To: Town of Chatham Board of Selectmen  
   Town Manager Jill Goldsmith

From: Town of Chatham Finance Committee

Subject: Our Perspective—90 Bridge Street

Date: 17 January 2018

Attached for your review and consideration is *Our Perspective—90 Bridge Street*, a note which respectfully presents the view of the Finance Committee on the proposed 90 Bridge Street project and, more importantly, on the process around this project and others like it.

As previously noted by the Finance Committee, we remain concerned about the absence of any formal process to objectively and apolitically assess the wide variety of capital projects before the Town. Given the number of prospective projects, their substantial cost and the intrinsic constraints of budgets and debt limits, we believe it is imperative that capital projects be assessed against one another, and prioritized.

We do note, and strongly support, the current effort of the Town Manager to engage with the UMass Collins Center in the development of a capital improvement plan—a plan which, if successfully developed and implemented—can provide the important prioritization we refer to and believe is necessary. As a Committee, we hope to be a constructive contributor to this process.

Thank you.
The Chatham Finance Committee agrees with, and applauds, the 21 November 2017 decision of the Board of Selectmen to remand the proposed 90 Bridge Street project back to the involved committees for a down-scaling of the proposed project. We find the project, as proposed, to be simply too much—for budgetary reasons, for the ambition of the project itself, and for the scale of the project relative to the neighborhood and the immediate littoral.

The Project

We are grateful for the work of the members of the Shellfish Advisory Committee, the South Coastal Harbor Planning Committee, the Waterways Advisory Committee, Town staff and Stantec Consulting Services, each of whom contributed to this project proposal. The three committees, Town staff, and Stantec began joint work on the project November 2016.

By means of background, the 4,200-square foot parcel was acquired following a vote of Town Meeting in May 2014. According to the 2014 Town Meeting Warrant "the site will be investigated to possibly include, among other uses, public parking, shore/water access, a handicapped accessible fishing/viewing platform, and as a possible site to relocate/reconstruct the town's shellfish upwelling facility."

As presented to the Board of Selectmen, the recommended option for the site includes an aquaculture upweller on a timber pier extending over the Mitchell River, handicap-accessible floating docks, a 60’ pier, waterside water and electric service, an extension of the existing handicap-accessible fishing/viewing platform, a new bulkhead fronting the property, a composting toilet, 10 public parking (8 public, 2 reserved for Town employees) and one handicap parking space. The current estimated initial cost of the project, not including fit-out of the upwelling building is $4mm. For reference, Article 21 of the 2017 Town Meeting Warrant estimated the 90 Bridge Street project cost at $2.09mm.
The Finance Committee respectfully disagrees with an opinion expressed at the 21 November meeting that, given the $111.3mm approved by Town Meeting for waterfront improvements in 2017 (Article 21), the Town has ample resources for, and flexibility in, the development and funding of this project. At $4mm, this project represents 35% of the total approved Article 21 funding. Adding it to the proposed improvements at the Fish Pier outlined in Article 21 of $5.5mm, the two projects would consume over 86% (excluding the effects of cost inflation) of the approved capital spending. Bear in mind that Article 21 identified an additional $3.7mm in project spending at the Eldredge Pier, Old Mill Boat Yard, Crows Pond, Mill Pond, Barn Hill and Ryder’s Cove.

To the Finance Committee, the fact that a project represented to Town Meeting voters in May of 2017 valued at a cost of $2mm could grow to a $4mm+ project by November of the same year suggests certain flaws in the process around how Town projects are conceived and nurtured. We are mindful, as well, that 90 Bridge Street is far from unique in these characteristics. One only need look at the Police Station, the Annex, the Fire Station and the initial plans for a new Senior Center for illustration.

The Process

As noted in the Finance Committee Report to the 2017 Town Meeting Warrant “[t]he Finance Committee has little evidence of the existence of any framework for assessing capital projects, thereby determining which of them to undertake. While we support the Board of Selectmen and the Town Manager in implementing a five-year capital planning model, we do note that the model seems, to us, to exist in a vacuum. To date, there does not seem to be broad evidence of developing comprehensive, systematic solutions to the capital project challenges facing the Town.

With respect to the 90 Bridge Street project, for example, how does that project fit into the greater Stage Harbor waterfront ecosystem? What’s the relationship between proposed commercial offloading at 90 Bridge Street and the prospect for continued commercial offloading at the Eldredge Pier a few minutes southwest? Was thought given to designating one facility for commercial activity, the other for pleasure boating? More broadly, what is the relationship between the proposed $5.5mm spend at the Fish Pier and the two commercial projects in Stage Harbor? As a town resident and boatman observed, “90 Bridge Street works today—there’s a fishing platform, a handicap observation deck, some commercial boat offloading and parking. How does that compare to the Eldredge Pier, which barely works today for any purpose?”

Even more broadly, we do not believe that Chatham can continue to spend lavishly on capital projects without adversely affecting our tax rate or, in time, our municipal credit rating. Decisions regarding prioritization of projects relative to one another must be made, we believe. How does 90 Bridge Street compare to the needs of a new Council of Aging building? Where does it stand relative to the prospect of substantial spending at the transfer station? With due respect, there’s little evidence in this instance of such consideration; the feeling the Committee gets is one of individual projects sprinting to the funding finish line. The work the Town Manager has begun with the Collins Center should result in a scoring process that will assist the
Board of Selectmen and the Town Manager in making and prioritizing recommendations to Town Meeting.

Capital Improvement Plans and Capital Project Priority Rating

As referenced immediately above, the Finance Committee is aware that the Town has begun initial work with the Collins Center at UMass Boston regarding the development of a formal Capital Improvement Plan ("CIP") for the Town. We strongly support the Town Manager in this decision and endeavor, and hope to be a constructive partner in this process. Briefly stated, and for the benefit of Chatham’s taxpayers, a CIP “contains all the individual capital projects, equipment purchases, and major studies for a local government; in conjunction with construction and completion schedules, and in consort with financing plans. The plan provides a working blueprint for sustaining and improving the community’s infrastructures. It coordinates strategic planning, financial capacity, and physical development. A CIP stands at the epicenter of a government’s Planning, Public Works, and Finance departments.” (www.opengov.com)

According to the Massachusetts Department of Revenue “The most effective capital programs prioritize all departmental requests in a ranking system that measures each project against set criteria and gives it a cumulative score. In this way, all proposals are subject to the same objective review standards and analyzed in the context of community-wide needs.” Absent such a system decision making becomes political rather than based on an objective ranking that may “facilitate comparisons among diverse types of projects” (Vermont League of Cities and Towns, September 2016).

We encourage the development and use of a CIP, not only for the capital spending included in the Town’s annual budget but, more importantly, for the larger capital projects before the Town (including those in previously-approved Warrant articles).

Other Observations

In addition to developing a process to enumerate and to assess Town capital projects comprehensively and systematically, we wonder if it would not be prudent:

- For any capital project mandate to include clear and specific instruction to the committee(s), staff and consultants involved that consideration must be given to the effect of the project on the tax-rate and the tax-payer; and

- To specifically mandate the disclosure of the source, timing and prospective amount of any potential grant funds associated with any project, and whether those grant opportunities are recurring.

As noted, the Finance Committee applauds the efforts of the Town Manager to develop a capital improvement plan, and strongly encourages the simultaneous development of a structured and transparent ranking system. Such a system will allow the Board of Selectmen and Town
Manager to objectively rank capital projects, which should result in a Town Meeting making more informed and, hence, better decisions on which capital projects to pursue.