



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)

367 Main Street, Village of Hyannis, MA 02601

v. 508.862.4660 • f. 508.862.4770

www.town.barnstable.ma.us

CFAC:

Chair:

Lillian Woo

Members:

Tracey Brochu
Hector Guenther
Ralph Krau
Melanie Powers
John Schoenherr
Wendy Solomon

Staff Liaison:

Mark Milne
Nathan Empey

Councilor Liaison:

Paula Schnepf

CFAC

FY22 – FY26

Capital Improvements Plan Report

Prepared by:
CFAC CIP Subcommittee

Tracey Brochu
Hector Guenther
Wendy Solomon
Ralph Krau, Chair

Approved: Feb 22, 2021

Since 2016 CFAC has been actively involved with Water Resources Advisory Committee (WRAC), the 2017 recommendations of an updated Section 208 Plan and CWMP, and the current CWMP financial management plan. CFAC remains committed to assist Town government as it moves forward with this enormous project to upgrade its sewer systems and mitigate eutrophic causing nutrients in the Town's bodies of water.

CFAC appreciates the opportunity to review and comment on the Town's on CWMP funding: sewer assessment, interest rate on sewer assessments, sewer connection management, a systems development charge, and a debt exclusion tax override. The committee has forwarded its comments and report to Town Council and Town Management.

Under the supervision and management of DPW, there has been solid progress with both the official approval of the CWMP and sewer expansion construction. Approval of Barnstable's CWMP with a Certificate of Completion by the MA DEP in December 2020 is a notable achievement. The final step in the approval process will be a petition to the Cape Cod Commission for a Consistency of Determination for its Section 208 water quality management plan to restore embayment and water quality. This approval will ensure that CWMP is consistent with the watershed based approach to decrease and eliminate nitrogen reaching coastal waters.

That \$30 million has already been invested by the Town to decrease nutrient in estuaries speeds up the timeline on sewers for approximately 12,000 properties.

CFAC continues to monitor this important project and is available to review and comment on it, whenever Town Council and Town Management feel that it would be helpful.

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 22 Capital Budget and FY 22-26 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, 2019, 2020 and 2021, 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 22. 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
- ❖ Natural Resources
- ❖ 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 FY22. 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 \$83.29 million in capital projects for FY22. Following is a five-year comparison of the Town Manager’s capital budget recommendations:

	Total	CIP Projects (in millions)		
		General Fund	Sewer Construction and Private Way Maintenance Fund	Enterprise Fund
FY 2022	\$83.29	\$17.76	\$30.35*	\$35.18
FY 2021	\$22.60	\$8.10	\$0.00	\$14.50
FY 2020	\$52.41	\$18.76	\$15.02	\$18.63
FY 2019	\$30.80	\$18.56	\$1.90	\$10.34

*CWMP as it is not coming forward yet and will be considered outside the regular CIP cycle.

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 a CFAC member observe FY 22 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 FY22 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 six examples taken from the FY22 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-22-3: Barnstable High School (BHS) Synthetic Turf Replacement & Track Repair

Project Justification developed by Sponsoring Department: Existing turf is nearing end of life (8 years) and is becoming increasingly difficult to properly groom leaving surface with excess infill build up. The excessive build-up creates slippery conditions for sports play and subsequent safety issues.

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?
- ❖ Income generated from the use of the facilities was impacted by the use reduction due to COVID-19
- ❖ Reduction of student participation was also impacted by COVID-19
- ❖ \$1.4MM is the last year for this project to request funding
- ❖ Additional requests for funding of \$4.0MM for the High School to convert to Natural turf have been included for 2024 (\$2.0MM) and 2025 (\$2.0MM) for Phase II and III of the project

Project HYCC-22-1: Hyannis Youth and Community Center (HYCC) Facility Improvements

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)

- ❖ Roof replacement over the five-year period is approximately \$6.7MM over the next five years. This amount does not include inflation or increased construction costs. For FY 22 the cost requested is \$1.5MM
- ❖ 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-22-2: Barnstable Police Department Improvements

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.

In FY 2016, funds were appropriated for improvements to older heating/cooling system elements. During construction additional deficiencies were discovered in the system that needs to be addressed. Mechanical equipment in the detective's wing is in need of replacement. The abandoned masonry chimney is falling and could collapse on the flat roof. Portions of the flat roof need to be replaced.

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)

- ❖ Improvements represent over the five-year period is approximately \$4.0MM over the next five years.
For FY 22 the cost requested is \$1.6MM, which is broken out as follows \$800K for the building improvements, \$340K for the security fence and \$487K for the radio system
- ❖ 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.

Project DPW-22-8: School Administration Building Mechanical Cooling Upgrades

Project Justification developed by Sponsoring Department: Many of the buildings mechanical systems are outdated and have exceeded their useful life. The Historic Building Study reported significant deficiencies in this building. The exterior restoration work previously completed, utilized both CIP and CPA funds. Outdated mechanical work remains to be completed for continuity of operation. Installation of head-end mechanical equipment previously funded is in process. This project will provide distribution from the head-end units throughout the building. Slate roof systems need continual maintenance. It has been 7 years since any repair work was done to the roof. Some slates need to be replaced.

Project Evaluation (for illustration purposes only)

- ❖ Are there deferred maintenance plans for the boilers, ventilation and other mechanical systems?
- ❖ Are there Covid 19 standards being developed for the ventilation systems?
- ❖ Should the slate roof system (continual maintenance) be incorporated in the Operating Budget?

Project DPW-22-5: Public Bridge Maintenance and Repairs

Project Justification developed by Sponsoring Department: The Town has inspection reports from the past few years identifying repairs needed to these bridges. MassDOT expects the Town to repair deficiencies in a timely manner, and it is the Town's responsibility to do so. It is also in the Town's best interests to address deficiencies when they are relatively minor, before they become safety concerns and potentially much more costly.

Project Evaluation (for illustration purposes only)

- ❖ This is mandatory for access going over West Bay to Grand Island for residents and club members
- ❖ The town must conform to MA DOT standards for bridge maintenance
- ❖ Why is this considered a Capital Project?
- ❖ Does the town have a bridge maintenance schedule or program?

Project MEA-22-1: Channel Dredging Program

Project Justification developed by Sponsoring Department: The Town completed a Comprehensive Dredge Plan in 2017 based on surveyed conditions and historic dredging frequencies. The plan identifies dredge needs in several channels across Barnstable. These channels provide important navigational access for significant numbers of recreational and commercial boats, as well as regulatory and emergency response vessels. The failure to maintain these channels can result in very dangerous conditions, which can threaten the safety of our residents and risk serious damage to boats, in addition to impairing commercial and recreational activities.

Project Evaluation (for illustration purposes only)

- ❖ Does the town have a standard dredging plan for all of its waterways (Lewis Bay / Barnstable Harbor / etc.) to accommodate ferry traffic and commercial boats?
- ❖ How often are they monitored for changes in channel depths and widths?
- ❖ How often does each channel need to be dredged?
- ❖ Is there a dredging analysis for all locations within the Town of Barnstable?

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 22-26 Five Year Plan and a comparison to the FY 21-25 Five Year Plan are provided below.

	Five Year Plan Comparison			
	FY 21-25	FY 22 -26	Difference	%
Enterprise Funds	\$ 112,186,314	\$ 124,168,813	\$ 11,982,499	10.68%
Comprehensive Wastewater Management Plan	\$ 104,978,800	\$ 144,800,000	\$ 39,821,200	37.93%
General Fund	\$ 170,056,052	\$ 204,676,295	\$ 34,620,243	20.36%
Total	\$ 387,221,166	\$ 473,645,108	\$ 86,423,942	22.32%

The FY 22-26 Five-Year Plan indicates an increase in capital spending of just above 22%. The biggest driver is Sewer & Construction Fund outlays, which almost triple from the FY 21-25 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 22 are recommended for funding in this year’s plan while the outer years of FY 23-26 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. **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 HYCC-22-1: Hyannis Youth and Community Center (HYCC) Facility Improvements

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 \$1.5MM for 2022 and \$1.4MM for 2023.

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.**

RECOMMENDATION: FY 22 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.

Concluding Comments Continued - Private Roads

Similarly, our town must address the question of how to best manage an estimated 1,100 private roads. Barnstable issued \$2.8MM of bonds in February, 2021 for maintenance and repair of private roads.

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. As the sewer construction continues we suggest that the private roads be upgraded to Town of Barnstable standards.**

Concluding Comments Continued - Wastewater Treatment

Through its continuing involvement with CWMP, CFAC has gained an understanding of the scope, extent, and cost of water quality management in the Town of Barnstable. CFAC hopes that its review and input of CWMP financial proposals have provided useful input to Town Council and Town Management as they discuss and make decisions that are fair and equitable to the Town and to property owners.

CFAC believes that CWMP is not only the historically biggest financial commitment by the Town but also the most important and extensive project to protect and preserve its bodies of water and groundwater. By mitigating the level of nitrogen that seeps from groundwater and stormwater into Barnstable's lakes, ponds, rivers, and estuaries, CFAC believes that this project represents the Town's best efforts to achieve solutions to pollution and eutrophication and to restore most of the natural hydrologic balances in its bodies of water.

As stated earlier in this report, CFAC appreciates the confidence that Town Council and Town Management have in our committee's reviews and recommendations. We hope that you will ask us to review or initiate projects whenever you feel our objective assessment would be helpful.

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 22 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 strong credit ratings, 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.