



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)

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CFAC

FY21 – FY25

Capital Improvements Plan Report

Prepared by:
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INTRODUCTION

In accordance with the Town of Barnstable Charter, Part VI, Section 6-5, and Chapter 241-18 of the Administrative Code, the Comprehensive Financial Advisory Committee (CFAC) offers its comments about and recommendations for the proposed FY 21 Capital Budget and FY 21-25 Town of Barnstable Capital Improvements Plan (CIP) to the Town Manager and Town Council.

METHODOLOGY

The review was conducted by the full CFAC committee. As was done in 2018 and 2019, CFAC reviewed only the final Town Capital Budget and Plan that has been proposed by the Town Manager.

CFAC would like to recognize the successful continuance of the review and scoring process of capital submissions for FY 21. Instituted in FY 19 by the Town Administration, the process involves senior level managers from every department. During Task Force Round 1, proposed capital projects are presented in detail, and comments and suggestions follow each presentation. The scoring criteria for Round I and Round II appear below. The two scores are then averaged together to provide an overall project ranking and forwarded to the Town Manager for his review and decision. CFAC takes into consideration all of the scoring.

Task Force Round 1 Evaluation Criteria:

The first round of scoring allows managers to present their top priority capital submissions in a workshop format to the members of the task force focusing on projects to be financed by the General Fund. The following are the ranking criteria used for Round 1:

- ❖ Priority 1 (Must-Do) received 4 points. A score of 4 points would be for projects that cannot be postponed and because doing so would result in harmful and potentially detrimental consequences.
- ❖ Priority 2 (Should-Do) received 3 points. A score of 3 points indicates a project that demonstrates a genuine need in the community.
- ❖ Priority 3 (Could-Do) received 2 points. A score of 2 points is for projects that benefit the community but could be delayed and won't result in an unfavorable impact to basic services.
- ❖ Priority 4 (Nice-To-Do) received 1 point. A project scoring 1 point is desirable to the community but does not pose a threat to safety or delivering basic services if not funded.

Task Force Round 2 Evaluation Criteria:

Round 2 utilizes the scoring criteria that has been used for many years. Task force members evaluate the same projects that were evaluated in Round 1. However each member does so individually rather than as a group. The scores are based on their impact to the following strategic plan areas:

- ❖ Public Health and Safety
- ❖ Education
- ❖ Economic Development
- ❖ Infrastructure and Protection of Capital Assets
- ❖ **Sustainability and protection of the Environment (revised)**
- ❖ **Natural Resources (new)**
- ❖ Quality of Life
- ❖ Financing
- ❖ Operating Budget Impact
- ❖ Planning and Relationship to Existing Plans
- ❖ Usage and Service Demand

Projects are scored again on a scale of 0-4 points. Projects scoring a 4 have the highest impact to strategic plan areas, a score of 3 indicates a medium impact, a score of 2 indicates the project will have a low impact, and a score of 1 or 0 means the project has little or no impact on the strategic plan.

Proposed capital projects were evaluated based on the two-step evaluation process described above and ranked according to their overall score. Most of the highest-ranking projects have been recommended for funding in FY21. Those that were not recommended were usually the result of not being ready for construction or they need to be further evaluated.

As a result of this process, the Town Manager has recommended approval for \$39.30 million in capital projects for FY21. Following is a five-year comparison of the Town Manager’s capital budget recommendations:

	CIP Projects (in millions)			
	Total	General Fund	Sewer Construction and Private Way Maintenance Fund	Enterprise Fund
FY21	\$39.30	\$15.00	\$4.90	\$19.40
FY20	\$34.43	\$17.37	\$2.89	\$14.16
FY19	\$18.43	\$12.91	\$0.97	\$4.55
FY18	\$17.82	\$12.70	-	\$5.12
FY17	\$29.88	\$15.60	-	\$14.28

COMMENTS ON METHODOLOGY

The two-step evaluation process provides an objective measurement tool to assess overall priorities for the projects proposed. More importantly, this process provides department and agency heads an opportunity to gain insights about other department priorities, to provide comments based on their specific areas of experience and expertise, to offer suggestions from their perspectives, such as health and safety, community benefit, economic growth, and to determine how their collective efforts add to the quality of life in the Town of Barnstable. CFAC believes that the two-step process promotes greater collaborative and transparent evaluations of capital projects by department and agency heads. This process also provides expanded understanding of department priorities and needs not only for the next fiscal year but also for the Five-Year plan.

The process is streamlined, informative, and cooperative.

RECOMMENDATION: CFAC appreciated the opportunity to have CFAC members observe FY 21 Round 1 Task Force presentations. In order to enhance the overall CFAC recommendations, CFAC would like to continue to be able to have two members included as observers every year.

COMMENTS ON EVALUATION CRITERIA

The Town Administration developed for this planning cycle a strong and comprehensive set of criteria to evaluate objectively the projects submitted for consideration in the FY21 capital plan. These criteria are the basis for the rankings the task force performed. **One criterion is the “Project Justification.” It would be beneficial at the end of the fiscal year (or conclusion of the project) to have Town Council evaluate and review the benefits that resulted from each project.** Some of the benefits will be easy to measure, some may have to rely on anecdotal information, and others will be a simple YES or NO. **These measurements would be documented as part of every proposal.** The subsequent evaluations would be performed by the overseeing department and submitted to Town Council for review annually.

Consider for clarification the following four examples taken from the FY21 list of potential projects. Project Justification is currently a part of every proposal. CFAC recommends adding a new section, **Project Evaluation**, in parallel. *The new section is shown in Bold Italics.*

❖ **Project: SCH-21-1: Barnstable High School Sports Fields Upgrades (Page 55)**

Project Justification developed by Sponsoring Department: Upgrades to our sports facilities will bring the playing areas to Division 1 standards providing safer conditions while attracting student athletes and pay for play sports organizations.

Project Evaluation (for illustration purposes only)

- ❖ Do the sports facilities meet Division 1 standards?
- ❖ Has the incidence of sports related injuries been reduced?
- ❖ Has the percentage of students participating in sports increased?
- ❖ What is the incremental income per year from the sports facilities?

❖ **Project: SCH – 21-8: Barnstable High School Positive Attendance System (Page 65)**

Project Justification developed by Sponsoring Department: Positive attendance system will automate the process of taking roll, providing teaching staff for formal instruction.

Project Evaluation (for illustration purposes only)

- ❖ Is the attendance system fully automated?
- ❖ What percentage of the attendance checks were able to be completed with the new system in place?
- ❖ How much time on average has the new system saved and given back to formal instruction?

❖ **Project WPC-21-2: Hyannis Youth and Community Center (HYCC) Facility Improvements (Page 93)**

Project Justification developed by Sponsoring Department: This HYCC was completed in 2008 at a cost of \$25 million. It was turned over to the DPW in 2016. A facility assessment completed in 2019 indicated that the building was plagued with different maintenance and system failures due to deferred maintenance. The areas that need to be addressed immediately are the Metal Roof, the Asphalt Roof, the membrane roofing, the flat roofing, the rubber floor, HVAC controls and systems, drinking fountains, grease traps kitchen equipment, floor tile replacement, and other items.

Project Evaluation (for illustration purposes only)

- ❖ What were the most notable documented failures in the years prior to the improvements?
- ❖ What costs were incurred as a result of those failures, both direct and indirect (such as closing the facility or closing parts of the facility)?
- ❖ What is the comparison of the average time between failures before and after the improvements?
- ❖ What is the new maintenance plan and how does it address the issue of deferred maintenance?

❖ **Project BPD-21-3: Barnstable Police Department Improvements (Page 91)**

Project Justification developed by Sponsoring Department: Constructed in 1981, the Police Department Facility is one of the most heavily used buildings in town. The building is utilized 24/7 and, as a result, some building elements are worn out and need to be replaced. This facility will need to serve Barnstable for a long time into the future. The lobby is outdated and not secure. There is no ballistic protection separation protecting police dispatch and reception areas from the public. Hazardous material in the exterior masonry walls has bled through the old metal windows onto interior working surfaces with documented exposure events.

Project Evaluation (for illustration purposes only)

- ❖ What were the most notable documented areas that were worn out and failures that resulted in the years prior to the improvements?
- ❖ Is the lobby up to date?
- ❖ Is the lobby secure?
- ❖ Do the bathrooms and ramps comply with ADA?
- ❖ Is the interior of the building protected from ballistic fire?
- ❖ Has all hazardous material been removed? If not, has it been treated to eliminate the risks of its presence?

Note: The examples above are for illustration purposes only. Any of the other projects submitted could have been used in their place.

RECOMMENDATION: Add to all new capital improvements projects information that will make it possible to look back and assess the benefits of the Town's capital investments. Every project in the Capital Improvements Plan should include a new section labeled **Evaluation Criteria**. Under this section, there would be a list of measurements to be used to gauge the success of each project. At the conclusion of each project, the benefits would be measured by the overseeing department and reviewed by a separate department – and possibly by CFAC. The results would be added to the project document and submitted to Town Council for their review as part of every new planning cycle.

COMMENTS ON FIVE-YEAR PLAN

CFAC believes that the Five-Year Plan is a valuable addition to the Capital Plan. This section shows that over the next five years the Town can anticipate funding for \$297 million (includes \$100 million for the Sewer Project) for 121 projects. A snapshot of the FY 21-25 Five Year Plan and a comparison to the FY 20-24 Five Year Plan are provided below.

	Five Year Plan Comparison			
	FY 20-24	FY 21 -25	Difference	%
Enterprise Funds	\$ 82,671,257	\$ 112,186,314	\$ 29,515,057	35.7%
Sewer & Construction Funds	\$ 35,924,000	\$ 104,978,800	\$ 69,054,800	192.2%
General Fund	\$ 158,896,457	\$ 170,056,052	\$ 11,159,595	7.0%
Total	\$ 277,491,714	\$ 387,221,166	\$ 109,729,452	39.5%

The FY 21-21 Five-Year Plan indicates a massive increase in capital spending of almost 40%. The biggest driver is Sewer & Construction Fund outlays, which almost triple from the FY 20-24 CIP. This in turn reflects the Town’s determination to begin the tackle the revised Comprehensive Wastewater Management Plan. CWMP capital spending will only grow more in the coming years. CFAC is fully supportive of this effort, which is essential to preserving the Town’s natural resources and our overall economy.

Many of the projects within the Five-Year Plan require funding for more than one year. This plan breaks out for each project the funding required for every year. The projects listed under FY 21 are recommended for funding in this year's plan while the outer years of FY 22-25 are shown for illustrative purposes. The projects in the outer years will be subjected once again to the evaluation process they went through this year.

Financing for every project hinges on a number of assumptions. For example, the estimate for sewer construction uses assumptions that revenue from the tax on rooms and meals will grow 1% per year, investment earning will average 1.1% per year, and existing sewer betterment collected will average \$76,000 per year. (Page 31). **It is difficult to forecast these assumptions for five years with complete accuracy, so the cost estimates in the Five-Year Plan will need to be updated every year. Both the Enterprise Fund and the Sewer Fund will depend upon the level of rate increases and level of sewer assessment rate increases.**

ADDITIONAL CFAC QUESTIONS ON THE PROJECTS

❖ Project: SCH – 21-8: Barnstable High School Positive Attendance System (Page 65)

- *What are the legal ramifications of recording students in this manner? Are parent and student authorizations required?*
- *What were some of the findings from other communities that have implemented similar programs (e.g., Colorado)?*

❖ Project WPC-21-2: Hyannis Youth and Community Center (HYCC) Facility Improvements (Page 93)

The most obvious concern is why does this 12 year old facility require extensive roof repairs? What are the causes for the current failure? Are there underlying causes that need to be resolved so that in the long term, we are not in perpetual cycle to fix the roof? Are any of the warranties still valid? The insurance industry as well as a number of manufacturers of these types of commercial buildings state that life of a metal roof is 30 to 45 years, and the life of an asphalt roof is 20 to 40 years. This creates a number of questions: WHY does a relatively new facility need to be reroofed? The financial request is for \$756,000 for 2021, and \$366,000 for 2022.

The roofing industry states that there are five factors that can shorten roof life.

- Installation (flaws)
- Slope (flat roof cannot get rid of water)
- Ventilation (mold and rot occur if done poorly);
- Maintenance (small problems not addressed)
- Weather (hail and high winds)

CONCLUDING COMMENTS

CFAC appreciates its continued opportunity to provide objective assessments of the proposed Town Council Capital Budget and Plan.

As in our CIP report last year, CFAC continues to have high concern about three interrelated issues that must be dealt with by the Town of Barnstable: **Comprehensive Wastewater Management Plan; Drinking Water Management;** and **Maintenance of Private Roads.** We view these as the most important and critical environment issues facing the Town of Barnstable. For these projects we have an ability to sequence the order of projects and choose who we contract the projects out to. However, we no longer have the luxury of time. Commencement of the projects is at a critical juncture for the Town of Barnstable. The impact on our natural resources and on Cape Cod in general need to be paramount for our future. In addition, strong consideration should be made to review the effects of storm water runoff, and its impact on our drinking water and contamination of our fresh water ponds and streams. **These are additional cost factors that need to be addressed as sewerage moves forward.**

RECOMMENDATION: FY 21 Five Year Plan should review all the assumptions from the previous plan and update them as changes occur. In addition, a summary should be provided documenting the changes as well as the impact those changes have on the cost estimates for the Five-Year Plan.

Barnstable received MassDEP and Cape Cod Commission approvals in 2007 for a Comprehensive Water Management Plan (CWMP). In the intervening 13 years, some steps have been taken to implement parts of the plan, including installing sewers in parts of Barnstable. Early 2019 presentations to the Town Council by DPW and the Town Manager highlighted the progress achieved and next steps. This process should be continued in 2020 and on until completion. See separate discussion below.

Concluding Comments Continued - Private Roads

Similarly, our town must address the question of how to best manage an estimated 1,100 private roads. Barnstable can utilize Sewer Construction and Private Way Maintenance funds for this purpose when they meet certain criteria.

RECOMMENDATION: Given the enormous costs to implement the proposed wastewater project – particularly the digging up of private roads across the multiple villages to install sewage pipes (and possibly new pipes for drinking water and other utility lines) – **CFAC strongly recommends that Town Council develop a policy and a new funding plan for construction and subsequent maintenance of private roads.**

Concluding Comments Continued - Wastewater Treatment

In order to safeguard the fragile bodies of water and groundwater on Cape Cod, Governor Charlie Baker certified a mandated Section 208 Plan for Cape Cod Area water quality management in June 2015. This plan was approved by the US EPA in September 2015. In response to the mandate, Barnstable Town Council established a **Wastewater Resources Advisory Committee (WRAC)** to conduct an exhaustive study of the quality of Barnstable water resources and submit a Section 208 water quality plan update. This new plan would also serve as an update to the town's CWMP. The required areas that must be addressed in the updated plan include: controllable nitrogen in watersheds, management of nitrogen loading from new growth, targets to decrease nutrients, pre and post implementation monitoring, and a proposed funding strategy.

From the spring of 2016 to the summer of 2017 the WRAC conducted thorough studies of wastewater issues: groundwater quality, pond water quality, failing septic systems, new flood zones, watersheds and the level of impairments of embayments, and looked at both traditional and non-traditional solutions. The plan addressed five basic areas: sanitation, protecting groundwater and water supplies, protecting surface waters, convenience and aesthetics, and sustainable economic growth.

The revised CWMP financing plan was submitted to the Town Council in October 2019. Current forecasted costs for the proposed Comprehensive Wastewater Management Plan total \$1.06 billion over a 30-year period.

While Town Council and the Town Manager await the review by MassDEP to our revised CWMP, the Town continues to move forward with its existing plan that was approved in 2007 by both MassDEP and the Cape Cod Commission. Sewer expansion in the Long Pond area and Phinney's Lane, Marstons Mills River treatment system, and Marstons Mills School Pump Station and Route 28 collection system preliminary design are part of the FY 20 capital improvements projects. The existing 2007 CWMP continues to evolve. For example, at present there are resources and efforts focused on mitigating the issue of nutrient loading to decrease algae growth and eutrophication of lakes and ponds. In the near future, the issue of emerging contaminants -- chemicals in drinking water and their effects on the environment and human health -- will receive additional focus and resources.

It should be noted that, at the request of the Town Manager, several CFAC members served as liaisons to WRAC and attended all its meetings and deliberations. This participation provided CFAC with a better understanding of the scope, extent, and cost of water quality management in the Town of Barnstable. In addition, the WRAC finance subcommittee met several times with CFAC to discuss funding options. If the internal working group thinks that it will be beneficial to have comments and input from CFAC while the updated CWMP is being developed, CFAC would be pleased to provide its expertise.

RECOMMENDATION: Town Council and Town Manager should address wastewater and drinking water issues with urgency. It is especially important to reach out to residents to build public support for the spending that will be required.

SUMMARY

The purpose of CFAC's review of the FY 21 Capital Budget and Five Year Plan is to provide the Town Manager and Town Council with an independent review of capital funding needs and project priorities, as well as to comment on the process for prioritizing those needs. It is CFAC's belief that this review helps to:

1. Strengthen the planning process in determining the difference between capital needs and expenditures, and Town government operating needs and expenses.
2. Maintain a strong credit rating, control tax rates.
3. Identify the most economical means of financing projects.
4. Focus the community on strategic capital objectives and the Town's fiscal capacity to meet those objectives
5. Help the public understand the process by which their tax dollars are spent on capital projects.
6. Encourage careful project and long-term planning, design and execution.

Additionally CFAC would like to note that:

1. Tourism constitutes approximately 40% of the economy to Cape Cod. By updating the infrastructure for drinking water, sewers, good roads and keeping our beaches pristine, we would be able to continue to receive our fair share of the tourism revenues.
2. Short-term rental regulations that are currently being developed will have financial implications for the Town of Barnstable funding of future projects.
3. The Town needs to increase its contribution to the Capital Trust Fund, particularly for long-term projects such as Comprehensive Wastewater Management treatment and Private Roads. **CFAC recommends new growth from taxes on properties in excess of \$1 Million should be directed to the Capital Trust Fund (CTF)**

As always, CFAC would like to thank Mark Milne, Town Finance Director, and Nathan Empey, Budget Analyst for their advice and assistance in the CIP Process.