

Capital Budget Committee Report, March 2019

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Introduction and context

The duties of the Capital Budget Committee are articulated in Chapter 6 of the Sherborn's General By-laws. The Committee, appointed by the Town Moderator, "...shall consider all matters relating to proposed expenditures of money for capital improvements and may make recommendations to the Town and all Town Boards, Officers and Committees with reference to such expenditures." The By-laws go on to define a capital improvement as "...a physical betterment or item of equipment having a useful life, of at least five years, and a cost of ten thousand dollars (\$10,000.00) or more."

Our charge is to evaluate each request that meets this criteria for its individual merit, regardless of its source of funding. The Committee considers capital items, as defined in the By-laws, regardless of whether they are to be funded with exempt debt, non-exempt debt, operating funds, or free cash. In addition, the Committee does not rank individual requests against each other, against other noncapital funding requests, or in the context of Town priorities in any given year. We provide the Sherborn Advisory Committee with an evaluation on the individual merit of each request based on the criteria below.

Each request must meet at least one of the following criteria:

- Corrects a threat to health and safety
- Improves the asset to avoid costly repair
- Replaces an asset to maintain service levels
- Enables an asset to meet a legal requirement
- Improves productivity, efficiency or service levels significantly
- Addresses an overburdened situation

It is important to note that, in any given year, the Town can choose to defer needed capital expenditures. However, the needs that those expenditures address do not then disappear, and in some cases, a delay can result in additional operating costs and higher capital costs in the future.

The Capital Budget Committee takes a long-term view of the Town's needs to maintain and enhance infrastructure and to smooth capital expenditures over time. We encourage all capital requesters to develop 5- and 10-year capital plans in a consistent and measurable framework. Also, because Pine Hill, the Regional Schools, and Town Buildings have obtained capital needs assessment reports from an outside consultant, these capital needs are well documented and foreseeable. The Committee encourages these entities to update their reports approximately every five years.

Process

As part of our process, we ask capital project sponsors to justify their request with a thorough explanation within the context of the criteria above and to provide detailed background materials, photos, and engineering plans as available. We require three quotes for anything costing between \$10,000 and \$50,000 or, for items costing more than \$50,000, there needs to be an official bid process. The only exceptions are if the capital purchase will be procured through the state contract system or another approved bulk purchasing process. Whenever possible, we like to see qualified third-party evaluations and recommendations regarding remaining useful life and expected replacement time. Finally, all sponsors must meet with the Committee to present their case.

As further protection of the taxpayers, all expenditures approved by Town Meeting are supervised by the Town Administrator in his/her role as Chief Procurement Officer.

Overview of FY2020 capital requests

The major capital requests in FY2020 include requests from the Pine Hill School, Fire Department, CM&D and Town Buildings. Pine Hill School is requesting a total of \$65,000 to replace worn and old flooring in the kindergarten classroom, common areas and library, which includes labor to remove and replace furniture and books.

The Fire Department is requesting a total of \$73,000 for Breathing Support Equipment required by OSHA and currently not in compliance. This is a safety issue for our town Firefighters and was recently identified as such during a self inspection for OSHA compliance.

CM&D is requesting a total of \$304,695, which includes the replacement of three (3) fleet vehicles, material processing and other equipment necessary for road repair, clearance and treatment, as well as fallen tree or limb removal. The largest item is the replacement of a 25 year old tractor (\$75,100) that has limited use and requires replacing. The two other fleet vehicles are pickup trucks which have over 100,000 miles and are experiencing maintenance concerns such as rot in the bed of the truck. Additionally, CM&D is requesting a tow behind blower and water tank/brine sprayer for road clearance and treatment. The total for the trucks and associated equipment is \$111,295. Finally CM&D is requesting an air compressor and jackhammers (\$22,300), equipment over 40 years old requiring replacement for road repairs.

Town Buildings is requesting a total of \$300,000 for multiple projects at the Police Department, Fire Department, Town Hall front entryway, site work, paving and lighting. Both the Police Department (\$55,000) and Fire Department (\$70,000) require exterior repairs for rotting or damaged areas, which will only become progressively worse and more costly if ignored. The front entryway ramp and stairs of the Town Hall (\$75,000) were identified in the On-Site Insight report commissioned by the town in 2016 and require replacement to be brought up to building code and due to water damage. Additionally, there are site work requirements (\$35,000) for the Town Hall campus to include paving and lighting. Finally, Town Buildings is requesting capital funds for Campus Site Work (\$65,000), to include additional paving needed upon completion of the Town Library project, site work to improve a safety and access issue at the Police Station rear entrance; the installation of drainage pipes for gutters on the Police Station.

If alternative sources of funding, such as grants, matching funds from the state, unused and previously authorized capital funds, are available, they are discussed below in the description of the specific capital item. *Before funding from alternative sources*, the FY2019 capital requests total \$742,695. The requests, net of funding from alternative sources, could be funded by any combination of exempt debt, non-exempt debt, operating funds, or free cash as determined by the Advisory Committee and the Board of Selectmen.

Capital Items in Article 9

a. Fire Department

Breathing Support Equipment

This equipment consists of and SCBA Air Compressor and Containment Fill Station, and an Oxygen Containment Fill Station. This equipment is used to fill and store the oxygen tanks used by the department. The current equipment is well beyond its useful life of 20 years and does not comply with current safety standards. There is no containment in case one of the tanks were to explode, which poses a serious danger to personnel. The project will be procured through government procurement service HGAC Buy.

We recommend favorable action for a total cost up to \$73,000.

b. Community Maintenance and Development

Air Compressor & Jackhammers: The existing equipment was manufactured in the 1970's and breaks down frequently, causing delays to road repairs and other maintenance. The systems need to be replaced in order to complete the work required of this department. For this a specific quote has been solicited.

We recommend favorable action for a total cost up to \$22,300.

c. Community Maintenance and Development

Material Processing: Asphalt Hot Box & Wood Chipper (*Fleet Assessment Tool vehicle ID # 19*):

Current road patching and repair is less effective with poor repairs and wasted materials without the asphalt hot box. When road repairs are undertaken, asphalt must be brought from the plant to town in a cold truck, and any material not used must be disposed of. A hot box would allow for the use of all material purchased and speed up repairs. This is also the practice of surrounding towns. The current wood chipper is from 1998, has 784 hours of use, is small and does not have a winch. This has resulted in injuries and is the number one source of Workmen's Comp claims. The useful life is 10-15 years. The wood chipper is increasingly needed to assist with the removal of down limbs from dead trees throughout town as a result of the winter moth. Specific quotes have been solicited for both the asphalt hot box and wood chipper.

We recommend favorable action for a total cost up to \$96,000.

d. Community Maintenance and Development

Large Tractor: The current tractor is from 1994, is undersized and under powered for its intended use. It cannot be used in the winter because it does not have a cab. It is currently used to mow all ball fields, and the new tractor would be used to remove snow and cut brush in the winter, and to tow the blower in the fall.

We recommend favorable action for a total cost up to \$75,100.

e. Community Maintenance and Development

Pick-Up Trucks and Highway Equipment (*Fleet Assessment Tool vehicle IDs #s H1, 33*): The two current pick up trucks were manufactured in 2007 and 2001, with 113,891 and 118,681 miles respectively. The trucks have exceeded their useful life, are becoming a maintenance burden and safety concern. The vehicles are needed for CM&D work and need to be replaced. Highway Equipment includes a Water Tank/Brine Sprayer and a Tow-Behind Blower. The town has no public water for street sweeping; currently a small sprayer on a trailer is used. Pretreatment with a brine sprayer would reduce the amount of salt needed later and would be environmentally preferable. A Water Tank/Brine Sprayer would reduce salt usage and be more efficient for road treatment purposes. Tow-Behind Blower - Used to remove leaves before they become sweepings that must be disposed of. We currently don't have a large blower for the fields or the roadsides. Leaves that don't get blown off the edges of the road in the fall end up in the catch basins or they get swept in the spring. This adds to the volume of debris that we pay to dispose of. Specific quotes have been solicited for the vehicles and highway equipment.

We recommend favorable action for a total cost up to \$111,295.

f. Town Buildings and Properties

f1. Town Building and Campus Projects: Based on the Town Buildings On-Site Insight report from August 2016, we are in the third year of funding an estimated backlog of 1.2 M of life-cycle replacement projects. In addition, the Library expansion project has added expenses for the public water supply system and accelerated the need for the campus paving, lighting, and site work.

We recommend favorable action for a total cost up to \$35,000.

f2. Fire Station Siding and Exterior Repairs: Complete replacing failed siding and trim, and finish LED upgrade to exterior lighting.

We recommend favorable action for a total cost up to \$70,000.

f3. Campus Site Work in Conjunction with Library Project: Project components include: site work to improve a safety and access issue at the Police Station rear entrance; the installation of drainage pipes for gutters on the Police Station (omitted from original building scope); and paving of all areas of campus not included in Library contract.

We recommend favorable action for a total cost up to \$65,000.

f4. Police Station Exterior Upgrades: Project work and preventive measures to the exterior of the Police Station include the installation of gutters, improvements to exterior flashing, and repairs to the brick façade that has been damaged due to the lack of these exterior features.

We recommend favorable action for a total cost up to \$55,000.

f5. Replacement of Town Hall Handicap Ramp and Entryway: The handicap ramp entrance to Town Hall has ADA compliance issues and deterioration beyond repair without upgrade. There are also winter maintenance and safety concerns with ice from the roof above. As a result, this project will upgrade and replace the ramp and entranceway, including addressing grading issues in conjunction with parking lot work from the Library construction project.

We recommend favorable action for a total cost up to \$75,000.

g. Pine Hill School

g1. Kindergarten Classroom and Common Area Floors

The current flooring is original to the Kindergarten wing that was built in 1998, and has deteriorated to the point that replacement is needed. The total estimated cost of replacement is \$35,000. For this a specific quote has been solicited.

We recommend favorable action for a total cost up to \$35,000.

g2. Library and Adjoining Classroom Hallway Floors

The current flooring is worn and past its useful life. The total estimated cost of replacement is \$30,000. This includes funds to temporarily remove the books and shelving and reinstall when the project is complete. For this a specific quote has been solicited.

We recommend favorable action for a total cost up to \$30,000.