

January 24, 2019

TO: East Greenwich Town Council - Honorable Dr. Mark Schwager, President

FROM: Jason Gomez, Chair, East Greenwich Planning Board

RE: Capital Improvements Planning for Fiscal Year 2020

Consistent with Chapter 55, Capital Improvements, of the Town Code, the East Greenwich Planning Board had the opportunity to review the Town's draft Capital Improvements Program at our regular 1/23/19 meeting. We are prepared to advance a recommendation to you regarding the program at this time but we have a number of concerns, both about the process itself and about the actual details and contents of the draft that we would like to share. We strongly feel these concerns deserve your full attention and consideration.

First, regarding the process we are obligated to follow per Town Code, we had hoped that by now the out of date and in many ways deficient process currently codified would have been revised. As was pointed out during last year's review of the budget and capital plan, the current process was designed around the Town's Financial Town Meeting (FTM) budget adoption process. Revisions to Chapter 55 should have been concurrent with the Code amendments that eliminated FTM, but were not. The language in Chapter 55 as currently constructed does not work well from a practical standpoint and is utterly unique in Rhode Island as compared with like municipalities. Problematic language, which requires modification, includes: The timelines should comport with the current budget adoption schedule provided for elsewhere in the Town Charter and Code; the referenced Town Departments have been restructured/renamed; most communities define capital projects as higher dollar value items than our Ordinance provides for which we believe is more appropriate; similarly, definitions around what constitutes a project versus a purchase requires clarification; and finally, important criteria like compliance with state mandates are left completely out of the priority-setting equation as currently written. We are disappointed these changes could not be addressed in advance of the current budget cycle and we assume this important Ordinance work will be a top priority for the current Town Council this year.

In terms of specific concerns about the contents of the draft program, we offer the following:

Fire Department: We were provided a 1-year capital plan by Former Interim Chief Robinson who obviously was not available to defend his request. While a case can certainly be made to replace the aging equipment his plan addresses, and we do not doubt the need as expressed by the former Chief, we question the rationale behind proposing acquisition of three large rolling stock pieces in the same fiscal year. The very purpose of preparing a long-range capital plan is to anticipate expenditures and

avoid dramatic spikes or aberrant peaks in any given budget cycle. These are the types of capital expenditures where the need should be forecast well in advance, allowing the purchases to be spaced out over time. The proposal does not seem to represent a contemporary best practice and does not comport with the purpose and intent of responsible long-range capital planning. During the Council's deliberations on the budget, including the capital plan, you may want to ask the current Acting Chief – or permanent Chief if available in time - to take a second look at the submission and at least affirm the need, urgency and priority of each item or possibly (preferably) submit a revised long-range program that represents a more proactive strategy.

Information Technology: The items submitted in the draft Year-1 program seem important – some pertain to public safety and should thus obviously be prioritized. Other items will improve internal efficiencies in the workings of our local government and should thus also be prioritized. As a general comment, we sincerely hope that the numbers used for planning purposes reside at the outside limit of true expected costs. We understand estimates are secured for planning purposes, but in the interest of using tax-payer dollars wisely and efficiently, we expect that staff always capitalizes on all means of bringing actual costs down – lowest bids, master price agreements, and negotiations with vendors to ensure that actual expenditures come in well under budget on all projects. In particular, certain software costs appear to Board members to be high and there may be innovative ways to handle licensing or other tools for keeping costs low which we hope management will commit to exploring and implementing.

Parks and Services: While the citizens of East Greenwich are always interested in cost-savings, they are also interested in high quality services and facilities and firmly believe investments already made and amenities we already own should be maintained at high levels as both a philosophical and a practical matter.

We agree with the Director's assessment that facility maintenance at the sites in her Draft Year 1 program should be deferred no longer, but we are slightly less supportive of the equipment request. While we are convinced that the equipment described is truly needed, it seems the proposed acquisitions are at the highest end of the price spectrum and lesser makes or models would be sufficient to serve the Town's needs. As our membership noted, given the clearly constrained financial situation currently facing the Town, "you don't need a Cadillac if a Camry will get you there."

Police: Our Board is well aware that the Police Department has gone without programmatic vehicle replacement for two years in a row and is now faced with a very real fleet need. The Chief's request was thus expected, but we remain unconvinced that there is a dire need for four new vehicles and we certainly do not want to send the message that a four-car annual vehicle replacement scheme should be

the new normal. As was recommended regarding the Fire Department, the Police Department should also be asked to take a more incremental and programmatic approach to capital purchasing.

Department of Public Works: It was noted that a large portion of capital needs projected by the Public Works Department will be covered by bond funds already in place and the wastewater treatment facility expenses are largely covered by user fees/the enterprise fund. The real capital cost associated with the department thus is less in reality than the “bottom line” reflected in their draft program. As is the case with other departments, programmatic replacement of vehicles and equipment has been deferred as a matter of course in lean years and we do not doubt that real needs now exist to update the fleet and equipment stock. Again, we would like to see a more concerted effort to avoid the confluence of need involving more than one really big ticket item in a given year. Finding ways to extend the life of capital assets through improved maintenance, exploring lease options, or other creative ways of reducing these costs should always be a priority. And avoiding budget spikes well above average in any fiscal cycle should be achievable through meaningful and coordinated long-range projections.

School Department: The Planning Board was most troubled by the capital program submission we received from the School Department. The draft FY 2020 capital plan put forward is exactly identical to the FY 19 program we reviewed last year. This means that, while it was represented to us during public meetings last Spring that critical needs exist which had to be addressed in the ensuing year, the School Department/Committee has elected to not use any of the funds programmed for that purpose to meet those needs. The School Department now projects capital needs in excess of \$95 million in the coming six years. This projection appears to be based on the fact that our school system has routinely neglected building maintenance and capital priorities, and now faces an extreme scenario that could possibly have been avoided to some degree. They also have needs related to growth which pose a challenge as East Greenwich continues to be an attractive location to raise a family and our school-age population is expected to continue increasing for the foreseeable future. We were apprised last year that the School Department would be issuing an RFP/RFQ for Master Planning Services so that all these physical infrastructure needs might be addressed in a cohesive and efficient way. It is our understanding that this master planning initiative has not advanced very far over the last year, which further erodes our confidence in the longer-range budget numbers offered up in the draft plan.

During last year’s CIP review process, our Board agreed to take a merely cursory look at years beyond Year 1 of the School’s capital plan because the numbers were likely to change – possibly dramatically – with completion of the Master Plan. The Master Plan is expected to include an in-depth and professional needs assessment based in long-range projections. We look forward to seeing this important document which would seem to be an essential tool for planning our collective future. We fully expected it to be completed or at least well on its way by now. If the Town is to capitalize on the availability of State matching grants for capital projects, a real master plan to serve as a basis for such funding requests is essential and time-sensitive. At this point, we feel the delay may have already harmed our financial position and we encourage you to press this issue. We are dismayed and

disheartened at the School Department's inability to honor their promise to prioritize the planning project and we hope you are able to secure firm timelines for moving it forward.

In short, and in contrast to the process we went through last year, we did not have the luxury of multiple meetings to review and consider a capital spending plan for the Town. There were time constraints due to management challenges and staffing shortages, which resulted in a compressed process and no opportunity for a comprehensive deep dive into the numbers. While Planning staff and our Board prioritized a good faith attempt to meet the letter of the law as currently construed, we did not want to exceed the deadlines prescribed by Code. We do deeply regret not having the opportunity for a more robust and substantive examination of the capital plan. There was consensus agreement among Board members that we really did not have adequate information on either the Town's current financial picture **or** the comparative need among or between departmental proposals to prioritize certain items over others. We therefore feel we cannot advise either favorably or unfavorably about the CIP presented to us. We are advancing the draft to you with these comments but without a specific recommendation. Upon conclusion of our discussion, a motion was made and unanimously supported to simply reduce our debate to writing and transmit it to you. As Planning Board Chair, I must strongly assert on the Board's behalf that neither the Year-one, NOR the overall 6-Year Capital Plan as currently drafted should advance toward adoption until fully vetted with Department Heads, including the School Department, along with the Town's financial professionals, and other interested parties. Such parties should be able to provide guidance about the need for each capital item requested, how the spending priorities align with larger Town goals and policies, and the impact of the spending program on the Town's finances. Specifically, no capital budget should be adopted until the following are fully understood: projected debt service costs associated with the long-term spending plan, annual maintenance and operating costs, increases in any service or user charge, any need for new service charges or user fees, and potential increases in any existing licenses or permits to support a proposed project request. The impact on the property tax rate for all six years of the proposed plan should also be projected in accordance with Chapter 55 of the Town Code. Thank you for the opportunity to comment. Please feel free to reach out to me or the Planning staff if questions persist.