

TOWN OF NANTUCKET - CAPITAL PROGRAM COMMITTEE

FY21 REPORT AND RECOMMENDATIONS

TABLE OF CONTENTS

Introduction	1
Summary of Capital Allocations (by Account)	2
General Fund (by Department).....	2
Enterprise Accounts.....	2
Summary of Funding Sources	3
General Fund.....	3
Enterprise Accounts.....	3
FY21 Requests ≥ \$1M (by Account)	4
General Fund.....	4
Enterprise Accounts.....	4
Projected Cost of Borrowing Impacts.....	5
Taxpayer & Ratepayer Rates.....	5
Debt Service – Principal & Interest.....	6
Statement of Procedures.....	7-9
Procedural Recommendations	10-12
Prior Year (Renewed).....	10-11
Upcoming Year	11-12

Appendices:

- Appendix A – Capital Requests by Account & Department
- Appendix B – Capital Requests by Funding Source
- Appendix C – Typical MA Municipal Capital Funding Sources
- Appendix D – Town of Nantucket Tax Rate History
- Appendix E – Capital Project Request Form (Specimen)
- Appendix F – Appropriations & Expenditures To-date (FY21 Capital Requests)

INTRODUCTION

The Town of Nantucket (Town) continues to recognize that procurement, construction, and maintenance of its capital assets are critical activities essential to its future fiscal health and the appropriate delivery of services to citizens and businesses. Arising therefrom, the primary objective of Capital Program Committee (CapCom) is to develop, carefully plan, and to maintain a comprehensive Capital Improvement Plan (CIP) that promotes stability and stewardship. The foregoing and all aspects of this report that follow are per revisions to Town Financial Policies & Procedures (FP&P) adopted by the Select Board, November 16, 2016. The FP&P represent a best practice requirement of the Town to participate in, and benefit from, the Massachusetts Community Compact program.

This report is the culmination of many dedicated hours of the CapCom, our Town Manager & Administration, the Finance Department, Department Heads, and others. CapCom is grateful for their ongoing assistance—appropriate development and success of the CIP depends on each of these efforts and objective professionalism—we take this opportunity to thank all involved for their timely contributions.

Respectfully, the Town of Nantucket Capital Program Committee:

Chairman, At-large – Stephen Welch
Vice Chairman, At-large – Peter Kaizer
Secretary, At-large – Richard Hussey
Board of Selectmen Representative – Jason Bridges
Finance Committee Representative – Peter McEachern
Member-At-Large Representative – Christy Kickham,
NP&EDC Representative – Nathaniel Lowell

SUMMARY OF CAPITAL ALLOCATIONS (BY ACCOUNT)

For Fiscal Year 2021 (FY21), of 67 requests totaling \$52.94M, the Capital Program Committee recommends capital allocations for 59 requests totaling \$42.28M; all values are shown in millions (M).

GENERAL FUND & ENTERPRISE ACCOUNT TOTALS: \$42.28M

GENERAL FUND (BY DEPARTMENT)

Dept. Public Works (DPW)	
Facilities	\$1.50M
General	\$.85M
Transportation	\$10.89M
Fire Dept.	\$.20M
IS/GIS	\$.24M
Marine	\$.15M
Police	\$.50M
School	\$1.57M
Town Administration	\$4.15M
General Fund Total: \$20.04M	

ENTERPRISE ACCOUNTS

Airport	\$8.08M
Sewer	\$12.00M
Solid Waste	\$1.06M
Wannacomet Water Company	\$1.10M
Enterprise Accounts Total: \$22.24M	

See too:

- Appendix A – Capital Requests by Account & Department (w/Request Descriptions)

SUMMARY OF FUNDING SOURCES

Shown are funding sources for General Fund & Enterprise Accounts:

GENERAL FUND

Ambulance Reserve	\$.10M
Borrowing	\$1.03M
Capital Exclusion	\$1.16M
Debt Exclusion	\$11.45M
Free Cash	\$5.95M
Reappropriation	\$.35M
General Fund Total: \$20.04M	

* = Within the Levy Limit

ENTERPRISE ACCOUNTS

Borrowing	\$19.72M
Free Cash	\$.02M
Raise & Appropriate*	\$1.03M
Retained Earnings	\$1.46M
Enterprise Accounts Total: \$22.24M	

* = Capital required by Town of Nantucket Code, see Appendix B,
Enterprise Accounts footnote #5

See too:

- Appendix B – Capital Requests by Funding Source
- Appendix C – Typical MA Municipal Capital Funding Sources

FY21 REQUESTS ≥ \$1M (BY ACCOUNT)

Shown are capital requests of greater than or equal to \$1M, by Fund-type, keyed to each request's Project Code:

GENERAL FUND

ADMIN	Children's Beach Storm Water Pump (HMP ID #F9)	\$3.30M
DPW-TRANS	Newtown Rd. Imprv. (Select Board Strategic Plan (SB SP))	\$1.15M
DPW-TRANS	Sidewalk Improvement Plan (SB SP)	\$1.03M
DPW-TRANS	Surfside Road Area: Phase II - Lovers Lane Improvements	\$3.27M
DPW-TRANS	Waitt Drive (6FG)/Amelia Drive	\$3.72M

ENTERPRISE ACCOUNTS

AIRPORT	Airport Improvement Program (AIP) Projects	\$6.12M
AIRPORT	Fuel Farm Rehabilitation - Suppl. Request1	\$1.06M
SEWER	108-120 Baxter Rd. Sewer Design/Const. (Phase 1)	\$2.00M
SEWER	Airport Rd Pump Station Upgrades	\$1.00M
SEWER	South Shore Road Sewer	\$1.50M
SEWER	Surfside Roads Area Sewer Improvements (Phase 1)	\$2.00M
SEWER	Surfside WWTF Membrane Upgrades	\$4.00M
WATER	Water Main Replacement	\$1.10M

See too:

- Appendix A – Capital Requests by Account & Department

PROJECTED COST OF BORROWING IMPACTS

GENERAL FUND – PROJECTED TAXPAYER IMPACTS

Project/Purpose	Type of Exclusion	Residential		Com./Ind./PP		Open Space	
		Projected Increase	Projected Rate	Projected Increase	Projected Rate	Projected Increase	Projected Rate
Capital Equipment Exclusion ¹	Capital	\$ 0.0475	\$ 3.50	\$ 0.0818	\$ 5.94	\$ 0.0427	\$ 3.33
Newton Road Improvements	Debt	\$ 0.0034	\$ 3.45	\$ 0.0068	\$ 5.87	\$ 0.0006	\$ 3.29
Children's Beach Storm Water Pump (HMP ID #F9)	Debt	\$ 0.0099	\$ 3.46	\$ 0.0178	\$ 5.88	\$ 0.0068	\$ 3.30
Surfside Road Area: Phase II - Lovers Lane Roadway	Debt	\$ 0.0098	\$ 3.46	\$ 0.0177	\$ 5.88	\$ 0.0067	\$ 3.30
Waitt & Amelia Drive (Supplemental)	Debt	\$ 0.0111	\$ 3.46	\$ 0.0200	\$ 5.88	\$ 0.0080	\$ 3.30
Totals:		\$ 0.0817	\$ 3.53	\$ 0.1440	\$ 6.00	\$ 0.0647	\$ 3.35

Assumptions:

- Assumptions are based on FY20 approved values and tax rates using a shift of 1.70 and Residential Exemption of 25%
- FY20 Residential Tax Rate is \$3.45 per thousand.
- FY20 Commercial Tax Rate is \$5.86 per thousand
- FY20 Open Space Rate is \$3.29 per thousand
- CIP=Commercial, Ind. & Personal Property. \$2M was selected as the benchmark assessment for commercial properties
- Principal and Interest charges are based on 4% over 20 years

Notes:

- The true average commercial property value is \$1,520,366. Most of the resort and retail parcels are mixed use
- There are currently 17 properties classified as Open Space. Their average value is \$118,682
- Nantucket has not adopted an "Open Space Discount"; difference between Open Space & Res. is the cost of the Res. Exemption
- ¹ = For specific Requests, see Appendix B – Capital Requests by Funding Source, General Fund/Capital Exclusions

See too: “Appendix D – Town of Nantucket Tax Rate History”

ENTERPRISE ACCOUNTS – RATEPAYER IMPACTS

Water & Sewer: To set revenue requirements resulting in a rate schedule adequate for its needs, the Wannacomet Water Co. Commission has undertaken a review of costs for ongoing operations, existing and anticipated capital improvements, and anticipated necessary reserves. Modifications to rate schedule, through a public hearing process, are not yet complete. Latest posted Wannacomet rate activity is found here: <https://tinyurl.com/yb7p7gm9>. The foregoing is generally accurate for the Town of Nantucket Sewer Dept., through the Town of Nantucket Sewer Commission. A tiered rate structure, to more equitably generate revenue for account obligations is under development; in the interim, temporary rates have been established—see: <https://tinyurl.com/v52a5wp>.

Airport: The Nantucket Memorial Airport pays its obligations from operating revenue derived from a rate schedule of fees and charges for aeronautical, non-aeronautical, ground transportation, advertising, and other services; its rate schedule is determined by the Nantucket Memorial Airport Commission through a public hearing process. Borrowings authorized (other than for AIP Projects) are typically funded under Bond Anticipation Notes (BANs), which are paid off by certified Retained Earnings. Latest posted rate activity is found here: <https://tinyurl.com/yd57ex8z>.

DEBT SERVICE – PRINCIPAL & INTEREST

At the time of this report, General Fund and Enterprise Accounts Amortization Tables were not available in printable form. As of their availability, a revision to this page will provide web-links to the tables.

STATEMENT OF PROCEDURES

To address its mandate (<https://tinyurl.com/uj95b7t>), which is to help guide the Town's capital-related investments and objectives, CapCom maintains certain procedures and undertakes various initiatives. CapCom also conducts an annual self-examination of related matters. Of note at this time:

- **Capital Project Request Forms.** CapCom starts its review process collecting and evaluating comprehensive capital project request forms required of department heads for each capital request. For various utility, by design, form data is entered directly to a relational database; CapCom accesses this information in a secure online environment. After evaluating forms for completeness, CapCom hosts department heads and our Town Manager and Finance Director for in-depth Q&A sessions; supplemental information, requested as applicable, is often provided to help complete CapCom's analysis and evaluation.
 - **Prioritization & Ranking.** After comprehensive analysis and evaluation, CapCom prioritizes and ranks each fiscal year capital request:
 - For integrity of process, linking community needs and goals (e.g. service objectives, health and regulatory requirements, and strategic and master plans) and a transparent, unbiased methodology are required.
 - To help address this task, CapCom designed and deployed an Analytical Hierarchy Process (AHP) framework keyed to the Town's FP&P criteria; AHP establishes a comprehensive, rational framework and systematizes valuation and application of multiple, diverse criterion, incorporating the diversity of members' expertise while smoothing subjectivity; wildly oversimplified, it is a mathematically-based, human and social science-informed, blind judging framework. As a result of its use and application, each request is subject to a single set of objective review standards and analyzed in the context of community-wide needs. Use of the worksheet produces a numerical Rank of Relative Importance (RORI) per request, which rankings inform CapCom deliberations. Perhaps of interest—not every criterion (and its respective value) applies to every request, and as a result, a RORI value of "80" is actually quite high.
 - Expansion of the RORI (to include financial and social impacts, risk-management variables, Total Cost concepts, and others) and developing its use (to better incorporate criteria of the FP&P, in CapCom and other Town evaluations) are necessary to meet FP&P objectives and better align the Town's capital investment with community goals.
- Note:** Subject to funding availability and deliverability within the upcoming fiscal year, higher-valued RORI requests are typically recommended for funding; lower-valued RORI requests are typically moved into the Town's 10-year CIP; whenever reliable cost-forecasting is available, that cost is included in the 10-Year CIP and in the alternative, more often than not, order of magnitude placeholder-values are often requested.
- **Annual Timeline & Related:**
 - In early summer, CapCom begins its capital budgeting cycle. Due to the volume of capital requests and often the complexity and high costs of requests, CapCom's preparation and review (including to incorporate its broader charge) require weekly

STATEMENT OF PROCEDURES

- meetings spanning more than half a year—it is fair to state the process is intensive, and more so for a volunteer core. Though no longer community-televised, meetings are open to the public and municipal employees. On subject matter, it's typically dry and no public attends; however, for informational purposes the Town Manager periodically provides Capital Program updates to the Select Board during its regular meetings, and through this televised forum, to the interested public.
- In recent years, facing larger and larger funding requirements and consistent with the FP&P, *CapCom requires and includes reasonably accurate funding sources and tax impacts in its annual report*—this information is included in the report wherever relevant to form a basis of general understanding.
- In mid-December—to facilitate the planning of funding sources for its recommendations and as a material update to the Select Board and FinCom—CapCom broadcasts its up/down fiscal year recommendations through the Town Manager and Finance Director.
- In early-mid January, as a function of other budgetary matters, potential funding sources are identified by the Town's Finance Director and Town Manager; shortly thereafter, CapCom meets to review, discuss, and vote its recommendation on funding sources and to reconcile discrepancies, if any, with the Town Manager.
- In mid-January, after the Select Board preliminarily adopts capital funding sources, tax rate impacts are tallied for inclusion in the CapCom report and for later notice (per Commonwealth regulation).
- In late-mid January, with relevant information in hand, CapCom prepares its draft report. Given the strong interrelationship between its recommended requests, funding sources and capacity, tax impacts and the like, CapCom drafts its report after relevant information is fully, or at least reasonably, gathered.
- In late January, after final review by its membership, CapCom issues its final annual report with recommendations, with original copy provided to the Select Board and FinCom at a joint meeting.

Note: This year, as in the past, Town capacity and resource issues led to a material number of requests being untimely or incomplete. To address late requests and maintain proper diligence, CapCom again modified its meeting schedules, repeatedly, extending its request-related review schedule with forbearance; this rescheduling impacted other review duties such as the depth of out-year and capital project status updates. To be clear, Town capacity and resource issues are not the fault of any particular party but rather, they are the result of Town growing pains which require proactive and ongoing measures (including as provided in our Recommendations that follow) to quickly mature the Town's capital asset management practices.

▪ ***Other Communication & Planning:***

- *Committee Updates.* CapCom affirms the utility of Select Board and FinCom receiving updates on material matters as reported by their respective CapCom

STATEMENT OF PROCEDURES

representative during the Committee Update section of regular meetings.

Note: In attempt to regularize committee reporting for CapCom’s Select Board, Finance Committee and NP&EDC members, an information transmittal sheet (the “Green Sheet”) was attempted early in this budgeting cycle but was found wanting; alternatives are addressed in the following recommendations. Also, subject to development of database reporting capability, important information (e.g. projects, by year or otherwise; prior appropriations and expenditures to-date; project status, CapCom review status, etc.) can be readily accessible to Select Board and FinCom at the click of mouse, through a secure portal. Still, CapCom anticipates targeted future use of Green Sheets to convey timely information on topics such as Funding Capacity, Capital Reserves, etc.

- *Department Liaisons.* Ordinarily, CapCom designees serve as liaisons to departments to review current and out-year capital requests in situ, to develop a thorough understanding of department needs for insight during CapCom deliberation, and to observe capital maintenance and other reasonable concerns. As a result of CapCom composition (which includes a member from each of the Finance Committee, the Select Board, and the Nantucket Planning & Economic Development Commission), the exercise is also intended to provide a degree of insight to integrational planning. However, during this budgeting cycle, CapCom liaison involvement was not activated by Town Administration. CapCom reaffirms the importance of department liaisons.
- *Joint Meetings.* After in-depth discussion, CapCom determined by unanimous consent that a joint meeting (of the entirety of the CapCom, the Select Board, and FinCom) held annually, at the beginning of the capital budgeting cycle, will help all parties to refocus as a group on capital projects and related budget matters; this, with insights of the Town Manager and Finance Director. The CapCom determined too, that joint meetings at or near the tail-end of the capital budgeting cycle, to summarize capital requests likely to be recommended for funding in the upcoming fiscal year (with CapCom’s report and recommendations nearly imminent) offer no measurable benefit—bit of a bust—and that this type of information sharing could, and should for various reasons, be accomplished in other ways. (See Statement of Procedures: “Committee Updates” and “Strategic Integrated Planning Sessions”.)
- *Strategic Integrated Planning Sessions (SIPS).* This year, to help broaden decision-maker and advisor communications, and to provide an opportunity for discussion on emergent capital-related matters with some perspective on ‘Causes of The Day’, CapCom suggested and initiated SIPS with thanks to the Town Manager. Matters addressed or discussed to-date have been regarding i) Town Meeting Article guidance for citizens, including a Q&A format revision regards financial and social costs and related impacts and benefits, ii) discussion around the “Bear of a Task” engaging stakeholders and constituents such that they are informed about important capital expenditures, and iii) other matters not ordinarily addressed without group support. These sessions are intended to occur during the capital budgeting cycle; continuance of these sessions should be fruitful, but best if agenda-driven and brief.

PROCEDURAL RECOMMENDATIONS

CAPCOM AFFIRMS PRIOR YEAR COMMENTS & RECOMMENDATIONS

The Town's aging and lack of essential infrastructure and equipment require appropriate capital purchase, maintenance, and replacement while our rapidly growing year-round and seasonal population provides constant pressure on the Town to expand capital infrastructure and inventory. Not widely factored, currently, are costs to build our community's coastal resiliency and determine timely, adequate hazard mitigation measures; these remain relatively new concerns in response to changes to our natural environment. Whether it is more frequent severe storms or coastal flooding, or other hazards, the Town and community recognize the need to protect our built and natural resources by adaptation, mitigation, and other means; of course, these protections come at a cost. As a result of these circumstances, the Town's capital needs are projected to increase in a relatively dramatic fashion for a sustained period. Faced with these challenges and the associated expenses, and the stewardship of responsible governance, a robust and effective CIP remains essential. Essential too, is highly-effective management of capital assets as exist, and that are acquired or constructed. Professional fiscal management objectives of the Town's FP&P lay the groundwork; faced with these growing pains, including as a result of effects from the natural world, our shortcoming is capacity. In conjunction with existing programming, in keeping with the intent of objectives under the FP&P, to help develop the CIP-process to its intended capacity, and in the interest of smoothing the capital planning process and its impacts, we make the following recommendations:

- *Annual Process – Timeline.* Continue to reevaluate and adjust information-gathering schedules and procedures as necessary to help ensure completion of CapCom's actions as required under the FP&P.
- *Biennial Procedure - CIP Capacity & Funding Analysis.* To reasonably inform CapCom recommendations, biennially model the 10-year CIP to include a 5-year outlook of revenue and expenditure projections (including sub-reports for debt burden, prospective debt issuance, and other relevant metrics), with results presented to CapCom; it is understood and acknowledged that the Town's Finance Director performs more regular, shorter-term modeling of this nature. (See too, *Development of Reliable 10-Year Capital Improvement Plan (CIP)* below.)
- *Biannual Procedure - Capital Project Status Reporting.* Better develop current biannual reporting sessions to monitor approved requests (to include expenditures to-date, the necessity for supplemental funds, scheduling exceptions, and discontinuances of projects or any severe problems, if any) to help identify capital planning shortfalls; foregoing, drawing on an active, readily accessible list of past years projects and their status.
- *System-wide Capacity - Centralize Capital Asset Management.* A result of growing pains, the Town's capital asset management is fractured in various regards and important tasks are regularly subject to competing priorities; these circumstances undermine capital programming proficiency and form obstacles to timely and cost effective deliverables. Even simpler request and reporting duties are impaired. With too limited capacity and resources, reasonably comprehensive management of the Town's existing and rapidly expanding capital inventory is unrealistic. These and other negative effects will worsen as

PROCEDURAL RECOMMENDATIONS

the number, cost, and complexity of capital projects increase. Action is required; capital programming needs to be an ongoing process with appropriate resources. A common enterprise-level solution is centralized capital asset management, which streamlines capital programming, budgeting, and sustainment, leveraging dedicated resources to eliminate issues—such as the Town currently experiences—while preempting other issues and problems. This level of involvement and processing is also required for timely and informed decisions by leadership and to enhance performance of the Town’s capital investments—to help ensure high-value returns to the community while helping constituents understand capital needs and the utility of improved community-wide resources.

Carefully developed and implemented, these recommendations create efficiency, savings, and needed relief, along with increased credibility among taxpayers, ratepayers, and others. While some of the recommendations involve procedural changes absorbable through longer-term scheduling of processes, others require funding to complete stated objectives. In all regards, CapCom suggests special attention is required to limit priority-related conflicts among and between Town staff and other resources, and more so during times of cyclical responsibility (e.g. preparation and presentation of the annual operating budget and for Town Meetings, etc.).

Note: The foregoing recommendations were addressed previously in CapCom’s FY19 Report & Recommendations, in greater detail, and subsequently summarized (largely as above) in the CapCom’s FY20 Report & Recommendations; inclusion within this FY21 Report & Recommendations is a strong affirmation of the Town’s needs and CapCom’s related recommendations, which by their nature are meant to identify and inspire related, important actions. In the face of quickly escalating capital investment requirements, if not yet made clear, there is a need to better equip current and future municipal leaders/decision makers with sufficient tools to act effectively, to enhance and protect the Town’s capital assets, and realistically plan for Town’s future,.

ADDITIONAL COMMENTS & RECOMMENDATIONS

- *Expansion of RORI.* See comment earlier in the body of the report, provided topically under Statement of Procedures: Prioritization & Ranking.
- *Development of the Capital Project Request Form Relational Database.* In 2017, CapCom undertook to overhaul the departmental-level capital request form, conceiving it as a portal of information to a comprehensive capital projects data-collection and program management tool. The request form interface is completed, providing various benefits, not the least of which is the elimination of duplicate data entry and minimization of potential human error. The database was/is intended to be an interactive repository of ‘all things capital’ (past, present, and ‘likely future’), to provide collection and reporting efficiency and features not currently available. Regular reports with the potential to cover the entire capital planning process (from submission through financial analysis, ranking, funding source projection, to assist in rapid debt modeling, and to inform interested public bodies) can be developed and made accessible. Presently, while not disparaging efforts or advances to-date, the database is under early-stage development; capital request inputs,

PROCEDURAL RECOMMENDATIONS

- RORI inputs and basic management, and relatively gross reporting capabilities are proofed and in use. Properly developed, the database solves for resource conflicts, freeing professional staff for other important tasks while providing timely information access. One of many important elements is to include capital-request-related personnel costs, using an efficient click-to-enter interface for reporting capabilities, to inform Town Manager /Finance Director, Select Board and FinCom budgetary reviews. Another is automated reports to the Select Board, and FinCom, including Prior Year Appropriations w/Expenditures To-date, and direct access to individual capital request forms. Department-level training and access is imperative.
- *Review Town's Debt and Reserve Policy.* (Self-explanatory.)
- *Development of Reliable 10-Year Capital Improvement Plan (CIP).* It is fair to state the current 10-year CIP is less a plan than it is a partial list of likely future capital projects. This state of affairs directly reflects the lack of capital programming capacity and resources within the Town. MA DOR advises a reasonably accurate 10-year CIP is required for adequate planning of municipal finances. And, facility and department-level equipment and infrastructure management plans, each based on well-developed and properly completed and maintained capital asset needs assessments, are essential to the successful development and efficient use of a municipality's 10-year CIP. Provided adequate resources, development of such a plan, focused for various utility to two 5-year increments, is obtainable and broadly beneficial. An updated version of the 10-year CIP was not available at the time of printing this report.

CapCom acknowledges its recommendations may seem ambitious and understands outcomes cannot happen overnight; still, we strongly support the Town's regular steps towards enterprise-level capital asset management practices—even small regular steps help to form a material outcome.

Given vision and resolve, the proficiency and effectiveness of the Town's Capital Management Program are limited only by the appropriateness of resources engaged in the endeavor; properly administered over time, dramatic savings—including to help fund the capital asset management program itself—may be realized.

Appendix A – Capital Requests by Account & Department

GENERAL FUND					
Code	Dept./Request	FY21 Request	CapCom Rec.	CapCom - Comments of Note	
DPW					
Facilities					
FAC-20-002	ADA Facility Upgrades	\$.6M	\$.05M	Level funding; lack of information & capacity	
FAC-20-008	Annual Facilities Site Paving Updates	\$.53M	\$.25M	Level funding; lack of information & capacity	
FAC-20-001	General Building Envelope (Repair/Replace) Roof/Siding/Windows Continue to address and expand General Building Envelope Roof/Siding/Windows (Repairs/Replacements)	\$.6M	\$.15M	Level funding; lack of information & capacity	
FAC-20-005	Building Space General (Renovations) TON Annual Facility Equipment (Repair/Replace)	\$.6M	\$.15M	Level funding; lack of information & capacity	
FAC-20-007	Annual repairs/replacements necessary to maintain functioning facilities	\$.15M	\$.1M	Level funding; lack of information & capacity	
FAC-20-004	TON Facility Bathroom (Repair/Replace)	\$.6M	\$.25M	Level funding; lack of information & capacity	
FAC-20-006	TON Facility Lighting (Repair/Replace)	\$.2M	\$.05M	Level funding; lack of information & capacity	
FAC-20-003	TON Facility Utility Systems (Repair/Replace) TON HVAC, Water, Sewer, Drainage, Electrical, Elevator Updates	\$.6M	\$.15M	Level funding; lack of information & capacity	
FAC-21-002	Town-wide Facilities Master Plan This project will engage a consulting firm to work with the town in the development of a town wide facilities master plan. [\$400K from 2FG Prelim. Study; \$54K spent LLB 4 yrs. Ago]	\$.35M	\$.35M	Staging Nantucket 2050; Imperative for success that the study by iterative, involving constituents at each layer of development--involving only a select workgroup is a waste of money.	
General					
DPW-18-001	CCTV Phased Work (Stormwater)	\$.27M	\$.27M		
DPW-21-005	Fleet - 6-wheel Dump Truck	\$.18M	\$.18M		
DPW-21-002	Fleet - Electric Admin Vehicle	\$.05M	\$.M	Rev. request, move to Operating	
DPW-21-006	Fleet - Fleet Service Vehicle (Utility Body)	\$.18M	\$.M		
DPW-21-004	Fleet - Ford F-350	\$.06M	\$.06M		
DPW-21-001	Fleet - Sweeper (Replace oldest sweeper 5-year Life)	\$.25M	\$.25M		
DPW-21-003	Fleet - Two Ford Ranger(s)	\$.09M	\$.09M		
Transportation					
TRAN-20-002	Cobblestone Improvements Cobblestone Improvements to our 18,000 SY of cobblestone streets. Annual program based on 2,000 SY and a 9-year life cycle, materials costs and adjusted for 3% inflation. Locations to complement our newly formed DPW Sidewalk Work Group project locations like Upper Main Street.	\$.52M	\$.25M	Subject to 250K funding max.	
TRAN-20-001	Multi-use Path Mntc. (Select Board Strat. Plan ((SB SP)) Multi-Use Path (MUP) Improvements per our 31 mile inventory, specific locations to be determined by our MUP Pavement Management Report (pending). Annual program based on a 15-year life cycle, current contract pricing, and is adjusted for 3% inflation	\$.22M	\$.25M		
TRAN-17-005	Newtown Road Improvements (SB SP) Improvements to Newtown Road - sidewalk, paving, addition of speed tables	\$1.15M	\$1.15M		
TRAN-19-010	Permanent Traffic Data Collection Stations (SB SP) Continuance of traffic data collection stations at various locations across the island	\$.15M	\$.12M		
TRAN-17-002	Road improvements/Maintenance Island Wide (SB SP) Proposed Roadway Improvements per our Pavement Management Plan.	\$3.65M	\$.1M	Due to current capacity, subject to \$1M funding max.	
TRAN-21-001	Sconset Footbridge Construction Repairs to Sconset Footbridge based off of recommendations from Vertex (engineer)	\$.1M	\$.1M		
TRAN-17-001	Sidewalk Improvement Plan (SB SP)	\$1.03M	\$1.03M		

Code	Dept./Request	FY21 Request	CapCom Rec.	CapCom - Comments of Note
TRAN-17-004	Surfside Road Area: Phase II - Lovers Lane Roadway Improvements Design, bid, and reconstruct Monohansett, Lovers Lane, and Okorwaw; Lovers Lane portion.	\$3.27M	\$3.27M	
TRAN-19-002	Waitt Drive (6FG)/Amelia Drive Engineering and construction of Waitt Drive/Amelia Drive block. This roadway will access the new workforce housing site at the 4FG/6FG site. The project will also bring needed infrastructure improvements to Amelia Drive.	\$3.72M	\$3.72M	Scope & related, hashed and rehashed
Fire Department				
FIRE-20-001	ALS Equipment This request will equip ambulance with necessary equipment for ALS certified ambulance service upgrade	\$1M	\$1M	
FIRE-19-002	Replace Self-contained Breathing Apparatus units (SCBA) Replacement over a 4 year period of the fire departments self contained breathing apparatus (SCBA) equipment	\$1M	\$1M	
FIRE-21-002	Trench Rescue Equipment	\$22M	\$.M	FY22: Concept supported; interested in policies/ protocols for use, storage
IS/GIS				
ADMIN-17-001	Network Infrastructure Replace Town Computers	\$1M	\$1M	
ADMIN-18-001	Replacement of town desktops and laptops using a replacement cycle of five years for desktops and three years for laptops.	\$06M	\$06M	
ADMIN-17-002	Server Virtualization Continued support of server virtualization project	\$08M	\$08M	
Marine Department				
PUBL-21-001	Pump-out Boat Replacement Replacement of a pump-out boat; 2nd to largely match another existing pump-out boat.	\$15M	\$15M	
Our Island Home (G)				
OIH-17-001	Our Island Home Facility Design and construction of a new Our Island Home facility	\$5M	\$.M	Initially recommended as Capital Exp. subject to voter determination. Initially recommend as capital exp. subject to voter determination; funding changed to Free Cash thru Operating due to scope/inability to borrow. btfin.
Police Department				
PUBL-21-002	Loran Housing (SEWER) Connection of the Loran housing facility to the town sewer system	\$5M	\$5M	Include future-use capacity
PUBL-20-001	Public Safety Auxiliary Building Creation of an auxiliary building at the public safety complex. This would be used for storage and light maintenance by both the police and fire departments.	\$3.M	\$.M	High cost-to-use; however, investment is necessary to extend useful life of rolling stock; Recommended for FY21 funding--no funding source.
School Department				
NPS-21-001	Bobcat Replacement This request is to replace the Bobcat for the Ground Department. The Bobcat was purchased used in 2004. It has had several mechanical issues over the past few years and now has been deemed unfixable. We use this equipment for many grounds functions including plowing, digging, moving large items and general maintenance.	\$07M	\$07M	
NPS-20-001	Campus Wide Improvement Plan We have an RFQ out for a Campus Wide Master Plan. The money for this study was approved in FY20. The plan will examine classroom space needs and athletic field placement as we plan for the future growth of our district. The plan is to request \$750,000 each year for Athletic Field Improvements as suggested by the pending master plan.	\$75M	\$75M	

Code	Dept./Request	FY21 Request	CapCom Rec.	CapCom - Comments of Note
	IT Infrastructure			
NPS-21-002	This request is to replace outdated servers and equipment which are imperative to our every day operations.	\$.15M	\$.15M	
	NHS Boiler Replacement			
NPS-21-003	The NHS boilers themselves are original to the building which was constructed in 1990. They have been refurbished twice due to internal leaking, we are told the gaskets cannot be replaced again. We've also had a multitude of other issues with them this past winter. These two large boilers had a 25 year life, by this time next year they will be 30 years old. The burners were replaced 12 years ago.	\$.3M	\$.3M	
	NPS Building Improvements			
NPS-17-001	This request is for building & grounds improvements for the Public Schools. The requested funding will include repairs to all school buildings. We know that this funding won't be sufficient for all repairs, but it will be help to get a great deal completed.	\$.3M	\$.3M	
	Town Administration			
	Children's Beach Storm Water Pump (HMP ID #F9)			
HMP-21-006	Design and complete repairs to Children's Beach storm water pump and outfall to improve reliability and reduce/eliminate backflow into the pump and drainage system during high tides. This supports the drainage area of more than 150 acres.	\$3.3M	\$3.3M	
	Fulling Mill Road (HMP ID #F10)			
HMP-21-004	Participate in a limited public-private partnership with Nantucket Engineering & Survey tom complete a study of the Fulling Mill Road Watershed, in particular the hydrologic conditions at Polpis Road, to identify design alternatives for improvements to this area.	\$.7M	\$.M	Consider FY22 subject to various additional information noting as proposed too high cost-to-value ratio
	Harbor Master Building and Town Pier (Suppl.)			
HMP-21-007	Funding to supplement design/install wave attenuator	\$.2M	\$.M	Resolve into existing appropriation
	Island-wide Underground Wiring Feasibility Study			
ADMIN-21-002	Feasibility study/assessment of town-wide or old historic district project to get all wires underground	\$.5M	\$.5M	Subject to context (Facilities Master Plan, Hazard Mitigation Plan, Coastal Resiliency, etc. and ¹
	Town-wide Document Management System			
ADMIN-20-003	Costs associated with the continuation of an electronic document management system. project entails scanning, categorizing and archiving hard documents into a cloud based storage system.	\$.25M	\$.25M	
	Town-wide Security Measures			
ADMIN-21-001	Assessment of security measures for municipal buildings with recommendations. 34K spent over the last few years for key card access implementation for various offices.	\$.1M	\$.1M	
GENERAL FUND SUBTOTAL:		\$30.54M	\$20.04M	

¹ = CapCom: "Can TON require utility companies materially, in coordination with TON, i) underground utilities, and ii) contribute directly to related costs?" TON Counsel: "This falls under G.L. c.166, s.22D which allows the Town to pass a bylaw requiring utilities to bury exiting OH lines and to expend not less than 2% of preceding year gross revenues derived from Town customers for such undergrounding projects. Section 22M allows the utility to collect a surcharge from Town customers to cover these costs."

Note: With very minor exception, descriptions above are as submitted by respective department head.

ENTERPRISE ACCOUNTS

Code	Dept./Request	FY21 Request	CapCom Rec.	CapCom - Comments of Note
Airport				
Airport Improvement Program (AIP) Projects				
NMA-19-003	AIP projects: FY21 - Security Upgrades Supplemental Capital Request; typically, FAA/Mass DOT cost-sharing	\$6.12M	\$6.12M	Typical: NMA Borrowings (all but AIP) typically pay off BANs after certification of Retained Earnings [Grants typically: FAA 5% contribution; Massport 10%, each only towards Eligible expenditures]
Airport Maintenance & Equipment				
NMA-19-001	Maintenance, equipment, and vehicles for the airport: FY21 - Emergency Generator Housing; JD Z-Trac Mower; LED Runway Closure Markers; Replace Crew Truck (A4)	\$.19M	\$.19M	
Direct Digital Control System for Terminal Geothermal				
NMA-19-004	Furnish and install new D.D.C. controllers for following systems: hot & chilled water system, (5) Roof top units, 16 unit heaters - including new temp sensors, 20 fan powered boxes including new temp sensors, (1) network controller, (1) computer w/ 24" monitor	\$.21M	\$.21M	
Fuel Farm Rehabilitation - Suppl. Request				
NMA-20-002	Replace deteriorated piping (with stainless steel that requires no painting), pumps, cabinets, flame detection	\$1.06M	\$1.06M	
Groundwater and Soil Investigation				
NMA-21-001	Regulatory and non-regulatory investigation and remediation of soil and groundwater on and around Nantucket Operations and ARFF	\$.25M	\$.25M	
Nantucket Operations and ARFF				
NMA-20-001	Continued investment in NMA: FY21 - GPU ground power unit (replace 20yr decommissioned), Replacement Bus (1 of 2), Aircraft Tug (15 yrs)	\$.25M	\$.25M	
Our Island Home (E)				
OIH-21-001	Replace ceiling tile Replacement of drop-ceiling ceiling tiles and tracks, various locations throughout facility.	\$.09M	\$.M	Revise scope to target issues, move to Operating
OIH-21-002	Sprinkler System Replace Main Sprinkler Piping	\$.07M	\$.M	Revise scope to target issues, move to Operating
Sewer				
108-120 Baxter Rd. Sewer Design/Const. (Phase 1)				
SEWER-17-001	Engineering, design and construction of a new sewer line to serve the Sconset Sewer District, draft plan has been developed; funding in anticipation of req. to act and having ability to do so. 1st \$2M the relocation of the utilities in that short section of roadway on Baxter Road; remainder \$20M+- for cont. install. sewer in expanded Baxter Road Area--it is not settled that this will actually happen, subject to bettered etc	\$2.M	\$2.M	Confirmed phasing, supplemented Description
Airport Rd Pump Station Upgrades				
SEWER-19-001	Upgrade of 30 year old Pump Station to include but not limited to: Wet Well, Controls and Control Panel, Pumps, Valves and piping, Bypass connection, New electrical transformer and infrastructure as current station is powered by Nantucket Inn, SCADA and RTU. Bring station to current standards and size for future	\$1.M	\$1.M	
Aurora Way Pump Station Upgrade				
SEWER-21-004	Upgrades to existing pump station. Final estimates will come out of the Sewer Master Plan	\$.06M	\$.06M	
Replace Ford F-550 Dump Truck				
SEWER-20-002	Replace dump truck not approved last round, resubmitting	\$.13M	\$.13M	DH Low Priority for FY21; Recommended for FY22 request (unless FY21 Free Cash avail.)

Code	Dept./Request	FY21 Request	CapCom Rec.	CapCom - Comments of Note
SEWER-21-003	Sconset Sewer Design & Const. (Phase 1) Replace sewers in the village of Siasconset that were installed in 1914 and are in very poor conditions South Shore Road Sewer	\$.35M	\$.35M	
SEWER-20-003	Design and construction of a gravity sewer and pumping stations to meet future flows and to serve needs areas South Valley Pump Station Upgrades	\$1.5M	\$1.5M	
SEWER-20-004	Upgrade of a 1986 Main pump station located in the Naushop subdivision. This pump station was part of the Richmond group project area that they had agreed to pay at least \$250,000.00 towards the upgrades of this station that would be receiving flows from there project. Original estimates from 2015 have gone up substantially as well as codes and regulations have changed. We have an estimated total now for this project by Hazen and Sawyer of \$846,000.00 Includes: Genset appurtenances & structural work; HVAC for both rooms; Mission instrumentation (note: the plans still indicate the RTU-4); 3 MCC's (1) spare pump; manual ATS/remote gen hookup; fuel station; security alarm; level transducer; 120v x fmr; 120V lighting panel; grounding grid, and misc site work. Excludes: Roofs, gutters, downspouts, windows/door trim (note: the plans DO indicate a new roof and trim) Estimate \$846,000 (-10% +15% bid range \$761,000-\$973,000) FYI adding roof and trim back into the scope increase cost ~\$15k	\$.85M	\$.85M	
SEWER-20-005	Surfside Roads Area Sewer Improvements (Phase 1) Improvements to the sewer infrastructure in the Surfside area; pump station location involved. [Phase 1, of total approx. \$7.5M; Surfside/Atlantic/Bartlett Sewer Mains, Surfside WWTF Membrane Upgrades	\$2.M	\$2.M	
SEWER-18-001	Replace original GE Zenon Membranes with New LEEP Aeration system membranes. Membranes have a life Upgrade Wastewater Laboratory (MA Audit)	\$4.M	\$4.M	
SEWER-21-001	Upgrades to original Lab installed in 2008 to bring all equipment and testing to current standards and regulation. A lab audit is being performed in Late 2019	\$.13M	\$.13M	Legal Requirement
Solid Waste				
SEWER-21-002	MRF Facility Improvements/Repairs Renovate/Replace Facility features such as Roof, Lunchroom, Bathrooms, Siding, Louvers/Vents, Guardrails.	\$.47M	\$.47M	
SEWER-21-001	MRF New Sorting Station & Conveyors Replace original Sorting Station; Sort Conveyor; and MRF Primary Feed Conveyor System	\$.59M	\$.59M	
Wannacomet Water Company				
WANN-21-001	Water Main Replacement Continuation of the water main replacement program; Washington Street Ext., aged out, outflow/seepage, other concerns	\$1.1M	\$1.1M	
ENTERPRISE ACCOUNTS SUBTOTAL:		\$22.4M	\$22.24M	
GENERAL FUND & ENTERPRISE ACCOUNTS TOTALS:		\$52.94M	\$42.28M	

Note: With very minor exception, descriptions above are as submitted by respective department head.

Appendix B – Capital Requests by Funding Source

GENERAL FUND			
Dept.	Code	Request by Funding Source	CapCom Rec.
Ambulance Reserve Fund			
FIRE	FIRE-20-001	ALS Equipment	\$.1M
Total Ambulance Reserve:			\$.1M
Borrowing			
DPW-TRANS	TRAN-17-001	Sidewalk Improvement Plan ¹ (Select Board Strategic Plan (SB SP))	\$ 1.03M
Total Borrowing:			\$ 1.03M
Capital Exclusion			
DPW-GNRL	DPW-18-001	CCTV Phased Work (Stormwater)	\$.27M
DPW-GNRL	DPW-21-005	Fleet - 6-wheel Dump Truck	\$.18M
DPW-GNRL	DPW-21-004	Fleet - Ford F-350	\$.06M
DPW-GNRL	DPW-21-001	Fleet - Sweeper (Replace oldest sweeper 5-year Life)	\$.25M
DPW-GNRL	DPW-21-003	Fleet - Two Ford Ranger(s)	\$.09M
FIRE	FIRE-19-002	Replace SCBAs	\$.1M
MARINE	PUBL-21-001	Pump-out Boat Replacement	\$.15M
SCHOOL	NPS-21-001	Bobcat Replacement	\$.07M
Total Capital Exclusion:			\$ 1.16M
Debt Exclusion			
ADMIN	HMP-21-006	Children's Beach Storm Water Pump (HMP ID #F9)	\$ 3.3M
DPW-TRANS	TRAN-17-005	Newtown Road Improvements (SB SP)	\$ 1.15M
DPW-TRANS	TRAN-17-004	Surfside Road Area: Phase II - Lovers Lane Improvements	\$ 3.27M
DPW-TRANS	TRAN-19-002	Waitt Drive (6FG)/Amelia Drive	\$ 3.72M
Total Debt Exclusion:			\$ 11.45M
Free Cash			
ADMIN	ADMIN-21-002	Island-wide Underground Wiring Feasibility Study	\$.5M
ADMIN	ADMIN-20-003	Town-wide Document Management System	\$.25M
ADMIN	ADMIN-21-001	Town-wide Security Measures	\$.1M
DPW - FAC.	FAC-20-002	ADA Facility Upgrades	\$.05M
DPW - FAC.	FAC-20-008	Annual Facilities Site Paving Updates	\$.25M
DPW - FAC.	FAC-20-001	General Building Envelope (Repair/Replace)	\$.15M
DPW - FAC.	FAC-20-005	Building Space General (Renovations)	\$.15M
DPW - FAC.	FAC-20-007	TON Annual Facility Equipment (Repair/Replace)	\$.1M
DPW - FAC.	FAC-20-004	TON Facility Bathroom (Repair/Replace)	\$.25M
DPW - FAC.	FAC-20-006	TON Facility Lighting (Repair/Replace)	\$.05M
DPW - FAC.	FAC-20-003	TON Facility Utility Systems (Repair/Replace)	\$.15M
DPW-TRANS	TRAN-20-002	Cobblestone Improvements	\$.25M
DPW-TRANS	TRAN-20-001	Multi- Use Path Maintenance (SB SP)	\$.25M
DPW-TRANS	TRAN-19-010	Permanent Traffic Data Collection Stations (SB SP)	\$.12M
DPW-TRANS	TRAN-17-002	Road improvements/Maintenance Island Wide (SB SP)	\$.1M
DPW-TRANS	TRAN-21-001	Sconset Footbridge Construction	\$.1M
IS/GIS	ADMIN-17-001	Network Infrastructure	\$.1M
IS/GIS	ADMIN-18-001	Replace Town Computers	\$.06M
IS/GIS	ADMIN-17-002	Server Virtualization	\$.08M
POLICE	PUBL-21-002	Loran Housing (SEWER)	\$.5M
SCHOOL	NPS-20-001	Campus Wide Improvement Plan	\$.75M
SCHOOL	NPS-21-002	IT Infrastructure	\$.15M
SCHOOL	NPS-21-003	NHS Boiler Replacement	\$.3M
SCHOOL	NPS-17-001	NPS Building Improvements	\$.3M
Total Free Cash:			\$ 5.95M
Reappropriation			
DPW - FAC.	FAC-21-002	Town-wide Facilities Master Plan	\$.35M
Total Reappropriation:			\$.35M
GENERAL FUND SUBTOTAL:			\$ 20.04M

¹ = Town Admin anticipates these may be funded w/in 2-1/2 Levy Limit

ENTERPRISE ACCOUNTS

Dept.	Code	Request by Funding Source	CapCom Rec.
Borrowing			
AIRPORT	NMA-19-003	AIP Projects ¹	\$6.12M
AIRPORT	NMA-19-001	Airport Maintenance & Equipment	\$19M
AIRPORT	NMA-19-004	Direct Digital Control System for Terminal Geothermal	\$21M
AIRPORT	NMA-20-001	Nantucket Operations and ARFF	\$25M
SEWER	SEWER-17-001	108-120 Baxter Rd. Sewer Design/Const. (Phase 1)	\$2.M
SEWER	SEWER-19-001	Airport Rd Pump Station Upgrades	\$1.M
SEWER	SEWER-20-003	South Shore Road Sewer	\$1.5M
SEWER	SEWER-20-004	South Valley Pump Station Upgrades	\$85M
SEWER	SEWER-20-005	Surfside Roads Area Sewer Improvements (Phase 1)	\$2.M
SEWER	SEWER-18-001	Surfside WWTF Membrane Upgrades	\$4.M
WATER	WANN-21-001	Water Main Replacement	\$1.1M
AIRPORT	NMA-20-002	Fuel Farm Rehabilitation - Suppl. Request ²	\$5M
Total Borrowing:			\$19.72M
Free Cash			
S.WASTE	SEWF-21-001	MRF New Sorting Station & Conveyors ^{3,5}	\$0.2M
Total Free Cash:			\$0.2M
Raise & Appropriate			
S.WASTE	SEWF-21-001	MRF New Sorting Station & Conveyors ^{3,5}	\$57M
S.WASTE	SEWF-21-002	MRF Facility Improvements/Repairs ^{4,5}	\$47M
Total Raise & Appropriate:			\$1.03M
Retained Earnings			
AIRPORT	NMA-20-002	Fuel Farm Rehabilitation - Suppl. Request ²	\$56M
AIRPORT	NMA-21-001	Groundwater and Soil Investigation	\$25M
SEWER	SEWER-21-004	Aurora Way Pump Station Upgrade	\$06M
SEWER	SEWER-20-002	Replace Ford F-550 Dump Truck	\$13M
SEWER	SEWER-21-003	Sconset Sewer Design & Const. (Phase 1)	\$35M
SEWER	SEWER-21-001	Upgrade Wastewater Laboratory (MA Audit)	\$13M
Total Retained Earnings:			\$1.46M
ENTERPRISE ACCOUNTS SUBTOTAL:			\$22.24M

GENERAL FUND & ENTERPRISE ACCOUNTS TOTALS: \$42.28M

¹ = Airport Improvement Program (AIP) Grant funding sought to pay up to 90% cost; MASSPORT funding may be available to cover up to 5%

² = Fund \$558.6K Retained Earnings; \$500K Borrowing

³ = Fund from Annual Required Capital Investment (\$34,750) & Free Cash (\$24,250)

⁴ = Fund from Annual Required Capital Investment

⁵ = Annual Requirement: 1% of prior year's total Town local receipts plus 1% of prior year's total collected real estate and personal property taxes; Annual Required Capital Investment for FY21 = \$1,033,750; (label R&A) btfm

Appendix C – Typical MA Municipal Capital Funding Sources

Local

1) Borrowing:

- a) **General Obligation Bonds (aka, "GO Bonds")**. These are issued for a period of time ranging from 5 to 30 years, during which time principal and interest payments are made. Making payments over time has the advantage of allowing the capital expenditures to be amortized over the life of the project. Funding sources used to pay back the debt can include:
 - i) **Bonds funded within the tax limits of Proposition 2 ½**: Debt service for these bonds must be paid within the tax levy limitations of proposition 2 ½. Funds used for this debt must be carefully planned in order to not impact the annual operating budget.
 - ii) **Bonds funded outside the tax limits of Proposition 2 ½ -- Debt Exclusion Bonds¹**: Debt service for these bonds is paid by increasing local property taxes in an amount needed to pay the annual debt service. Known as a Debt Exclusion, this type of funding requires approval by 2/3 vote of the local appropriating authority (e.g., city council or town meeting) and approval of majority of voters participating in a ballot vote. Prior to the vote, the impact on the tax rate must be determined so voters can understand the financial implications.
 - iii) **Bonds funded with Enterprise Funds**: Debt service for these bonds is typically paid by user *fees*, such as water and sewer revenue. Depending upon the type of project, interest costs may be subsidized by the Commonwealth and at times partial grant funds may be available (see below). Enterprise funds do not affect the general operating budget unless general funds are needed to subsidize revenues from the enterprise. Prior to the issuance of debt, the projects must be analyzed for their impact on rates.
- b) **Capital Exclusion**: Capital Exclusion projects are similar to Direct Appropriation (Pay-as-You-Go, below) except taxes are raised outside the limits of Proposition 2 ½ and are added to the tax levy only during the year in which the project is being funded. As with a Debt Exclusion, Capital Exclusion funding requires approval by 2/3 vote of the local appropriating authority (e.g., city council or town meeting) and approval of a majority of voters participating in a ballot vote. Prior to the vote, the impact on the tax rate must be determined so voters can understand the financial implications. Capital Exclusions may be authorized for any municipal purpose for which the city or town would be authorized to borrow money.

¹ = Debt Exclusion is different from a property tax override in that an exclusion is temporary, it is only in place until the incurred debt is paid. An override becomes a permanent part of the levy limit base.

2) Other:

- a) **Bond Proceeds**: Municipalities sell bonds at a premium over par, which premium funds bond issuance and service; any excess is reserved for specific uses based on the type of account (General Fund, Enterprise Fund, or School) with that excess available to fund like capital projects.
- b) **Free Cash**: Free Cash is the difference between annual revenues and expenditures and is certified by the Commonwealth each year. After certification, free cash is available for appropriation for any municipal purpose, including capital projects.
- c) **Direct Appropriation/ Pay-as-You-Go**: Direct Appropriation capital projects are funded with current revenues, and the entire cost is paid off within one year so no borrowing takes place. Projects funded with current revenues are customarily lower in cost than those funded by general obligation bonds because there are no interest costs. However, funds to be used for this purpose must be carefully planned in order to not impact the annual operating budget. For this reason, Pay-as-You-Go capital projects are typically lower in value than projects funded by borrowing.
- d) **Sale of Surplus Real Property**: Pursuant to Massachusetts General Laws, when real estate is sold, the proceeds must first be used to pay any debt incurred in the purchase of the property. If no debt is outstanding, the funds "may be used for any purpose or purposes for which the city, town or district is authorized to incur debt for a period of five years or more...except that the proceeds of a sale in excess

of five hundred dollars of any park land by a city, town, or district shall be used only by said city, town, or district for acquisition of land for park purposes or for capital improvements to park land" (MGL Chapter 44, Sec. 63).

e) **Stabilization Fund:**

- i) **Capital Stabilization Fund:** Local officials can set aside money in a stabilization fund -outside of the general fund- to pay for all or a portion of future capital projects. A 2/3 vote of city council or town meeting is required to appropriate money into and out of this fund.
- ii) **Enterprise Retained Earnings (as a form of Stabilization Fund):** Enterprise operations, such as water and sewer, are able to maintain an operating surplus that can be utilized for future enterprise fund costs. These funds can be used to stabilize the user rates, apply to annual budget needs, and/or invest in capital replacement and expansion.

f) **Special Purpose Funds:** Communities also have established numerous "Special Purpose Funds" for which the use is restricted to a specific purpose, some of which may be investment in department facilities and equipment. Numerous state statutes that govern the establishment and use of these separate accounts. Examples include the sale of cemetery lots and off-street parking fees accounts.

Federal, State, and Private Grants and Loans

- 1) **Office of Aviation Airport Improvement Program (AIP):** Funding is available to airports that are part of the National Plan of Integrated Airport Systems by the FAA. The AIP provides funds for projects to improve infrastructure, including runways, taxiways, aprons, noise control, land purchases, navigational aids, safety and security.
- 2) **Massachusetts Chapter 90 Roadway Funds:** Each year, the Massachusetts Department of Transportation (MassDOT) allocates funds to cities and towns for roadway construction, maintenance, or improvement. Funds may also be used for other work incidental to roadway work, such as the construction of a garage to house related vehicles, or the purchase of related vehicles, equipment, and tools. Chapter 90 is a 100% reimbursable program. Funding is accomplished through the issuance of transportation bonds and apportioned to municipalities based on three factors: 1) accepted road miles, 2) population, and 3) total employment within the municipal borders. The number of accepted road miles is the most heavily weighted factor at 58.33%; the others are each weighted at 20.83%.
- 3) **Massachusetts Department of Environmental Protection's State Revolving Funds (SRF):** The Clean Water State Revolving Fund (CWSRF) provides financing for sewer and drainage projects intended to reduce sewer overflows and the Drinking Water State Revolving Fund (DWSRF) provides financing to improve the quality of the drinking water system. The CWSRF and DWSRF programs typically offer a mix of low interest (2%) loans and grant funds. Repayment does not begin until two years after the monies have been borrowed.
- 4) **Massachusetts School Building Authority (MSBA):** The MSBA provides funding for school feasibility, design, and construction. Projects must be accepted into the process in response to the submission of a Statement of Interest which identifies a facility problem to be solved. Subsequently, the community must appropriate funding for schematic design and later for construction before the MSBA will commit to its share of the project. If accepted, the MSBA determines the amount of reimbursement it will offer based upon community need, with a minimum base rate of 31%. The percent of reimbursement can then be increased based upon three factors: community income factor, community property wealth factor, and community poverty factor.
- 5) **Mass DOT Complete Streets.** Funding program that allows up to \$400,000 in construction funds.
- 6) **MA Community Compact Grants** (fit in where/how?)... eg. funds upwards of \$68,000 for a particular MA town's IT equipment.
- 7) **MA Other.** Many Commonwealth departments also offer annual grant opportunities that are available to municipalities typically through a competitive application process. State grant programs that may be used for capital expenses include, but are not limited to the Green Community grants (project to improve sustainability) and Parkland Acquisitions and Renovations for Communities (PARC) grants.

Appendix D – Town of Nantucket Tax Rate History

Year	Rate
1971	\$73.00
1972	\$73.00
1973	\$38.00
1974	\$82.00
1975	\$86.00
1976	\$90.00
1977	\$115.00
1978	\$129.00
1979	\$134.00
1980	\$128.00

Note: In FY 1981 Nantucket was one of the first communities to classify property according to use, conduct a full revaluation of all properties and adopt a split tax rate and residential exemption.

Fiscal Yr	Rates			Residential Exemption	\$\$ Value of Exemption	CPA
	Residential	Open Spac	Com/Ind/PP			
1981	\$8.60	\$6.87	\$12.94	10,000	\$86.00	
1982	\$8.88	\$6.85	\$13.03	10,000	\$88.80	
1983	\$6.34	\$6.20	\$9.45	11,967	\$75.87	
1984	\$6.90	\$6.76	\$10.98	12,000	\$82.80	
1985	\$7.17	\$7.02	\$11.34	12,004	\$86.07	
1986	\$4.03	\$3.96	\$6.37	20,363	\$82.06	
1987	\$4.67	\$4.61	\$7.44	17,485	\$81.65	
1988	\$5.54	\$5.47	\$8.88	17,383	\$96.30	
1989	\$4.03	\$3.91	\$7.66	63,666	\$256.57	
1990	\$4.30	\$4.17	\$8.16	63,972	\$275.08	
1991	\$4.52	\$4.44	\$8.68	61,771	\$279.20	
1992	\$5.41	\$5.31	\$10.35	51,608	\$279.20	
1993	\$6.26	\$6.12	\$11.89	44,585	\$279.10	
1994	\$6.34	\$6.20	\$12.40	44,889	\$284.60	
1995	\$6.56	\$6.40	\$12.42	45,235	\$296.74	
1996	\$6.58	\$6.42	\$12.47	46,052	\$303.02	
1997	\$6.74	\$6.53	\$12.58	59,456	\$400.73	
1998	\$5.25	\$5.08	\$9.71	80,598	\$423.14	
1999	\$5.83	\$5.62	\$10.71	87,689	\$511.23	
2000	\$5.77	\$5.55	\$10.57	89,600	\$516.99	
2001	\$3.94	\$3.79	\$7.14	151,337	\$596.27	
2002	\$4.21	\$4.05	\$7.62	153,165	\$644.82	\$19.34
2003	\$3.42	\$3.29	\$6.11	210,261	\$719.09	\$21.57
2004	\$3.13	\$3.00	\$4.73	245,258	\$767.66	\$23.03
2005	\$3.30	\$3.16	\$4.99	248,178	\$818.99	\$24.57
2006	\$2.84	\$2.73	\$5.06	316,472	\$898.78	\$26.96
2007	\$2.49	\$2.39	\$4.46	376,097	\$936.49	\$28.09
2008	\$2.67	\$2.56	\$4.77	374,402	\$999.65	\$29.99
2009	\$2.76	\$2.65	\$4.92	375,319	\$1,035.88	\$31.08
2010	\$3.01	\$2.88	\$5.35	360,135	\$1,084.01	\$32.52
2011	\$3.58	\$3.42	\$6.41	304,992	\$1,091.87	\$32.76
2012	\$3.62	\$3.46	\$6.47	297,869	\$1,078.29	\$32.35
2013	\$3.67	\$3.51	\$6.51	303,664	\$1,114.45	\$33.43
2014	\$3.76	\$3.60	\$6.68	299,187	\$1,124.94	\$33.75
2015	\$3.61	\$3.45	\$6.38	336,917	\$1,216.27	\$36.49
2016	\$3.36	\$3.22	\$5.93	362,525	\$1,218.08	\$36.54
2017	\$3.39	\$3.24	\$5.99	373,635	\$1,266.62	\$38.00
2018	\$3.53	\$3.34	\$5.97	486,050	\$1,715.76	\$51.47
2019	\$3.36	\$3.20	\$5.71	518,251	\$1,741.32	\$52.24
2020	\$3.45	\$3.29	\$5.86	528,618	\$1,823.73	\$54.71

<input type="checkbox"/>	Construction	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	Equipment or Fixture:	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	±Installation Cost(s)	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	±Trade-in/Redemption Cost(s)	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	OPM (Owner's Project Manager)	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	O+M or Post-Const.	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	Disposal	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	Contingency	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	Financing	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	Insurance	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	Other, explain in cost doc.	\$	-	\$	-	\$	-	\$	-	\$	-
Total		\$	-	\$	-	\$	-	\$	-	\$	-

<input type="checkbox"/>	'Green' Component(s):	\$	-	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	Compliance requirement:	\$	-	\$	-	\$	-	\$	-	\$	-

Explain:

Net effect on Operating Budget:		FY19	FY20	FY21	FY22	FY23	Totals		
<input type="checkbox"/>	Maintenance Cost	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	Personnel Cost	\$	-	\$	-	\$	-	\$	-
<input type="checkbox"/>	Utilities	\$	-	\$	-	\$	-	\$	-
Total		\$	-	\$	-	\$	-	\$	-

Maintenance Plan:		FY19	FY20	FY21	FY22	FY23	Totals		
<input type="checkbox"/>	Annual Cost	\$	-	\$	-	\$	-	\$	-
Total		\$	-	\$	-	\$	-	\$	-

Anticipated Useful Life: _____
Average Use Hrs/Day (approx.): _____
Annual Days-in-use (approx.): _____

Outsourcing Alternative(s) Applicable(Yes/No) -- explain:

PROJECT TIMELINE

Project Manager:

Other Departments Involved in the Project:

Timeline (leading to anticipated completion date):

	FY19	FY20	FY21	FY22	FY23
<input type="checkbox"/>	Procurement	--	--	--	--
<input type="checkbox"/>	Aquisition	--	--	--	--
<input type="checkbox"/>	Design	--	--	--	--
<input type="checkbox"/>	Permitting	--	--	--	--
<input type="checkbox"/>	Construction	--	--	--	--
<input type="checkbox"/>	Substantial Comp.	--	--	--	--
<input type="checkbox"/>	Full Completion	--	--	--	--
One-time:					
<input type="checkbox"/>	Decommission	--	--	--	--
<input type="checkbox"/>	Removal	--	--	--	--
<input type="checkbox"/>	Installation	--	--	--	--
<input type="checkbox"/>	Final Delivery	--	--	--	--

SUPPLEMENTAL DOCUMENTS REQUIRED

- Detailed Project Description and Photos
- Basis for Cost
- Documentation for Operating Budget Impact
- Summary Plan for Maintenance

Appendix F - Appropriations & Expenditures To-date (FY21 Capital Requests)

GENERAL FUND

Code	Dept./Request	Prior Appropriations	Expended	Remaining
DPW				
Facilities				
FAC-20-002	ADA Facility Upgrades	\$0.05M	\$.0M	\$0.05M
FAC-20-008	Annual Facilities Site Paving Updates	\$.5M	\$.0M	\$.5M
FAC-20-001	General Building Envelope (Repair/Replace)	\$.3M	\$.0M	\$.3M
FAC-20-003	TON Facility Utility Systems (Repair/Replace)	\$.3M	\$.0M	\$.3M
FAC-20-004	TON Facility Bathroom (Repair/Replace)	\$.5M	\$.0M	\$.5M
FAC-20-006	TON Facility Lighting (Repair/Replace)	\$.05M	\$.0M	\$.05M
FAC-20-007	TON Annual Facility Equipment (Repair/Replace)	\$.1M	\$.0M	\$.1M
General				
DPW-18-001	CCTV Phased Work	\$.4M	\$.1M	\$.3M
	Town Administration			
ADMIN-20-003	Town-Wide Document Management System	\$.1M	\$.03M	\$.07M
Transportation				
TRAN-20-001	Multi- Use Path Maintenance (SBSP)	\$.35M	\$.33M	\$.02M
TRAN-17-005	Newtown Road Improvements (SB SP)	\$.0M	\$.0M	\$.0M
TRAN-19-010	Permanent Traffic Data Collection Stations (SB SP)	\$.08M	\$.03M	\$.04M
TRAN-17-002	Road improvements/Maintenance Island Wide (SB SP)	\$.29M	\$.19M	\$.1M
TRAN-21-001	Sconset Footbridge Construction	\$.0M	\$.0M	\$.0M
TRAN-17-001	Sidewalk Improvement Plan (SB Strategic Plan)	\$.3M	\$.183M	\$.117M
TRAN-17-004	Surfside Area Roads Reconstruction	\$.303M	\$.248M	\$.056M
TRAN-19-002	Waitt Drive/Amelia Drive	\$.281M	\$.29M	\$.252M
Fire Department				
FIRE-20-001	ALS Equipment	\$.05M	\$.05M	\$.0M
FIRE-19-002	Replace SCBAs	\$.18M	\$.18M	\$.0M
IS/GIS				
ADMIN-17-001	Network Infrastructure	\$.25M	\$.0M	\$.25M
ADMIN-18-001	Replace Town Computers	\$.1M	\$.05M	\$.05M
ADMIN-17-002	Server Virtualization	\$.19M	\$.19M	\$.0M
OIH (G)				
OIH-17-001	Our Island Home Facility	\$.1M	\$.7M	\$.3M

ENTERPRISE ACCOUNTS

Code	Dept./Request	Prior Appropriations	Expended	Remaining
Airport				
NMA-19-003	AIP Projects	\$.209M	\$.71M	\$.138M
NMA-20-002	Fuel Farm Rehabilitation - Supplemental Request	\$.76M	\$.0M	\$.76M
Sewer				
SEWER-17-001	108-120 Baxter Rd. Sewer Design/Construction	\$.25M	\$.0M	\$.25M
SEWER-19-001	Airport Rd Pump Station Upgrades	\$.25M	\$.0M	\$.25M
SEWER-21-004	Aurora Way Pump Station Upgrade	\$.3M	\$.0M	\$.3M
SEWER-20-005	Surfside Roads Area Sewer Improvements	\$.56M	\$.1M	\$.55M
SEWER-18-001	Surfside WWTF Membrane Upgrades	\$.13M	\$.0M	\$.13M