Borrowing** – Projects/items of \$100,000 or more with a useful life of at least 10 years may be considered for borrowing. The sources of revenues to support borrowing are:
 - General Fund within Proposition 2½
 - Water and Sewer Retained Earnings
 - General Fund with Proposition 2½ Debt Exclusion Vote
- **Available Revenues** – Projects/items of \$5,000 or more with a useful life of at least 3 years may be considered for funding with available revenues. The sources of available revenues are:
 - Capital Improvement Article as recommended by the Capital Expenditures Planning Committee
 - Water and Sewer Retained Earnings
 - Free Cash Warrant Articles
- **Departmental Operating Budget** – Projects/items less than \$5,000 with a useful life of greater than one year may be considered for funding in departmental operating budgets and revolving funds.

The annual operating cost of a proposed capital project, as well as the debt service costs will be identified and/or estimated to the extent possible before any long-term capital project is recommended. It is important to project the estimated impact of a proposed capital project on the operating budget to ensure there are adequate resources to meet long-term operating expenses. For capital projects involving a debt issuance, the impact of the debt service on the tax rate, water or sewer rate will be identified and included with the Capital Expenditures Planning Committee recommendations.

FY18 Capital Budget

Attached to this report is Appendix A – Capital Plan Proposed Funding which provides a recommended funding mechanism for each of the capital requests for the five year planning period. The funding mechanisms are broken down into four categories: free cash transfer; borrowing; raise and appropriate; and other (which includes transfers from the Capital Stabilization Account, Ambulance Receipts, Water Retained Earnings, Sewer Retained Earnings and any other accounts the Town may access to fund capital items).

Attached to this report is also Appendix B – Capital Requests Ratings Summary which provides a complete list of the projects requested for FY18-FY22. This summary shows the fiscal year in

which each request is currently planned for and lists items that were rated too low to be included in the five year CIP.

Below are the proposed projects and recommended funding sources rated high enough to be included in the FY18 Capital Improvement Plan Article. Each vehicle request is accompanied by the scheduled replacement date according to the state's document entitled *A Practical Guide for Implementation of Governmental Accounting Standards Board Statement #34 For Massachusetts Local Governments* which provides bureau recommended capital assets, depreciation and estimated useful lives for municipal fixed assets. This differs from the Town's depreciation schedule which considers the transfer of vehicles into other departments.

DPW-General – *Side Mower (#38)* (\$120,000)

The Department of Public Works is seeking to replace a 1996 New Holland Side Mower (#38) in FY18. The Side Mower has become unreliable and replacement parts have become difficult to obtain. The cost of maintenance has increased and the amount of down time for repairs has increased. This piece of equipment's estimated useful life is 7-10 years according to the states GASB#34 guide which provides bureau recommended capital assets, depreciation and estimated useful lives for municipal fixed assets.

Proposed Funding – This project is recommended to be funded through a transfer from free cash in the amount of \$120,000.

DPW-Sewer – *Sewer Grinder Installation at Pump Station* (\$50,000)

The Department of Public Works Sewer Division is seeking to install Grinders in various sewer pump stations over the next five years. This FY18 request would fund grinder installation at the Maynard Street pump station. Modern wastewater grinding systems installed directly at the pump station can effectively precondition solids, including non-dispersible, into smaller pieces so the wastewater and debris can pass through the pumps without clogging.

Proposed Funding – This project is recommended to be funded through a transfer from Sewer Retained Earnings in the amount of \$50,000.

DPW-Water – *Replace Fire Hydrants* (\$30,000)

The DPW Water Division is seeking to implement a fire hydrant program in which the Town will replace ten (10) fire hydrants in FY18 and continue this program going forward. Many of the hydrants within town are antiquated and are in need of replacement. Parts for old hydrants are difficult to obtain, while newer hydrants open easier and are more efficient due to newer technology and less overall wear. Also new hydrants do not have the problem of leakage, avoiding potential cross connection issues of water loss.

This is being funded as a capital expense in FY18 but is recommended to become part of the operating budget in the future as it is considered to be an ongoing operating expense.

Proposed Funding – This project is recommended to be funded through a transfer from Water Retained Earnings in the amount of \$30,000.

Police Department - *Cruisers* (\$115,000)

Police vehicles are often used 24 hours a day and 7 days a week. In order to properly manage the fleet, a regular replacement schedule is needed to ensure the fleet does not become unreliable. A regular replacement schedule also improves officer safety and cuts down on maintenance costs. Having just one cruiser out of service puts a strain on the department's operations. The intention of this request is to replace two of the oldest cruisers in the fleet, including related equipment. The prices are based on the Plymouth County Commissioners bid. The state GASB #34 guide estimates a 5 year useful life on this type of vehicle.

Proposed Funding – This request is recommended to be funded through a transfer from free cash in the amount of \$115,000.

Police Department – *Portable Radio Replacement* (\$286,578)

The majority of Police Officers and Firefighters have been utilizing their assigned Motorola portable radios daily that were acquired in 2002 through a FEMA grant. This was the first ever purchase of portable radios that were assigned to each individual and prior to that, there was not a capital expense for such equipment. These radios are now approaching 15 years old and are quickly nearing their end of life. Parts to service these are becoming less available and the departments often strip apart radios to repair others. The model radio that the departments have is not constructed any longer and there are many models that have been developed since. The radios are becoming fragile and are being subjected to excessive wear and tear. Additionally, new radios will allow for interoperability with the Town's mutual aid partners. This request replaces all radios for the Police Department with a plan to create a replacement schedule going forward.

Proposed Funding – This request is recommended to be funded through a transfer from free cash in the amount of \$278,578.

Fire Department – *Portable Radio Replacement* (\$120,000)

The majority of Police Officers and Firefighters have been utilizing their assigned Motorola portable radios daily that were acquired in 2002 off of a FEMA grant. This was the first ever purchase of portable radios that were assigned to each individual and prior to that this was not a capital expense for such equipment. These radios are now approaching 15 years old and are quickly nearing their end of life. Parts to service these are becoming less available and the departments often strip apart radios to repair others. The model radio that the departments have is not constructed any longer and there are many models that have been developed since. The radios are becoming fragile and are being subjected to excessive wear and tear. Additionally, new radios will allow for

interoperability with the Town's mutual aid partners. The Fire Officers' radios were replaced in FY16. This request would fund the replacement of the remainder of the Fire Department radios with a plan to create a replacement schedule going forward.

Proposed Funding – This request is recommended to be funded through a transfer from free cash in the amount of \$120,000.

Fire Department – *4WD Vehicle* (\$51,000)

This request is to replace a 2008 Ford Expedition that has 123,000 miles on it. This request came to the Capital Planning Committee after they had completed their ratings because the Fire Chief did not learn of the significant issues with this vehicle until after it was transferred to the new Deputy Chief. The Committee considered this request at their December 8, 2016 meeting and voted to include it on the FY18 Capital Plan.

This vehicle is used by the Deputy Fire Chief to respond to emergencies, perform inspectional services, and conduct Fire and EMS business, and remain available 24 hours per day as an on call administrator. This vehicle has several issues including chronic electrical issues which causes the vehicle to not start, random loss and power and ability to accelerate, locks and unlocks on its own, major corrosion in rocker panel, interior floor, under carriage and rear gate, rotting steering wheel and falling apart of steering wheel column. This vehicle has its expected service life of 5 years according to the State's Government Accounting Standards Board.

Proposed Funding – This project is recommended to be funded through a transfer from free cash in the amount of \$51,000.

Fire Department – *Rescue 1 Replacement* (\$685,000)

This request is for the replacement of Rescue 1. This vehicle will be over 21 years old at time of replacement. It has had significant corrosion and maintenance issues. This vehicle has been out of service several times this year (occasionally for greater than 1 week at a time) and has become unreliable. The department has accrued nearly \$70K in maintenance costs in the last 5-6 years alone to keep it in service. The Town has put money into the capital stabilization account to save for this truck since FY15. There is currently \$210,000 in the account saved toward the purchase of this vehicle. This type of vehicle's estimated life is 15 years according to the State's Government Accounting Standards Board Guide #34.

Proposed Funding – This project is recommended to be funded through a transfer from the Capital Stabilization Fund in the amount of \$210,000 and a transfer from free cash in the amount of \$475,000.

Capital Stabilization Fund – (\$100,000)

This request is to fund the capital stabilization in the amount of \$100,000 for the purpose of purchasing a ladder truck for the Fire Department in a future year. The ladder truck is currently on the capital plan for FY22 with an estimated cost of \$1,175,000.

Proposed Funding – The fund is recommended to be increased through a raise and appropriate in the amount of \$100,000.

Future Years

Fleet Replacement: The Capital Planning Committee and the Town Manager notes the significant costs of each vehicle and piece of equipment on the capital plan. The Town Manager's office has committed to working with the departments over the next year to create a fleet replacement schedule that spreads out costs and equipment replacement in a fiscally responsible way.

Library: The Library Board of Trustees has not proposed any projects for FY18-FY22. The Library continues to work toward renovation of their current space through grant funding opportunities.

School Department: The school department met with the Capital Planning Committee to discuss the capital process and the report that the Architect, Drummey Rosane Anderson (DRA), commissioned by the School Committee which was presented to them in the fall of 2014 and presented to the Capital Planning Committee in 2015. The report set a new benchmark with the new data and it was assessed as to what items can be completed in house, what would require larger Articles at Town Meeting and which would qualify as capital expenditures. The School Department did not have any requests to present this year but expects to in future years. Gordon Richardson, Director of Building and Grounds, and Kelly Giacepello were recently charged with identifying 6-10 projects for the capital expenditures plan. The School Committee will present a 5-year capital projects plan later in winter which will be submitted to the Capital Planning Committee next year.

Dept	Item Description	FY	Estimated Cost	Rate 1	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6	Average
FY18										
DPW Sewer	Sewer Grinder Installation at Pump Station	FY18	\$ 50,000.00	28	20	23	21	24	32	25
Police	Portable Radio Replacement	FY18	\$ 286,578.00	31	19	25	18	26	26	24
DPW Water	Replace 10 Fire Hydrants	FY18	\$ 30,000.00	28	18	26	20	24	27	24
Police	Cruisers	FY18	\$ 115,000.00	32	16	14	24	27	28	24
Fire Department	Portable Radio Replacement	FY19	\$ 120,000.00	30	18	17	18	25	28	23
DPW General	Side Mower (#38)	FY18	\$ 120,000.00	30	10	17	23	15	25	20
Fire Department	2008 4WD Vehicle - Deputy Chief	FY21	\$ 51,000.00	25	16	12	23	16	16	18
	Capital Stabilization Fund - Ladder 1		\$ 100,000.00							
	FY18 SUBTOTAL		\$ 872,578.00							
Fire Department	Recue 1 Replacement	FY18	\$ 5685,000	33	11	19	18	20	29	22
	Capital Stabilization Fund - Rescue 1		\$ (210,000.00)							
	FY18 Total		\$ 1,347,578.00							
FY19										
DPW Sewer	Sewer Grinder Installation at Pump Station	FY19	\$ 50,000.00	28	20	23	21	24	24	23
Fire Department	2010 Ambulance Replacement	FY19	\$ 275,000.00	35	18	20	19	25	20	23
DPW Water	Replace 10 Fire Hydrants	FY19	\$ 30,000.00	28	18	26	20	24	19	23
Police	Cruisers	FY19	\$ 115,000.00	32	16	13	24	27	23	23
Police	Weapons Replacement	FY19	\$ 57,500.00	26	16	27	17	25	20	22
Council On Aging	18 Passenger Van	FY18	\$ 74,000.00	26	19	20	19	23	23	22
DPW General	Catch Basin Cleaner (#228)	FY18	\$ 250,000.00	34	12	22	24	15	27	22
	Capital Stabilization Fund - Ladder 1		\$ 100,000.00							
	FY19 Total		\$ 951,500.00							
FY20										
DPW Sewer	Sewer Grinder Installation at Pump Station	FY20	\$ 50,000.00	28	20	23	21	24	17	22
DPW Water	Replace 10 Fire Hydrants	FY20	\$ 30,000.00	28	18	26	20	24	13	22
DPW General	F-350 Dump (#220)	FY18	\$ 60,000.00	24	14	18	24	21	25	21
Police	Cruisers	FY20	\$ 141,000.00	32	16	14	24	27	17	22
Fire Department	Replace Personal Protective Equipment	FY20	\$ 155,000.00	31	18	20	23	28	20	23
Fire Department	SCBA Units	FY20	\$ 300,000.00	32	14	23	22	28	20	23
	Capital Stabilization Fund - Ladder 1		\$ 100,000.00							
	FY19 Total		\$ 836,000.00							
FY21										
DPW Sewer	Sewer Grinder Installation at Pump Station	FY21	\$ 50,000.00	28	20	23	21	24	17	22
DPW Water	Replace 10 Fire Hydrants	FY21	\$ 30,000.00	28	18	26	20	24	13	22
DPW General	F-350 Utility Truck e/Crane (#10)	FY20	\$ 100,000	29	14	16	28	21	14	20
Police	Cruisers	FY21	\$ 115,000.00	32	16	13	24	27	17	22
Fire Department	Cardiac Monitors	FY21	\$ 120,000	33	16	25	23	25	18	23
DPW General	6-Wheel Dump/Sander (#17)	FY20	\$ 180,000	29	11	18	28	21	19	21
DPW General	CAT Loader Replacement (#39)	FY19	\$ 175,000	29	14	18	24	21	19	21
	Capital Stabilization Fund - Ladder 1		\$ 100,000.00							
	FY20 Total		\$ 870,000.00							

