



Town of Winchester

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To: Town Meeting

cc: Select Board
Richard C. Howard, Town Manager
Peter Haley, Town Moderator
Finance Committee

We are pleased to submit our annual FY 20 report of the Capital Planning Committee (CPC). The CPC has completed its evaluation of all capital project requests for the next five Fiscal Years.

The state of the Stabilization Funds is poor – literally.

These funds are the Town's primary way of paying for essential capital projects such as building repairs like new roofs and asbestos removal from schools, road and bridge repairs, replacement of vehicles such as Fire Trucks and Ambulances and snow plows and salters, repair of traffic signals, flood mitigation projects, repair and modernization of our parks and athletic fields. If you are a resident of Winchester, your life is impacted by these funds.

In FY 19 the Building Stabilization Fund (BSF) produced approximately \$306K in *Funds Available for Use*. *Funds Available for Use* is defined as money flowing into the fund less required payments for debt secured to the Fund. The BSF was heavily encumbered in the early 2000's with debt that will not be paid off until the middle of the next decade. As debt is paid off, *Funds Available for Use* will increase.

In FY 19 the Capital Stabilization Fund (CSF) produced approximately \$725K in Funds Available for Use. While the money generated by the CSF is the only amount that is guaranteed for use on Town Capital projects, Town Meeting has traditionally transferred an amount that represents so-called "Retiring Debt" to supplement the Capital Stabilization Fund.

"Retiring Debt" was created approximately ten years ago to roughly reflect the amount of General Fund Capital Debt. To keep a similar amount of money flowing to Town capital projects, as the Town paid off that old debt, a like amount of funds traditionally have been transferred from the General Revenues of the Town to the Capital Stabilization Fund each fiscal year. In FY 19 that amount was approximately \$764K.

Additionally, recognizing the magnitude of the Town's Capital needs and the historic underfunding of the Towns capital projects for more than a decade now the Town Manager has supplemented the Capital Stabilization Fund with \$220K from Free Cash. These two additional sources of funding are entirely discretionary and are not guaranteed. Those funds, which may be needed in the future to meet Town operational expenses or other priorities, represent approximately 58% of the funds the Town invests in Capital Projects. ***Loss of "Retiring Debt" and the Town Managers contribution would result in the effective collapse of the funds for the foreseeable future as any significant future project would likely require bonding, further reducing Funds Available for Use.*** This cycle would continue until both funds were fully committed to debt service at which time no money would be available for any new projects until older projects were fully paid off.

The amount of known and anticipated Town capital needs are very large. This year there were approximately \$20 million in capital requests and the 5 year planning window has in excess of \$66 million of capital requirements. The schools alone have nearly \$11 million in level 1 (critical) repairs projected over the next 5 year planning window. Since the amount of Funds Available for Use in each fund is very limited and for the above reasons, the Capital Planning Committee has voted against taking on additional debt. Because of the small amount of money available for Building and Capital projects relative to the annual and anticipated capital needs of the Town, coupled with the potential loss of Retiring Debt and/or the Town Manager's Free Cash contribution, the Capital Planning Committee has largely been constrained to a triage approach to capital projects funding mostly emergency, public safety and mandated projects. Even some of those projects have had to be staged over several years or cautiously delayed to accommodate budget restraints. This has the effect of both increased risks and costs to the Town as projects are postponed.

When created, it was envisioned that the funds would allow some money to accumulate year to year so that there would be money available for planned large capital items such as Fire Engines, anticipated significant building repairs, etc. as the need arose. As it stands now, with funding as limited as it is, the funds are usually spent down each year covering only the highest priority town needs. Some years, given unanticipated urgent capital requirements, only a few planned capital requests have been fulfilled.

The committee has determined that additional \$2 million of funding are needed annually to begin working down the backlog of projects as well as the new ones. Currently the two funds generate \$1.7 million (assuming retiring debt continues to be allocated to the CSF) which cannot come close to tackling the \$20 million in requests this year alone. As a result, most of these projects will be deferred to future years adding to the backlog of projects. By 2024 it is estimated that the funds will generate a healthier \$2.6 million, though that is still vastly insufficient for the known need of \$66 million over that time period. If additional funding of \$2 million were available, a significant number of projects could be completed in a given year, leaving more of the newly generated stabilization fund dollars to be spent on new projects.

Obviously, even with these additional funds we will still be unable to fund every request as it would require close to \$13 million per year, and The CPC appreciates that such a sum is unfeasible. However, the additional funding will allow the CPC to plan and strategically fund those projects that have the highest need. For too many years the Capital Planning Committee has been unable to plan, but rather simply reacted to the current essential needs. The triage approach we currently employ means that too many projects are deferred and end up costing the town more in the long run.

To date there is no short or long-term plan to provide additional funding for the Capital needs of the Town. Failure to maintain or replace capital items lead to the following:

- Increased public health issues and risks
- Potential failure to meet mandates
- Increased cost to the taxpayers

The Committee recommended funding options such as the following:

1. General Fund override to supplement Building and Capital Stabilization Funds.
2. Bundle Immediate Repair Projects for Buildings, Flood Mitigation, ADA and Technology for possible override.
3. Increase General Fund Appropriation for Capital.
4. Allocate Free Cash for Capital Projects (non-recurring expense.) This is consistent with the Select Board's Operating Reserve Policy, while making sure we always maintain our Aaa bond rating.

This year with the expectation that Town Meeting will continue to transfer Retiring Debt for the General Fund the CPC is recommending use of the following funds for the FY 20 Capital Projects (excluding Water & Sewer Enterprise and Cemetery Permanent Care):

Capital Stabilization Fund	\$1,325,000
Building Stabilization	\$ 800,000
General Fund	<u>\$ 220,000</u>
Total	\$2,345,000

Capital Planning Process

The process for evaluating capital project requests is a long and arduous one. It begins in June of every year and culminates at Fall Town Meeting. Requests for potential capital planning projects for the next five years are distributed to all elected and appointed Boards and Committees and municipal and school departments in order to create a comprehensive five-year needs assessment for the Town. This involves participation of the EFPBC, School Committee, Select Board, Town Manager, Energy Management Committee, Disabilities Access Committee, Library Trustees and department heads. These requests are prepared by professional staff and submitted to the CPC for review and prioritization.

The CPC consists of the following members per the Town’s charter. Two members appointed by the Finance Committee, one member appointed by the Planning Board, one member appointed by the School Committee and three members appointed by the Select Board. The makeup of the CPC was designed to be inclusive of all Town agencies and relies on each member representing an appointed Board or Committee to report back to said Committee and also bring forward concerns and/or issues back to the CPC.

The CPC in evaluating each project relies on each Town entity submitting a proposal to take into consideration their immediate and long term capital needs. A major tool that is used by the Town in developing our long term immediate building repairs is the VFA/Accruent Building Envelope Program. This program helps to develop the expected life cycle and cost estimates for building system maintenance upgrade and replacement. This program allows for long term capital planning which helps the Town prioritize its five-year plan.

Additionally, the Department of Public Works and the Engineering Department have developed a comprehensive program for sewer, water, drainage, roads, traffic, sidewalks and flood mitigation projects. The Field Management Committee together with the DPW and School Department is developing a five-year field capital improvements plan. All of these tools utilized by the various Town agencies contribute to the development of a comprehensive plan for maintaining and improving the Town infrastructure and assets. It is important to note that per the Town Charter the CPC makes its final recommendation for its annual plan to the Town Manager who then approves the final Capital Plan.

Project Evaluation Criteria

The backbone to the Capital Planning process was the establishment of a ranking process that allows the CPC to evaluate each individual project in a consistent manner. The ranking is based on the following criteria:

- Public Health and Safety
- Mandates by State or Federal Government
- Necessary for Maintenance of Town Assets
- Demonstrated Increased Efficiency and /or Cost Savings

Each project request is required to address the following items when submitting to the CPC.

- 1) Expected lifetime of the item/project.
- 2) Expected operating costs of and manpower available to complete or use the item or project.
- 3) Comparison of purchasing versus leasing or outside contracting of the service and, where relevant, the cost of multi-town sharing of resources or equipment.
- 4) Need for the item/project and its effect on the operating budget-what it might save in maintenance and repair.
- 5) Departmental priorities for the current year's projects/items.
- 6) Estimated cost estimates of the item/project, supported by bids or quotes whenever possible.
- 7) A plan detailing item/projects awarded during the past three (3) years and those to be requested over the next three (3) years.
- 8) A schedule of implementation for approved items and projects, including a time line within the proposed FY.

One of the critical steps in completing the CPC's evaluation of each project is meeting with the individual responsible for requesting the project. At this meeting we discuss with the individual where the request fits into the overall goals for their long range capital plans. During this time we make sure that alternative strategies for meeting their needs have been evaluated. We also require that each party submitting a request has looked at utilizing alternative funding sources as well.

Long Term Capital Requests

Capital 5-Year Request Summary Table			
Department	FY 20 Request	FY 21-24 Request	Total Five Year Request
ADA	\$ 125,000.00	\$ 500,000.00	\$ 625,000.00
DPW Buildings	\$ 1,375,000.00	\$ 5,255,000.00	\$ 6,630,000.00
DPW Cemetery	\$ 130,000.00	\$ 405,000.00	\$ 535,000.00
DPW Roads and Sidewalks	\$ 400,000.00	\$ 1,600,000.00	\$ 2,000,000.00
DPW Vehicles	\$ 411,000.00	\$ 1,410,000.00	\$ 1,821,000.00
DPW Water/Sewer*	\$ 1,260,000.00	\$ 5,090,000.00	\$ 6,350,000.00
I&I 10 Year Plan*	\$ 1,750,000.00	\$ 1,900,000.00	\$ 3,650,000.00
Engineering Stormwater & Drainage*	\$ 257,000.00	\$ 2,100,000.00	\$ 2,357,000.00
Engineering Traffic	\$ 865,000.00	\$ 1,905,000.00	\$ 2,770,000.00
Fire Department	\$ 8,169,000.00	\$ 1,560,000.00	\$ 9,729,000.00
Town Manager Flood	\$ 3,130,000.00	\$ 5,000,000.00	\$ 8,130,000.00
Town Manager Other	\$ 75,000.00	\$ 150,000.00	\$ 225,000.00
MIS	\$ 30,000.00	\$ 330,000.00	\$ 360,000.00
Police Department	\$ 35,000.00	\$ 230,000.00	\$ 265,000.00
Field Management	\$ 125,000.00	\$ 1,900,500.00	\$ 2,025,500.00
Recreation Department	\$ 27,000.00	\$ 942,363.00	\$ 969,363.00
School Department	\$ 2,023,000.00	\$ 15,828,250.00	\$ 17,851,250.00
Total FY 20 Request	\$ 20,187,000.00		
Year 2-4 Requests		\$ 46,106,113.00	
Total Five Year Requests			\$ 66,293,113.00
* Funded though H2o/Sewer Enterprise/Ch. 110			

This year alone there were in excess of \$20 million in Capital Stabilization Fund, Building Stabilization Fund and Water Sewer requests. The Building Stabilization Fund (BSF) is to be used for building maintenance, repairs and new construction. The Capital Stabilization Fund (CSF) is to be used for fields and playgrounds, roads and sidewalks, equipment, flood mitigation and bridge repair. Two projects recommended for funding this year are highlighted below for emphasis. We would also like to point out that there are several critical projects on the list that we were not able to fund this year that we feel must be funded next year. The Waterfield Bridge repairs is one of the most critical but others that will need to be addressed are various improvements to our parks and playgrounds, completion of the DPW complex and repairs to the Muraco and Lynch Schools if they are not slated for replacement in the near future. We know already that we will be committing over 1.3 million dollars next year for reoccurring projects or one we have postponed. They are:

• DPW Roads and Sidewalks -	\$350,000
• ADA Projects -	125,000
• Public Safety Radios Year 3 -	125,000
• Waterfield Rd Bridge	<u>700,000</u>
Total for FY 21	\$1,300,000

Library HVAC – this project has been on our list for many years but due to the lack of available funds we had to keep deferring it. Thankfully the current system has continued to operate and the town didn’t need to seek emergency funding. We finally have enough in the Building Stabilization Fund so we are moving forward with our recommendation for funding of this critical project.

Flood Mitigation - One of the CPC’s top priorities **continues to be funding projects that are part of the Select Boards Flood Mitigation Program.** The CPC’s evaluation criteria remains; public safety/public health and projects that have a high rate of return (on a cost benefit basis). Since the Town has experienced numerous devastating flood events over the last 2 decades, with financial losses in excess of \$25M, the CPC believes it is imperative to complete the program, as outlined in the MEPA Certificate, as soon as possible. The final two projects; Swanton Street Bridge Improvements and the Railroad Bridge near Muraco School have both been partially funded. The preliminary engineering for the Railroad Bridge near Muraco School is currently ongoing and we will be seeking funds in the future for the final engineering and construction. The final design and engineering of plans and specifications for the Swanton Street Bridge Culvert project has been fully funded at previous Town Meetings and that work is complete.

The CPC is recommending this year to the Select Board and Town Management that Project 8 – Swanton Street Culvert be funded through bonding. We propose to pay the debt services moving forward from the Town Managers annual contribution of \$220k from Free Cash. The CPC feels strongly that the commitment that was made to town residents some 20 years ago be completed by funding the two remaining projects.

FY 20 CPC Recommended Projects

Fall Town Meeting Building Stabilization Fund

Library HVAC Replacement	\$	600,000
Supplemental Funds for DPW Roofs		200,000
Total	\$	800,000

Fall Town Meeting Capital Stabilization Fund

Lynch School Cafeteria Floor & Ceiling Abatement & Replacement	\$	100,000
Lincoln School Exterior Maintenance & Repair of Flatwork & Stairs		50,000
Total	\$	150,000

Fall Town Meeting Water & Sewer Enterprise Fund

Municipal Separate Storm Sewer System (MS4) Permit Year 1	\$	27,000
North Reservoir and Saw Mill Brook Drainage Improvements		500,000
North Reservoir Dam and Low Level Outlet Engineering		160,000
Stormwater Utility Establishment		30,000
Total	\$	717,000

Spring Town Meeting Capital Stabilization Fund

DPW Roads and Sidewalks		325,000
Public Safety Radios – Police & Fire Year 2 of 4		125,000
ADA Projects	\$	125,000
Generators at Public Safety Building and Town Hall		300,000
DPW Highway Dept. Truck 15		60,000
Main Street at Highland Ave. Construction		150,000
DPW M5 Dump Truck		60,000
DPW Dump Truck 24		60,000
MIS Ethernet Cabling Phase 2		30,000
Total	\$	1,235,000

Spring Town Meeting Water & Sewer Enterprise Fund

Lead Neck Removal & Replacement (MWRA Loan)	\$	600,000
Phase II Sewer System Rehabilitation (MWRA Loan /Grant)		1,750,000
Dump Truck		130,000
Municipal Separate Storm Sewer System (MS4) Permit Year 2		200,000
Mini Excavator		10,000
Total	\$	2,690,000

Spring Town Meeting Cemetery Trust Fund

Mini Excavator	\$	70,000
Total	\$	70,000

FY 20 Project Descriptions – Fall Funding

Fall Town Meeting Building Stabilization Fund

Library HVAC Replacement

The Library HVAC Replacement Project will replace an existing 23 year old system that is currently failing and requires constant maintenance. The current system will be replaced with a high efficiency system.

Supplemental Funds for DPW Roofs

Town Meeting previously appropriated funds for this project. Given the current bidding climate we are seeking additional funding. These two buildings are vital to DPW daily operations and life extension/protection of the Town's major equipment. The roofs on both buildings are well beyond standard life expectancies and roof leaks are constantly repaired. The large overhead doors are constant repair items due to the continual leaking and are creating a safety and security concern.

Fall Town Meeting Capital Stabilization Fund

Lynch School Cafeteria Floor & Ceiling Abatement & Replacement

The Lynch School Cafeteria Floor & Ceiling Abatement and Replacement project will replace the cafeteria floor and ceilings. The existing floor is cracked and crumbling and needs to be replaced. The popcorn ceiling contains asbestos and it presents risk of exposure if not abated and replaced.

Lincoln School Exterior Maintenance & Repair of Flatwork & Stairs

The Lincoln School Exterior Maintenance & Repair of Flatwork & Stairs project will make repairs to exterior stairways and walkways in need of immediate repair due to their deteriorated and unsafe conditions.

Fall Town Meeting Water & Sewer Enterprise Fund

Municipal Separate Storm Sewer System (MS4) Permit Year 1

In the spring of 2017 Town Meeting funded Year I Permit requirements. The permit was delayed by a year and over the past year the funds were used to fund the analysis of a Stormwater Utility, which could be used as a long term funding mechanism for the MS4 permit requirements. This request is to replenish the money that was used so that the Year I Permit (effective July 1, 2018) requirements can be met.

North Reservoir and Saw Mill Brook Drainage Improvements

North Reservoir discharges to Saw Mill Brook, where it enters a culvert under Highland Avenue and ties into the Town's drainage system, which ultimately discharges to the Aberjona River near Sunset Road. The town has historically had flooding problems downstream of the North Reservoir and along Highland Avenue during periods of heavy rain. This appropriation would fund the final engineering, construction and construction administration services.

North Reservoir Dam and Low Level Outlet Engineering

The North Reservoir Dam consists of an earthen embankment with a benched downstream slope, a primary spillway, and a gatehouse with two outlets. This appropriation would provide funding for the preliminary engineering services for the rehabilitation of the Dam and the Low Level Outlet.

Stormwater Utility Establishment

The Select Board is considering the establishment of a Stormwater Utility fee to assist with the funding of stormwater related expenses and MS4 permit requirements. This appropriation would provide funding for consultant services to help with the initial costs associated with setting and establishing the fees.