

The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)

367 Main Street, Village of Hyannis, MA 02601

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www.town.barnstable.ma.us

CFAC Committee:

Chairman:

John Curtis, Chair

Members:

Bill Brower
Ralph Krau
Tom Michael
Jim Sproul
Alan Donheiser

Staff Liaison:

Mark Milne

Councilor Liaison:

Richard Barry

CFAC MEETING MINUTES

02.04.2008

7:00 PM

Growth Management Conference Room

CFAC Members Present: Ralph Krau, Bill Brower, Tom Michael, Alan Donheiser, Jim Sproul

CFAC Members Absent: John Curtis

Councilors Present: None

Staff Present: Mark Milne

1. Upon a quorum duly present, Acting Chairman Brower called the CFAC meeting to order at 7:05 PM in the Growth Management Conference Room.

Upon a motion made and seconded, the minutes of 01.22.08 were approved.
VOTE: Unanimous

2. Chair Comments: None
3. Staff and Councilor Comments: None
4. Old Business:

Bill B. reviewed draft capital improvement plan report with the committee. (copy attached) Jim S. asked if the \$250,000 for maintenance of facilities was still in the school department's budget. Tom M. commented that it was his understanding that the \$250,000 was always going to be used for outside contract work on school facility maintenance. Jim S. wanted to know if this commitment was going to be continued by the School Dept. Ralph K. asked what it was spent on in FY07. Mark M. would get this information for the committee.

Tom M. suggested the committee may want to drop item #4 under the CIP process section of the report regarding built in biases of current evaluation forms. Committee voted to keep it in.

Mark M. commented that he thought the current forms worked well. They are comprehensive and designed to limit bias as they include 10 criteria that must be weighed on a scale of 1 to 4. He felt simplifying the forms would only increase the potential for bias.

Jim S. asked if a Waterways Improvement Fund creation should be mentioned again. Mark commented that this would be a good idea as it has real potential.

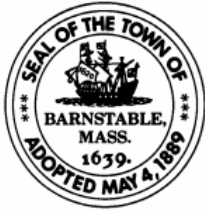
Ralph K. asked if the committee's questions and staff answers on capital projects should be included in the report as an attachment. The committee agreed to include it as a matter of public disclosure.

Mark asked if the committee wanted to include a municipal maintenance fund similar to the school department's. Tom M. asked if the town and school ever considered consolidating the management of facilities. Mark M. stated that this study was done a few years ago by the Mass Municipal Assoc. consulting group. The report indicated that there were inadequate funds currently allocated to facility maintenance and that consolidating only made sense if additional funds were provided. Bill B. commented that it was the Town Manager who said it made no sense for the town to take over managing the school facilities until the facilities were brought up to adequate condition, otherwise, it would be inheriting a major problem that currently is not under their purview. Jim S. commented that the annual \$250,000 school maintenance budget is supposed to address this.

Bill B. referred to attachment 8 of the draft report which includes CFAC's short list of recommended projects. He asked if this should be presented to the Town Manager. Committee said yes.

5. Adjournment

Upon a motion duly made and seconded, it was voted to adjourn at 8:25 PM
VOTE: Unanimous.



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DRAFT #1 02-04-08

CFAC 2009 Capital Improvement Plan Report

Prepared by:
CFAC CIP Subcommittee
Bill Brower
Ralph Krau
Jim Sproul
Alan Donheiser
Date Submitted:
02.19.08

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I. 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) is pleased to offer our findings and recommendations to the Town Manager and Town Council on the FY 2009 Town of Barnstable's Capital Improvement Plan (CIP).

This report will explain the methodology applied by the CIP Subcommittee while studying the projects presented for consideration and funding in the FY09 CIP. Additionally, the Subcommittee will offer findings on both CIP process and content; recommendations for improving the CIP process and a suggestion for improving management of the Town's Capital Trust Fund.

II. METHODOLOGY

CFAC reviewed 77 (21 Enterprise Fund Projects and 56 General Fund Projects) capital projects (Attachment 1). Each project was scored in accordance with established guidelines (Attachment 10). The CIP subcommittee then developed a rank scoring of all projects from the point of view of town residents rather than town staff. The committee's intent is to present a project rating unaffected by the pressures and organizational biases that might affect town staff.

The criteria and process used by CFAC to evaluate the projects in this year's CIP were the same as those used by town staff CIP scorers. This report and our CIP project ranking (Attachments 2 - 5 and 8), combines and presents a consolidated committee ranking based on the ratings of the individual subcommittee members. As many of the projects have been submitted in prior years and in depth interviews with several town department managers were conducted previously, and to minimize the time required of the department heads, any additional questions that the subcommittee had this year were addressed via e-mail. The subcommittee reviewed requests for over \$25,000,000 in FY09 capital funding for 56 General Fund projects.

In addition to the published Evaluation Criteria for rating projects, CFAC utilized a set of working principles that guided our assessment of each project:

1. Projects providing the greatest benefit to the greatest number of town residents were prioritized higher than those that benefited smaller groups.
2. Projects that will likely be partially or wholly revenue self-sustaining or have a positive economic impact received a higher rating than those that offer neither.
3. Projects having a direct effect on the protection or enhancement of the town's natural resources are scored higher on the principle that preservation of the environment on Cape Cod has direct bearing on the economic viability of our community and on our quality of life.
4. Projects that demonstrate an intention to provide proactive maintenance to existing assets are rated higher under the well established principle that doing so is, in the long run, a fiscally wise and conservative approach to asset management.

III. FINDINGS

The findings in this report have been divided into two parts; those that address the CIP process and those that address the CIP projects.

CIP Process:

1. We noted in prior year reports that the Capital Evaluation Criteria appeared to be unintentionally biased against proactive maintenance projects. However, it appears that with more evaluation experience, this subjective bias is lessened. For example, the School Department's #2 Priority project, Preventative Maintenance of School Facilities & Equipment Condition Assessment in the amount of \$100,000 was ranked 7th overall by staff CIP scorers and CFAC. Both CFAC and the Town task Force ranked this project much lower in prior years.
2. The scoring by CFAC and the Town Task Force were reasonably consistent. While there are some wide variations in overall ranking, it should be noted that 16 of the top 25 ranked by the Town Task Force were also in the top 25 Rankings by CFAC. The ratings by CFAC had a range from 31.0 to 13.7, while the Town task Force ratings were in a range from 27.0 to 17.7.
3. The departmental CIP Project Data Sheets were more complete than in some prior years, giving a much clearer picture of the needs and recommendations of the originator. This also resulted in fewer questions by the CFAC subcommittee and allowed the use of electronic communication to address the few questions that did arise.
4. CFAC continues to feel that the CIP Evaluation Criteria is subject to built in methodology bias and should be fine-tuned.

CIP Projects:

1. This year, CFAC performed an additional review of the top 25 projects and attempted to develop a priority based on the level of funding available and the perceived need for the project. However, this is done on a purely subjective basis as no primary criteria are defined for this selection. The results of the selection are shown in Attachment 8 - CFAC recommended short list.
2. Chronically deferred maintenance of the municipal and school physical plant continues to dominate the CIP requests. Over 50% of the CIP requests are directly related to facility maintenance.
3. Most navigable waterway projects, primarily dredging, benefit a small percentage of the population such as private boat owners and commercial marine operators. Similar projects appear year after year.
4. The school maintenance projects were submitted requesting funding by the Capital Trust Fund and not by the school operational budget.

IV. RECOMMENDATIONS

1. Each year the amount of funds requested far exceeds the funds available. CIP09 represents a total request of over \$25 million with only \$5.2 to \$6.0 million available. Of this amount, \$3.2 million is dedicated to Public Roads Repair, leaving only \$2.0 to \$2.8 million available for all other projects. Therefore, additional criteria should be developed to determine the allocation of the available funds in the most effective and reasonable manner.
2. In the FY08 CIP report and again in our FY09 report, CFAC recommends that a Capital Asset Maintenance Fund be established for the purpose of providing timely and required maintenance for the municipal and school capital assets. A \$250,000 maintenance budget has been incorporated into the School Department's base operations budget. The School Department has a considerable physical plant and CFAC recommends that this budget be impermeable from future budget reductions if any are necessary. CFAC also recommends that a maintenance fund be institutionalized in the DPW budget for maintaining municipal facilities.
3. CFAC has recommended the "pay as you go" portion of the Capital Trust Fund for small dollar amounts (typically under \$50,000) or for materials with short term borrowing limits be budgeted and funded from the municipal and school operational budgets. In FY08 and again in FY09, this recommendation was adopted and total funding dollar amounts under \$50,000 are included in the operating budgets.
4. The recommendation to establish a Waterways Improvement Fund (WWIF) to more equitably distribute the cost of waterways maintenance between tax payers in general and boating residents/commercial users who get the most benefit from the dredging has not yet been adopted as it requires specific action on the part of the Town Council. User fees, boat excise taxes or surcharges to commercial users of the waterways, could fund a WWIF.
5. The recommendation to examine the use of General Obligation Bonds (GOB) to fund a greater portion of the capital projects has been adopted and there is a stronger emphasis on funding projects through GOB.
6. A complete review of the CIP Evaluation Criteria should be undertaken on an annual basis to ensure that the criteria are broad, flexible and properly reflect subjective factors to assure each project a fair rating.

V. SUMMARY

The purpose of this CFAC CIP Subcommittee review of the FY 2009 Capital Improvement Program is to provide the Town Manager and Town Council with an independent review of the town capital funding needs and project priorities as well as the process for prioritizing those needs. It is CFAC's belief that this review will help:

1. Facilitate better planning in determining the difference between capital needs and operating budget.
2. Enhance credit rating, control of tax rates and avoidance of sudden changes in debt service.
3. Help identify the most economical means of financing projects.
4. Focus the community on strategic objectives and fiscal capacity.
5. Help the public understand the process by which their tax dollars are spent.
6. Coordinate the overlapping activities of departments and local interests.
7. Encourage careful project planning and design to avoid costly mistakes and help the community reach its long term goals.
8. Help develop a predictable and reliable method for funding recurrent expenses by implementing a Waterways Improvement Fund and Capital Asset Maintenance Fund.

CFAC would like to thank all the department heads that participated in the CFAC review of the 2009 Capital Improvement Plan. Their insight and knowledge helped us immensely. Additionally, we would like to thank, Mark Milne, Town Finance Director for his able advice and guidance.