

Capital Planning Committee

Report to Town Meeting

Town of South Hadley

April 9, 2012

The Capital Planning Committee (CPC) is pleased to submit this Five Year Capital Plan (The Plan) for Town Meeting consideration. Unlike prior years, this year's report encompasses known projects and equipment that will require funding for the next five years. Although Town Meeting will only be voting to appropriate funds for those proposals that require funding during FY2013, the entire Plan is available for your review on the town web site. We welcome Town Meeting comment on all aspects of The Plan and, should you choose to do so, your endorsement of this approach.

Going forward, CPC will update The Plan annually with notification to Town Meeting as each project is completed and new projects are added. Town Meeting will be apprised of any deviations from the original proposals, including documentation of final project costs and any significant changes to anticipated project specifications.

Facilities Management

The town has invested large sums of money in construction of its buildings. In 1997, voters passed a \$28.4 million Debt Exclusion Override for additions and renovations to the high school and middle school. In 2011, voters again passed an override for a new library, estimated at approximately \$10 million. In June, Town Meeting will be considering \$2 million in proposed energy savings upgrades to virtually all town buildings through the performance contracting agreement with Siemens Corporation. Finally, in the next several months, voters will be considering the funding for a new elementary school valued at greater than \$20 million. Over the years, maintenance of all town buildings has not always been funded at the level necessary to provide the best possible return on investment. With budget dollars always at a premium, maintenance of property and vehicles has not always been a high enough priority. As a result, the town has sometimes been forced to react to emergency situations that might have been avoided if more comprehensive facilities management and oversight were in place.

We applaud the Selectboard for recommending funding for a new position of Facilities Manager in the preliminary FY13 budget. We also appreciate that the School Committee has funded a similar position in its budget for the past several years. We encourage both committees to continue to work to establish comprehensive and streamlined facilities management with the goal of providing in-house expertise that will ensure proper building maintenance and preservation as well as the ability to look forward and embrace the latest technologies in building and energy management. We believe it to be of paramount importance that funding be established in the FY2013 budget for proper implementation of this initiative.

Performance Contracting

As previously noted, energy savings initiatives as proposed by Siemens Corporation are scheduled to be considered by Town Meeting in June. Because the report from Siemens has only been completed and submitted to the town this month, there is not sufficient time to review the entire report and make final recommendations to Town Meeting in time for the annual meeting. CPC has begun review of the Siemens report and will be making recommendations prior to the June meeting. We anticipate that these projects will then be incorporated into the Five Year Capital Plan.

Financial Strategy

The CPC is presently working with the Town Treasurer, Town Accountant, Acting Town Administrator and Appropriations Committee to review the town's debt obligations, borrowing capacity and cash flow projections to ensure the financial sustainability of The Plan for the long term. Preliminary analysis indicates that the town would borrow for five or ten years for each project. Additionally, all projects currently under consideration through the Siemens performance contract would include borrowing for twenty years.

Some backup materials can be found in the budget book. Additional information and analysis will be made available to town meeting members as it becomes available.

Finally, we wish to thank several individuals for their assistance in the construction of this report. In particular, DPW Superintendent James Reidy has been an invaluable resource in spearheading this initiative. We also thank School Business Manager Candice Walczak, Town Accountant William Sutton and Town Treasurer Carlene Hamlin for their help.

Respectfully submitted,

Capital Planning Committee

Ted Boulais, Chairperson

Joan Rosner, Clerk

Roddy Adams

Ed Boisselle

Ira Brezinsky

Rich Germain

John Pietras

Forrest Price

Schley Warren

Funding Recommendations for FY2013

Following are projects for funding consideration in the FY2013 budget. A significant portion of the projects are recommended to be funded through borrowing. With interest rates close to historic lows, the town’s debt service at very manageable levels and in conjunction with suggested improvements to our in-house facilities management efforts, we believe the time is right to accelerate the town’s capital program to be more proactive in protecting the town’s capital assets.

The following are the Committee’s recommendations. Four funding categories were utilized to rank projects.

- 1. Strongly recommended
- 2. Recommended
- 3. Defer project unless or until funds are available
- 4. Not recommended

1. Strongly recommended.

DPW Highway Division Equipment – Purchase New Backhoe Cost \$90,000

Requested funds would be used to purchase a new backhoe. The existing backhoe is 21 yrs old, subject to breakdowns, needs structural repairs to the floor and front end repairs. The new purchase would be similar in size and function to the existing equipment. Recommended source of funding is borrowing.

DPW Highway Division Equipment – Purchase New Chipper Cost \$30,000

Requested funds will be used to purchase a new chipper. The existing model is 26 yrs old. The toll of extensive use after the October snow storm has left the engine in poor running condition and the machine in need of extensive repairs. Estimated repairs are \$5,000 for the engine alone, body and fender work would add to this cost. The new machine would provide reliable operation and modern safety features. Recommended source of funding is Taxation.

DPW Parks Equipment – Purchase new Tractor Cost \$40,000

Requested funds will be used to purchase a new tractor/loader for the parks department. The existing tractor is out of service with repairs estimated at \$10,000. The lack of a tractor has negatively affected the ability of Parks to maintain fields in an acceptable and playable condition. Recommended source of funding is Taxation.

DPW Highway Division Equipment – 6-Wheel Dump Truck w/Plow Cost \$140,000

Requested funds will be used to purchase a new six wheel dump truck with a snow plow. This truck will be a replacement of an existing 1990 dump truck that is no longer in service due to extensive repairs required. The truck is an important component to the town's snow plowing fleet and will be used during warm weather months for hauling earth materials and hot mix asphalt. . This project is a FY 14 request on the five year capital plan. However, the Capital Committee recommends the town take advantage of low interest borrowing at this point in time and complete the project in FY13. Recommended source of funds is borrowing.

School Department All Schools – Replace Telephone System. Cost \$250,000

Requested funds will be used to replace the phone systems in all schools. The current phone system has been plagued with breakdowns and glitches for several years. The intercom system has completely failed in some areas of all buildings creating safety concerns due to the inability to broadcast evacuation and code emergency announcements. Use of the intercom interferes with telephone conversations. The voicemail component of the system is totally unreliable and a source of frustration for parents trying to communicate with school personnel. Recommended source of funding is borrowing. (Note: Because decisions will need to be made in the near future regarding Plains School, there have been recent discussions as to whether or not new phones should be installed in that building. Based on the results of this ongoing discussion, a revised recommendation may be forthcoming.)

School Department High School – Replace Floor Tiles Cost \$100,000

Requested funds will be used to remove floor tiles in several class rooms experiencing a failure of adhesive. Adhesive failure causes tile edges to lift up and the occurrence of a black gooey build up along the tile edges. This problem is evident throughout the entire building to varying degrees. After tile removal a surface applied moisture barrier will be laid down and new tiles installed. A request for tile replacement was made by the School Department for three previous years. Capital Planning had recommended funding each of the three years but Town Meeting appropriated funds only once. The School Department did some realignment of budget monies in FY 10 to allow for a small scale tile replacement job. The School Dept has taken the approach of small scale tile replacement over multiple years. However, the Capital Committee recommends the town take advantage of low interest borrowing and do four years of tile replacement in one project. Recommended source of funding is borrowing.

School Department MESMS – Replace Pool Water Heater Cost \$38,000

Requested funds will be used to replace and relocate the pool water heater. The existing heater is twelve years old and has had multiple components replaced due to corrosion. The new heater will be installed in an area away from the humidity and chemical exposure that has affected the current unit. Recommended source of funding is borrowing.

School Department High School – Replace Gym Floor Cost \$250,000

Requested funds will be used to replace the hardwood floor in the high school gym. The gym floor has been degraded due to ongoing moisture problems from an unsealed concrete base and occasional termite infestation. The result is “dead spots” in the floor that if not addressed could limit the use of the gym for competitive basketball. Work to include removal of existing floor, termite treatment, concrete repair and leveling, and application of a moisture barrier, new subfloor and new maple strip flooring. This project is a FY 14 request on the five year capital plan. However, the Capital Committee recommends the town take advantage of low interest borrowing at this point in time and complete the project in FY13. Recommended source of funds is borrowing.

School Department MESMS – Replace Pool AC and Dehumidifier Roof Top Unit Cost \$250,000

Requested funds will be used to replace the unit that provides HVAC and dehumidification to the pool area. The internals of the unit are deteriorating due to the humidity and chlorine levels. Internal sensors are no longer functioning and have been bypassed with jumpers to keep the unit operating. The R22 refrigerant used in this unit is slated to be eliminated in a few years. Extensive repairs and almost daily maintenance has taken place since FY’08. . This project is a FY 14 request on the five year capital plan. However, the Capital Committee recommends the town take advantage of low interest borrowing at this point in time and complete the project in FY13. Recommended source of funds is borrowing.

School Department MESM – New Roof Cost \$600,000

Requested funds will be used to replace approximately 33,000 sf of roof at the middle school. In general terms the area is the eastern half of the school building less the gymnasium roof. The portion of roof under consideration has been patched many times and is near the end of the 15yr warranty period. At this point in time the costs associated with this project are preliminary. More detailed survey and investigation work is ongoing and it is expected a detailed report with more precise design and construction costs will be submitted. Recommended source of funding is borrowing.

School Department High School – New Roof

cost \$500,000 to 1.4 million

Requested funds will be used to replace various sections of the high school roof. At the low end, a section of 28,000sf is having leak problems with patch work ongoing. However, it makes sense to consider adding another larger section of roof into the project. The additional area encompasses 52,900sf, which is beyond the warranty period. At this point in time the costs associated with this project are preliminary. More detailed survey and investigation work is ongoing and it is expected a detailed report with more precise design and construction costs will be submitted. Recommended source of funding is borrowing.

School Department — Chimney repair

Cost \$20,000 to \$50,000

Requested funds will be used to repair the top of the brick chimney stack at the southern end of the high school building. The brick work and mortar at the top of the stack has deteriorated and needs to be repaired to maintain the integrity and safety of the chimney. More detailed survey and investigation work is ongoing and it is expected a detailed report with more precise design and construction costs will be submitted. At this point in time the costs associated with this project are preliminary. Recommended source of funding is borrowing.

School Department High School – Air Conditioning Repairs

Cost \$249,000

The existing air cooled chiller at the high school is no longer working. The chiller unit was installed as part of the school renovations in 2000. The unit ran trouble free for approximately six to seven years. Since that time there have been numerous problems and compressor replacements. Approximately \$50,000 has been spent on repairs and replacements. As we move into the cooling season, the school department will be renting a temporary cooling unit at an estimated cost of \$25,000 to provide air conditioning in the building through the cooling season. At this point in time the costs associated with this project are preliminary. More detailed survey and investigation work is ongoing and a detailed report with more precise design and construction costs will be submitted. It should be noted this project has been included in the Siemens Investment Grade Audit as Energy Conservation Measure #16. Due to the total failure of the existing cooling equipment, the Capital Committee is including the project in this report in the event that Town Meeting decides not to move forward with this proposal under the control of Siemens. Recommended source of funding is borrowing.

I T Department – Network Infrastructure Upgrade Cost \$55,000

Requested funds will be used to purchase two new servers with software and associated infrastructure that will allow the town to make use of “Server Virtualization” technology. The technology will allow the two servers to run multiple “virtual” servers thus eliminating the need to purchase additional physical servers as the town makes broader and more efficient use of MUNIS. Recommended source of funding is Taxation.

I T Department – Tyler Content Manager Cost \$44,000

Requested funds will be used to purchase a MUNIS module including software, hardware, training, and first year maintenance costs. This module will help move the town toward a paperless file storage system. As invoices come in they can be scanned and the file attached to information in the system. Currently paper documents are boxed and stored in the basement for a period of seven years. The paperless system will reduce time and space required for storage and provide for efficient research of past records. Recommended source of funding is Taxation.

DPW WWTP – Aerator Tank Concrete Repair Cost \$75,000

Requested funds would be used to repair the concrete surface in the aerator tanks at the Waste Water Treatment Plant. This is the third and final installment of a three year repair program to repair four tanks. Repairs are necessary due to concrete eroding from the motion of the aeration equipment and fluids within the tanks. Work to include spot repairs and installation of an epoxy based wear layer. Recommended source of funding is the Waste Water Treatment Enterprise Fund.

DPW WWTP – Replace Roof on Operations and Digester Buildings Cost \$250,000

Requested funds will be used to replace two roofs at the Waste Water Treatment Plant. These roofs are original to the buildings constructed in 1980. Recommended source of funding is Waste Water Treatment Enterprise fund.

DPW WWTP – Vactor/flusher Truck Repairs Cost \$150,000

Requested funds will be used to make repairs on the 2000 International Vactor/Flusher truck. This truck is used to clean sewer and drainage pipes as well as clean catch basins. Most of the main working components of the truck are in need of repair or replacement. The cost for a new truck equal to the existing is approximately \$325,000. Recommended source of funding is Waste Water Treatment Enterprise Fund.

2. Recommended

None

3. Defer project unless or until funds are available

School Department, Middle & Mosier School – Toilet Partitions Cost \$23,000

Requested funds will be used to replace toilet partitions in both schools. Existing metal skin partitions are suffering from age and abuse. Proposed replacement will be solid plastic/composite panels. This is the fourth year for this request by the School Department. Last year, this was approved by Capital Planning, but not funded by Town Meeting. The School Department did some realignment of budget monies in FY 10 to allow for a small scale partition replacement job. Previous years the ranking was appropriate to fund if money available. Recommended source of funding TBD.

Clerk/Treasure – Storage System Cost \$20,000

Requested funds would be used to purchase storage and shelving components for the vault in the clerk's office. Proposed shelving system will provide secure convenient storage and access to town records and documents. This is the third year for this request. Last year this was approved by Capital Planning but not funded by town meeting. Recommended source of funding TBD.

Clerk/Treasure – Document Preservation Cost \$10,000

Requested funds would be used to clean, preserve and bind under hard cover, historic records maintained in the clerk/treasurers office. This is the first year of a multi year project. Total estimated cost of record preservation is \$92,000. The clerk/treasurer office was able to reallocate operation funds last year to purchase one bound volume of preserved records. Recommended source of funding TBD.

I T Department – Computer Replacement Cost \$12,000

Requested funds will be used to purchase replacement computers for various work stations in Town Hall. Unfortunately a regularly scheduled program of planned computer replacement in town hall has not been implemented. It's been reported that computers as old as eight years are in use at some work stations. Capital Planning is recommending funds be used to replace the oldest computers at this time and further recommends that Capital funds only be spent after a strong commitment is made to funding a regular program of yearly computer replacement as part of the operating budget. Recommended source of funding TBD.

Summary

Based on the recommendations described above, the funding requirements for each category are as follows.

1. Strongly Recommended

- a. \$3,417,000 from borrowing (based on max estimates for schools) **
- b. \$ 169,000 from Taxation
- c. \$ 475,000 from Waste Water Treatment Enterprise Fund

2. Recommended

- a. None

3. Defer project unless or until funds are available

- a. \$ 65,000 Source of funding TDB

4. Not recommended

- a. None

** The School Department is still in the process of getting detailed cost estimates for roofing projects. In addition, air conditioning at the high school is currently being considered under both the Capital Plan as well as the Performance Contracting Plan. Once detailed estimates are received and decisions regarding the funding mechanism are made, the recommended amount for borrowing will be finalized. Currently, the minimum to be borrowed is estimated at \$2,487,000 and the maximum is estimated at \$3,417,000.