



MILFORD CAPITAL IMPROVEMENT COMMITTEE

Town Hall, 52 Main Street

Milford, MA 01757

TO: Capital Improvement Committee
FROM: Gregg Johnson, CIC Chairman
DATE: January 2013

RE: Considerations for CIC Approval Status and Project Priorities

Approval Status

For many years, the CIC has based its recommendations for capital improvements on the individual merits of those proposed expenditures. While evaluating projects that have met the statutory thresholds in the CIC's **charter**, the committee has considered the following factors (in no particular order): legal obligations, safety concerns, emergency recovery/prevention, reduction of foreseeable liabilities, cost effectiveness, opportunity costs, maintenance improvements, use by multiple departments, extended/alternate usages, impact of delays, scale of affected residents, quality of life changes, regional parity, availability of outside funding, local sourcing, energy/resource conservation, projected workloads/lifespans, and sponsor priorities. This committee has also weighed the relative need, impact, timing, and cost of capital expenditures, as well as the effect each would have on the financial position of the Town. Collectively, those details guide the CIC through a basic project approval system: **Not recommended**, **Recommended**, or **Previously approved**. [The latter status being reserved for projects that have already been approved by the committee but which may be performed/funded (and brought to Town Meeting) in stages; e.g., recurring lease payments, phased funding plans, additional fund requests, etc.] Since making this kind of determination can be subjective, the CIC arrives at consensus recommendations through open debate of these factors and any other relevant considerations. [A *Pending* state is temporarily used until the committee's approval status becomes official; this may be the result of significant changes to previously proposed expenditures or a lack of town meeting action within the 2-year deadline set forth in our **governing by-law**.]

Plus, by vetting such aspects of capital improvements, the CIC is also able perform basic checks on each of the capital requests reviewed by the committee. The CIC

is well-positioned to identify any proposed expenditures that might not measure-up to Town standards, meet goals set forth in the Town's **Comprehensive Plan**, or comply with other accepted municipal initiatives.

Project Priorities

One of the CIC's required duties is to "assist the Town Meeting with regard to priorities of projects." The committee attempts to achieve that mandate by prioritizing proposals from an individual perspective (using a **Project Rating**), as well as a relative ranking among other capital improvements requiring action by Town Meeting.

Project Rating

The CIC's **Project Rating** is intended to quantify/characterize the perceived priority or sense of urgency for each proposed capital improvement; a triggering metric. This rating goes beyond the committee's basic approval status by providing guidance on the specific priority of a single capital improvement, and it has also been used as a determinant in some of the committee's capital planning financial-models. Additionally, this rating metric may provide essential guidance when Town Meetings do not have to weigh multiple (discretionary) capital improvements (i.e., when a relative ranking is either impractical or irrelevant).

Since the old CIC evaluation scores were deemed too cryptic, the current CIC membership has approved the following simplified rating system for all capital improvement projects:

CIC Project Rating:

- 1 = Critical;** should be funded without delay.
- 2 = Important;** should be funded.
- 3 = Not urgent;** can be delayed.

NOTES:

- ♦ A **Project Rating** of **3** does *not* mean the CIC thinks such a capital improvement should be delayed, merely that this committee believes it can be delayed without any major impact. Alternatively, such a rating may be temporarily assigned to projects until the CIC completes its normal review of proposed capital improvements for Milford's Special Town Meeting, traditionally held in the fall.

- ♦ A *Pending* state may also be used temporarily, until the committee's project rating becomes official.
- ♦ An additional 4th rating level was considered, but a majority of the committee felt that any project deemed deserving of indefinite funding delays would simply be **Not recommended** by the CIC, in the first place.
- ♦ Formerly, the CIC rated capital improvements on a 25-point scale. Scores in the top 20% were deemed *Emergency or Critical* in nature. Those in the bottom 40% were classified as *Not Essential*. Projects with scores in the middle 40% were divided into those *Essential* to the operation of the requesting department versus those that are *Worthwhile* but not of immediate need and of little overall benefit to the Town. Since both the old *Worthwhile* status and *Not Essential* one conveyed a sense of delay or non-urgency (regardless of all other factors), they were combined into one logical state in the new rating system outlined above. Also, because the terms 'critical' and 'emergency' are essentially synonymous, the label for the top priority state was truncated in the new rating system. Now, the **Project Rating** is simply determined via open debate; logical consensus, no math.
- ♦ Lastly, regardless of the value assigned, this rating has no bearing on the committee's approval status; *a project recommended favorably on its merits remains approved*.

Relative Prioritization

To help achieve better priority rankings [and improve overall capital planning], the CIC welcomes adoption of best-practices, including capital planning recommendations from the State's Department of Revenue [DoR]. Of course – regardless of the criteria used to make any ranked list – there is a top and a bottom; however, it should be noted that the location within such a listing of capital projects does not alter the CIC's approval status nor its finding for the **Project Rating**. A relative ranking is just another tool designed to assist Town Meeting, especially when available funds do not readily permit funding of all proposed capital expenditures.

Regarding the overall ranking of projects, the evaluation criteria in Exhibit IV, Form E of the **DoR's CIP manual** include the following six categories: a department priority classification (e.g., Mandatory or Maintenance), the sponsor's project priority [relative to the sponsor's other capital improvements *or* the expressed need for a single expenditure], the expected useful lifespan, the overall effect on operating- & maintenance costs, the impact on Town revenues, and the availability of State/Federal grants [or other non-Town funds].

The project evaluation marks are agreed upon by the committee members in open debate and then converted into **Ranking Scores** that can be compared with similarly derived scores for the other capital improvements requiring Town Meeting action. Tie-breakers are based on consistency with the most current edition of the Town's **Comprehensive Plan** and then – if necessary – on the CIC's **Project Ratings**. [It is possible that at least one more tie-breaker may be required in the future; however, none has been proposed-to or considered-by the committee at this time.]

In order to avoid some of the negative feedback that the CIC's old 25-point rating received, the rank that results from the above process is presented as a simple ordinal number (from *1* to *the total number of articles under CIC review*).

Ultimately, the value/impact of any relative ranking can be lessened when sufficient funding is available for all capital improvements or the Finance Committee of the Town favorably recommends all capital expenditures that were reviewed by the CIC. However, the CIC is still required to assist Town Meetings with the prioritization of capital projects.