



Michael V. O'Brien
City Manager

CITY OF WORCESTER

cm2011jun20124946

Attachment for Item #

8.39 E

June 21, 2011

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

I respectfully submit the Fiscal Year 2012 Capital Improvement Plan for the City. This recommendation is the result of long-term analysis and strategic planning and is inclusive of our community's identified priorities as articulated by City Council, expressed by the public, and as researched, quantified and recommended by my Administration. It is consistent with the City's Five Point Financial Plan and calls for a tax-levy supported borrowing cap of \$18.8 million for Fiscal Year 2012.

The Fiscal Year 2012 Capital Improvement Plan builds upon our ongoing commitment to reinvest in our public school buildings, streets and sidewalks, and City parks. The recommendation before you aims to meet these critical infrastructure needs, including additional investments in our public schools, increased funding for street re-surfacing and reconstruction, and much-needed, State-mandated attention to bridge and dam repairs. These recommendations also reflect the necessary re-investments to address our aging vehicle fleet, equipment and tools—ranging from police cruisers to fire apparatus, to snow blowers and lawnmowers—as well as updated technology to allow us to provide the most efficient services to our citizens.

As mentioned, my Capital Budget recommendation for Fiscal Year 2012 does not exceed the \$18.8M cap in anticipated tax-levy supported borrowing. The following summarizes the net tax-levy borrowing included in this recommendation:

- An investment of more than **\$5.2 million (inclusive of \$3.5 million in energy efficiency upgrades – ESCo – particularly heating and cooling systems) in our public school facilities.**
- An investment of **\$13 million to repair and re-surface our arterial streets and sidewalks and to undertake related public way improvements.** This includes Chapter 90 funding which will reduce the tax levy borrowing for this investment to less than \$10M.
- A commitment of **\$7.85 million in our parks and open space**, including \$4M to benefit neighborhood parks as a result of the CSX development project and \$1M to benefit University Park as a result of the PILOT agreement with Clark University.



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- An investment of **\$6.7 million in equipment including police cruisers, parks equipment, school plant equipment, and technology upgrades.**
- An investment of **\$1.86M in City-owned (non-WPS) building rehabilitation.**
- An investment of **\$600,000 for required dam repair, operation and maintenance** to meet environmental and safety level as identified by the Commonwealth.

Reinvestment in our Public Schools:

The budget allocates an additional \$1.7M for public school building rehabilitation to supplement the \$6M allocation from FY2011. This allocation, combined with the capital funding from last year (net \$7.7M), will allow for significant rehabilitation projects at Chandler Street Elementary School, Clark Street Elementary School, Flagg Street Elementary School, Goddard Science and Technology, Tatnuck Elementary School, Union Hill Elementary School, Worcester East Middle School, Doherty High School, Burncoat High School, and South High School to proceed (see attached list). In addition, \$3.5 million of ESCo related improvements (energy efficiency upgrades) will proceed this FY as well. This is part of an agreement reached with Honeywell International, Inc. that will provide for \$26.6M in energy efficiency improvements across 92 City and WPS facilities. Implementation of these upgrades will begin this summer. These are critical investments to improve heating and cooling systems, lighting fixtures, insulation, air-sealing and water conservation, gas heat conversions, and energy management control systems. The loan order for this entire energy services project was authorized last fiscal year. The majority of these upgrades will be financed through incentives, rebates, tax credits, and City-wide energy cost-savings. Needed projects without sufficient projected payback will be funded through the City's tax levy capital borrowing.

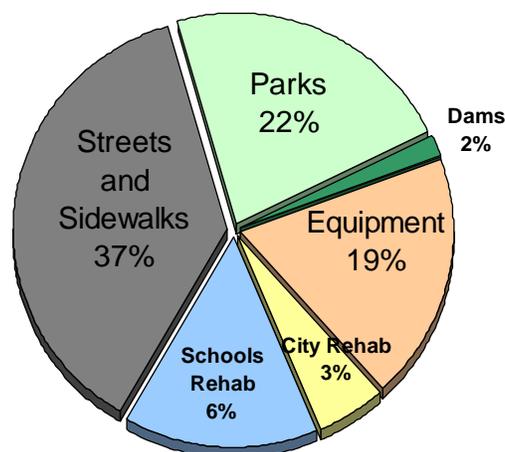
Reinvestment in our Streets and Sidewalks:

The recommended allocation of \$13 million for Fiscal Year 2012 will supplement the \$30.7 million reinvestment program initiated in Fiscal Year 2011 (\$20M for residential streets and sidewalks alone) to address the backlog of reconstruction of our streets and sidewalks Citywide. This backlog is the number one issue cited time and time again by citizens and surveys. The Fiscal Year 2012 appropriation will address some major areas of concerns, including the North Lake Avenue slope deterioration and the significant backlog of City-owned bridge rehabilitation work needed throughout the City. CSX Transportation agreed to donate \$5 million for mitigation to assist with neighborhood improvements, with \$1M specifically identified streetscape improvements and \$4M for park development (see "Parks and Open Space"). The \$1M City capital allocation will be used to advance these streetscape enhancements in the Canal Business District, Shrewsbury Street and Grafton Street, in anticipation of the receipt of this \$1M donation (when the new CSX terminal is completed in December of 2012). These donation revenues will then be applied to pay off any and all debt service for loan orders that are accessed to implement these projects in this interim period. In addition, street light replacements and new traffic signal locations have been appropriated in this capital budget, including the traffic signal at the intersection of May and Woodland Streets.

Reinvestment in our Parks and Open Space:

The City continues to reaffirm its commitment to improve upon and enhance our parks and open space in recognition of the community's and City Council's long-standing priorities. Over the last four years, we have met that commitment through increased capital funding, grant funding and public/ private partnerships. In Fiscal Year 2010 and 2011, we increased our capital appropriation to address a number of priority parks projects, including Vernon Hill Park, Rockwood Field, Institute Park, East Park, Crompton Park Pool, and Greenwood Spray Park. The Fiscal Year 2012 budget continues to leverage State and Federal grant funding, as well as private-sector partnerships, to minimize the tax levy borrowing required to continue our investment in City parks.

Fiscal Year 2012 Capital Budget Investment Breakdown



Historic Elm Park will be set for phased rehabilitation with the inclusion of \$500,000 in this recommendation to match a pending State grant of \$500,000, for a net \$1M reinvestment with and upon award. The ESCo program will compliment this effort with the full replacement of aged, faulty and inefficient street/path fixtures within the park and at Newton Square, complete with energy efficient models with improved light levels (with a project value of \$160,000). In addition, funds are identified to continue the City's ongoing conservation efforts to acquire and protect green spaces throughout the city.

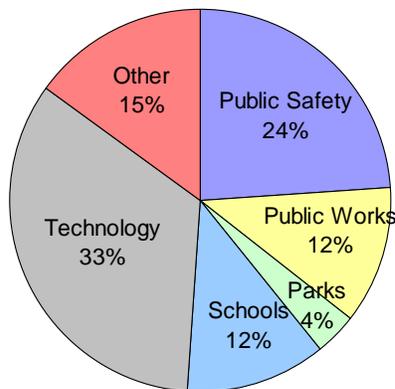
CSX Transportation agreed to donate \$5 million for mitigation to assist with neighborhood improvements, with \$4M specifically identified for park development and \$1M identified for streetscape improvements (see "Streets and Sidewalks"). A \$4M City capital allocation will be used to advance the improvements to Mulcahy Field, Harrington Way, East Park and Holmes Field, along with the acquisition of the identified open space parcel, in anticipation of the receipt of this \$4M donation (when the new CSX terminal is completed in December of 2012). These donation revenues will then be applied to pay off the debt service for the loan orders that are accessed to implement these projects in this interim period. Additionally, PILOT funds secured during negotiations with Clark University will be directed to improvements for University Park, while improvements to Institute Park will be funded in part by the generosity of

Worcester Polytechnic Institute (WPI). Spillane Field will undergo significant renovations, thanks to a generous donation by the family of the late John W. Spillane. Also included within the recommendation is funding appropriation for improvements to Rockwood Park, Indian Hill, Green Hill Park, Logan Field and Kendrick Field.

City Equipment—Core Operations and City Technology:

The Fiscal Year 2012 Capital Improvement Plan includes replacement of vehicles in Police, Fire and Public Works in order for employees to perform core services on a day-to-day basis. This year's investments will include police cruisers, a fire engine, a sanitation load packer, and other key pieces. The City was designated by the State as a *Green Community*; this designation requires that the City purchase fuel-efficient vehicles whenever replacing vehicles. Additionally, our efforts to utilize technology to create efficiency continue. The Worcester Public Library expects to implement an automated materials handling system that will speed the return of materials to the shelves and re-direct librarians to service patrons and address other tasks, as needed. It is anticipated that this system will cost \$460,000, and would be partially funded through existing PILOT funds.

Equipment Tax Levy FY12



Lastly, the City's Department of Administration and Finance has begun a multi-year, multi-phased effort to modernize the City's financial management system, which was implemented in 1996. The new system will reduce time of transactions, reduce paper usage, improve auditing and monitoring activities, and reduce the potential for data entry duplication. A modernized system will improve the long-term stability of the City's financial system while improving ease of operations and reporting. It is anticipated that this investment of \$3.8 million will be implemented over a three-year period, resulting in a one-year borrowing expectation of less than \$1.5 million which will be shared by the City's General and Enterprise funds.

City Building Rehabilitation:

Much like the Worcester Public Schools, City-owned buildings are in need of repairs and upgrades. The Fiscal Year 2012 budget allocates \$860,000 in funding for rehabilitation, including \$250,000 toward the Worcester Police Department's Detective Bureau, \$250,000 for the Department of Public Works and Parks facilities, specifically the Central Garage Facility, \$200,000 for upgrades to City Hall, including much-needed roof repairs. This building rehabilitation funding is in addition to the building

rehabilitation amounts noted for the Worcester Public Schools. Additionally, this budget includes a needed allocation of \$1 Million to complete the repairs to City Hall plaza/garage per recently received public bids.

Enterprise Borrowing:

The following recommendations for enterprise fund borrowing are included in this Capital Improvement Plan recommendation:

Water Equipment	\$455,000
Sewer Equipment	\$745,000
Sewer Rehabilitation	\$100,000
Water Infrastructure	\$6,750,000
Sewer Infrastructure	\$12,000,000
Off-Street Parking	\$540,000

These investments cover the capital investment needs for the City’s enterprise accounts, including water main and sewer reconstruction, rolling stock needs, and building rehabilitation investments at enterprise support facilities. The debt service (principal and interest) is paid for through the self-supporting revenues of these divisions and included in their annual FY operational budgets and associated revenue and expenditures.

Five Year Capital Outlook:

In addition to the capital requests before you at this time, we are updating the comprehensive Five Year Capital Improvement Plan which will be released to coincide with the City’s Five Year Fiscal Forecast. In this way, both of the City’s financial planning documents can be viewed and considered together.

Fiscal Year 2012 Recommendations Capital Budget—Loan Authorizations:

The FY2012 Capital Budget Loan Authorizations total \$18.8M in City tax-levy supported reinvestments in our public schools, other building rehabilitation, streets/ sidewalks/ infrastructure and equipment. These are summarized in the following table:

FY 2012 TAX LEVY BUDGET OVERVIEW	FY12 Recommend
City and Schools Equipment	6,705,000
City Rehabilitation and Energy	1,860,000
School Rehabilitation and Energy	5,200,000
Annual Street and Sidewalk Program	13,085,000
Parks Infrastructure	7,850,000
Dam Repair	600,000
Total Capital Budget	35,300,000
Capital FY12 Funding Sources	Recommended
CDBG	(200,000)
Chapter 90	(4,050,000)
Financial System Phase In	(2,500,000)
CSX Funding	(5,000,000)
PILOT	(1,250,000)
ESCO Previously Authorized	(3,500,000)
Net New Tax Levy	18,800,000

I respectfully request that your Honorable Body vote to advertise the attached corresponding loan authorizations upon your detailed review, discussion and deliberation of these recommendations. I have also attached corresponding loan authorizations for the enterprise account-supported investments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael V. O'Brien", with a long horizontal flourish extending to the right.

Michael V. O'Brien
City Manager