



Sandwich - *Our Town, Our Realities* Presentation #2

October 19, 2017

Welcome/Goals

- Provide Understanding
- Prioritize Large Scale Capital Projects
- Determine Best Funding Options
- Foster Co-operation

October 19, 2017 Multi-Board Summit Workshop

- We have done our best to present this material as concisely as possible, focusing on graphs & charts rather than large data sets where possible
- The data sets for ALL the presentation material are available, if needed, to show where this information came from
- Packets of the entire presentation will be handed out at the conclusion of the presentations & will be available on-line
- Our primary goal is to bring about a greater understanding of Sandwich's demographic & financial facts & realities while developing a list of priority large scale capital projects to fund over the next several years

PRIMARY TAKEAWAYS

PRESENTATION #1

Primary Takeaways – Demographic & Financial Facts

- Average Tax Bill is the Only Realistic Comparison
- Sandwich Has Second Highest Average Tax Bill on Cape Cod
- Sandwich is Much More Similar Demographically to South Shore Communities Than Cape Cod Communities
- Sandwich Has, Far & Away, the Least Number of Second Homes on Cape Cod & Highest Percentage of Year-Round Population Requiring More Public Services
- Sandwich Has, Far & Away, the Fewest Number of Residential Properties Valued at Greater Than \$1.0 Million
- Sandwich Has Highest Percentage of Tax Burden Placed on Year-Round Residents

Primary Takeaways – Demographic & Financial Facts

- Statements About Sandwich Having Little Commercial Property are Not True – Sandwich Has One of the Highest Commercial Property Percentages on Cape Cod & Will Be the Highest if NRG Unit #3 Built
- Sandwich's Financial Reality is Shaped by Having the Least Number of Second Homes, the Highest % of Year-Round Population, and the Smallest Number of \$1.0 Million+ Residential Properties
- These Basic Characteristics Will Not Change Significantly Over Time

Primary Takeaways – Exempt Debt

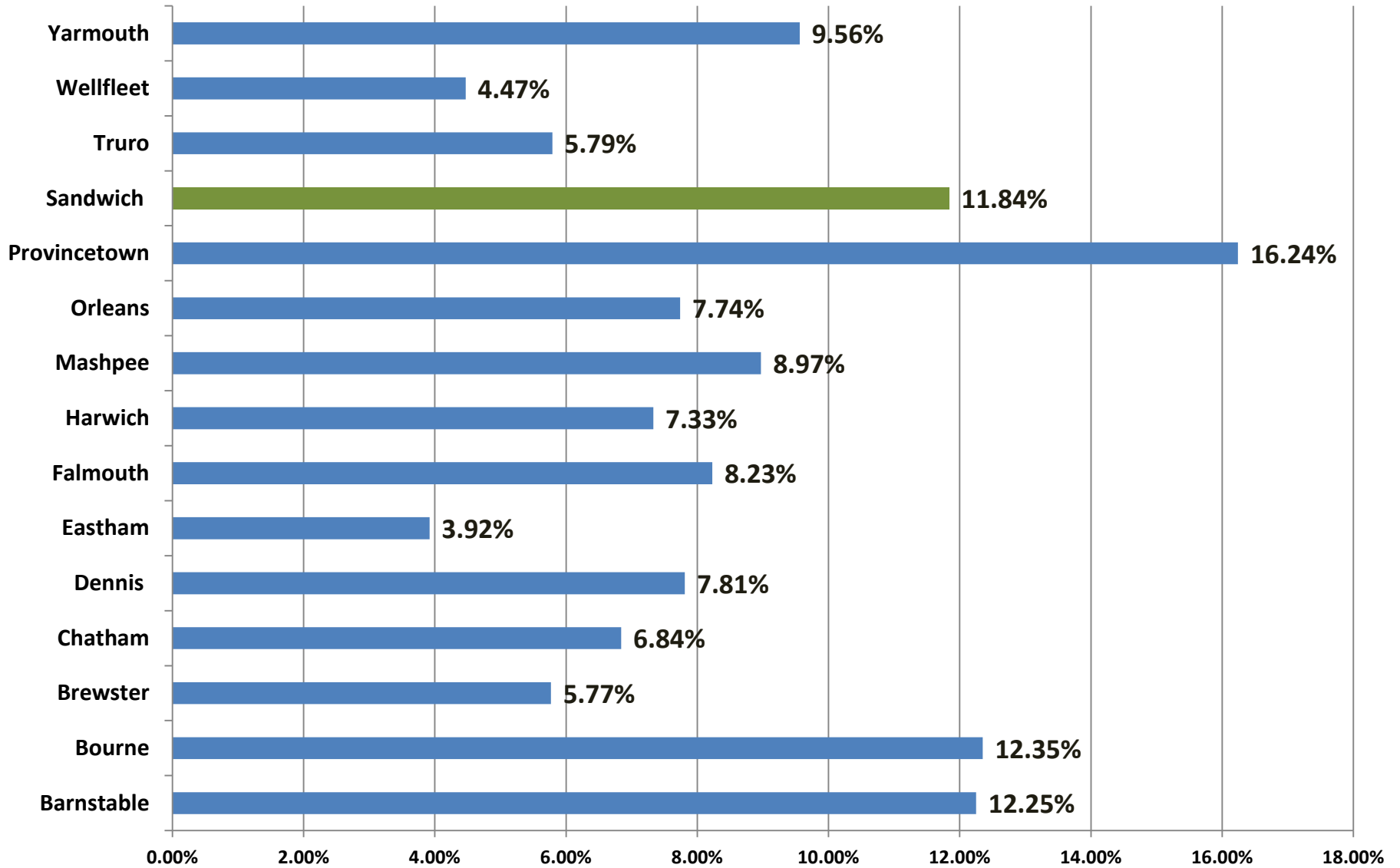
- Sandwich Did Not Issue Debt When Real Needs Existed
- More Than a Decade of Inaction Diminishes Town Infrastructure As Repair/Replacement Costs Continue to Rise
- School Infrastructure Kept Pace With Population Growth Since 1970...But Municipal Infrastructure Did Not
- Based on Accurate Future Growth Projections, Town Will Not Be Facing Drastic Population Increases In Future So Properly Structured Projects Will Meet Community Needs for 50+ Years
- Sandwich Has Fallen Out of Habit of Considering Debt Exclusions to Fund Needed Improvements

Primary Takeaways – Debt Financing

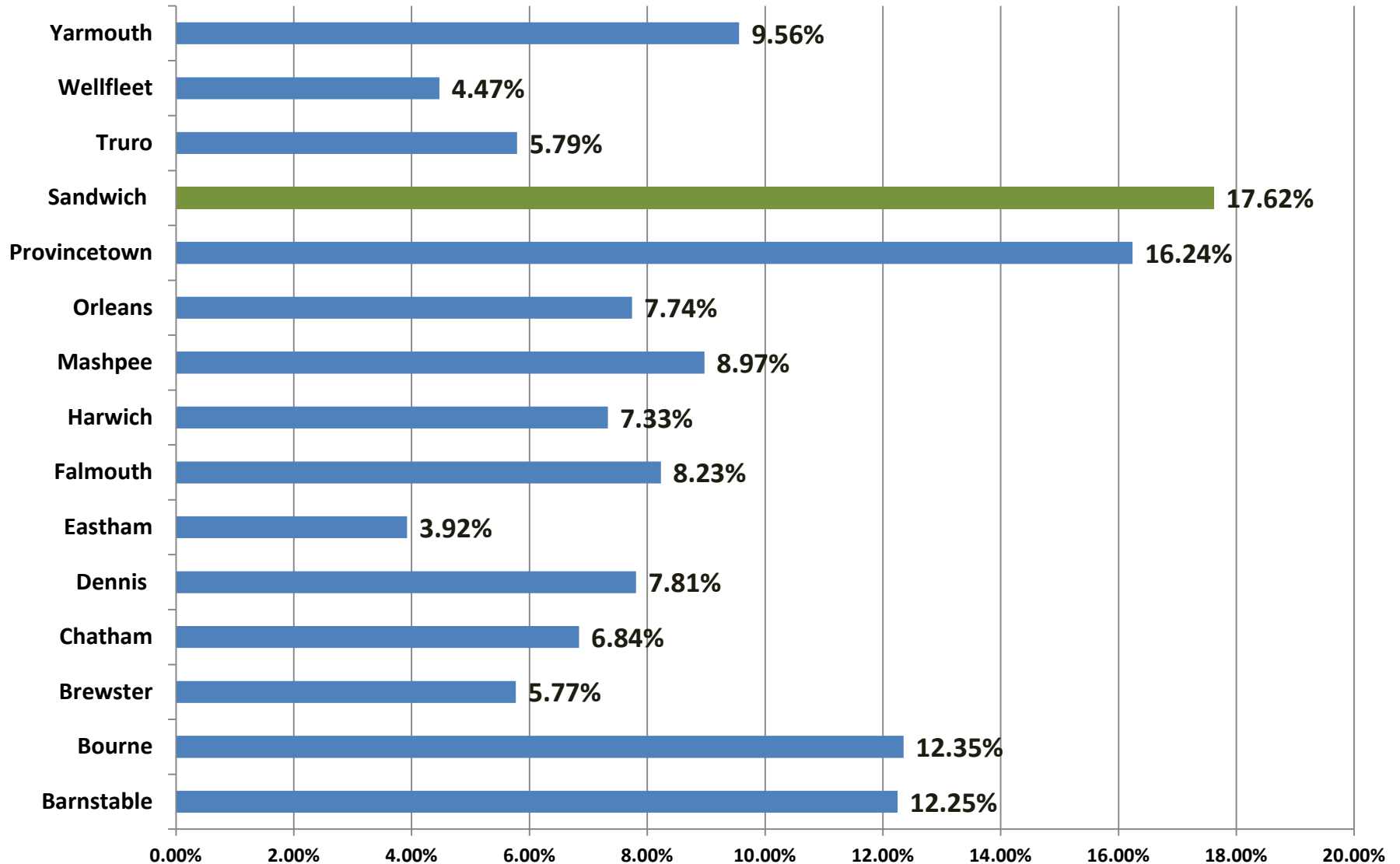
- Funding Debt Within Proposition 2.5 Limits Has Risk & Is Not Recommended
- Financing Methods Exist to Properly Fund Large Scale Capital Projects...If The Public is Willing to Vote for Them
- Town's Bond Rating + Attractive Interest Rates = Very Prudent Time to Issue Debt

ECONOMIC DEVELOPMENT RECAP

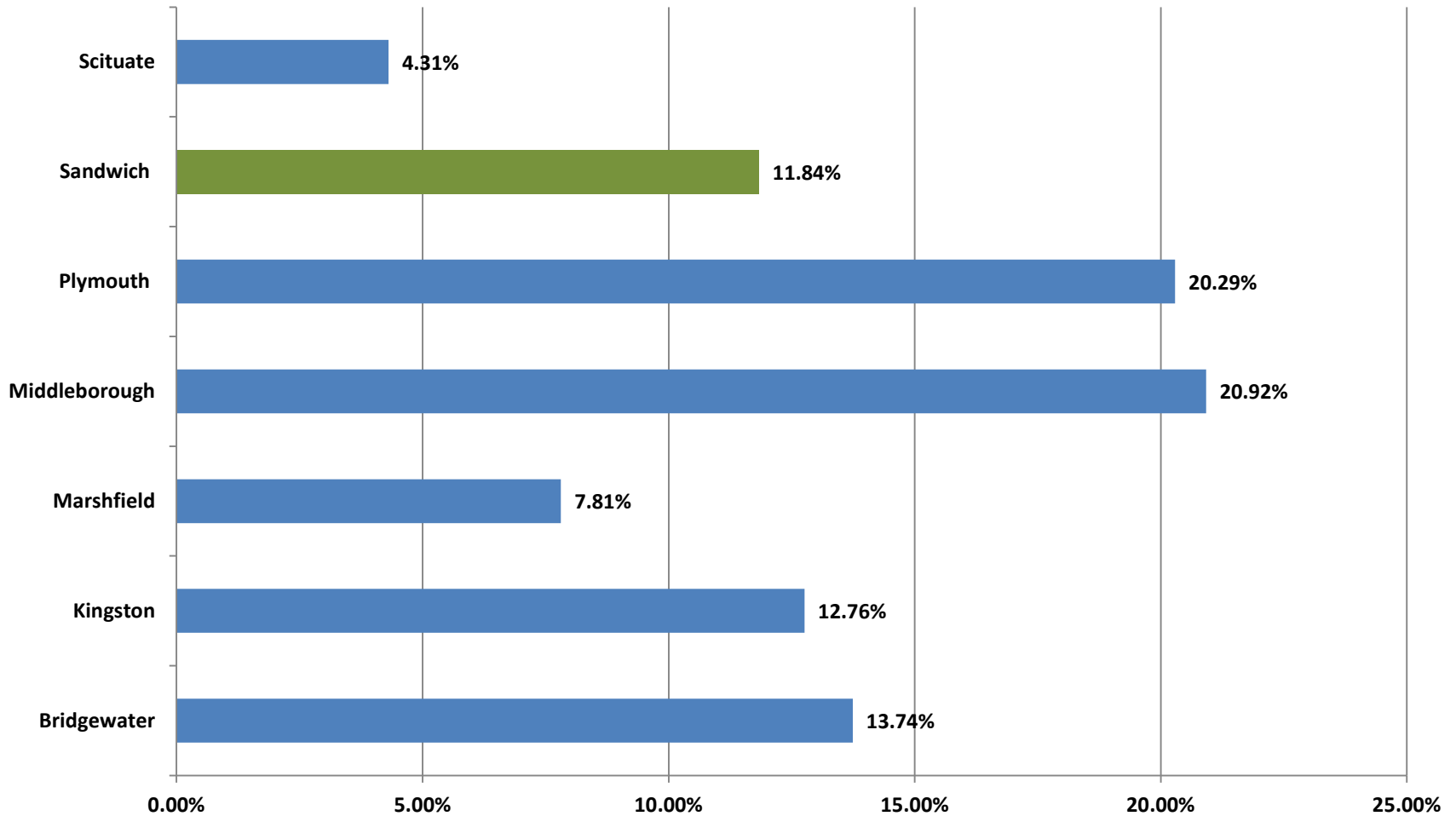
FY2017 - Commercial-Industrial-Personal Property Percentage Cape Towns



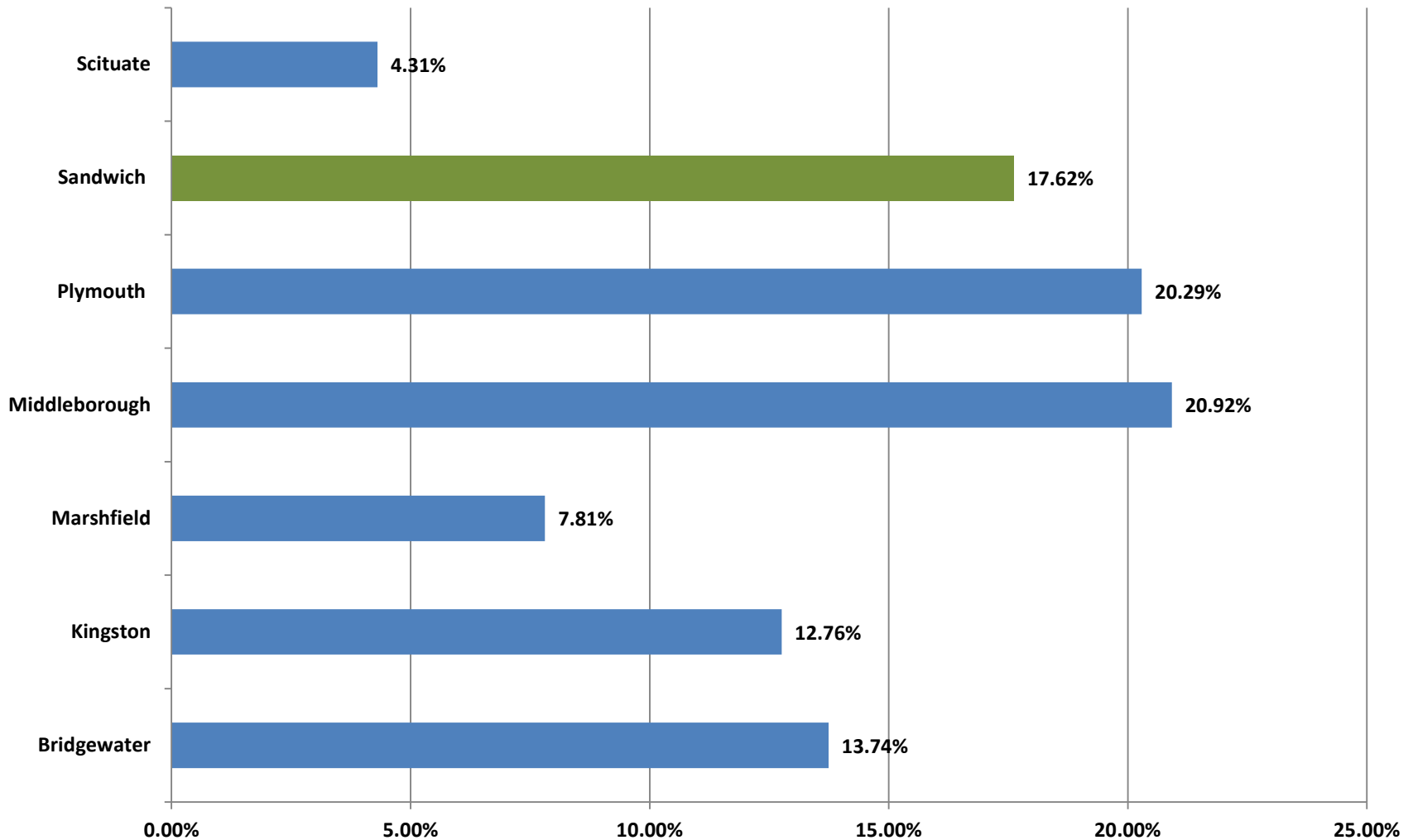
FY2017 - Commercial-Industrial-Personal Property Percentage Cape Towns - *If NRG Unit #3 Constructed*



FY2017 - Commercial-Industrial-Personal Property Percentage Off-Cape Towns



FY2017 - Commercial-Industrial-Personal Property Percentage Off-Cape Towns - *If NRG Unit #3 Constructed*



Economic Development & Commercial Tax Realities

- Regular Statement: “Sandwich has no commercial properties and does not support economic development.”
- Sandwich is in the Top 4 of Cape Towns in Terms of Percentage of Commercial / Industrial / Personal Property Tax Bases
 - 3 Towns, Including Sandwich, are Within 0.5% of Each Other
 - Sandwich has Only 0.5% Less of Overall Commercial Value than Barnstable
- If NRG Unit #3 is Constructed As Planned, Sandwich Will Become the Cape Town with the Highest Percentage of Commercial / Industrial / Personal Property Tax Base
 - Sandwich’s Commercial Tax Base Will Grow More Than 5.0%
 - Sandwich will have 5.0% More Overall Commercial Value than Barnstable
- Bottom Line: Statements About Sandwich Not Having or Supporting Commercial Properties & Economic Development are False

COMPREHENSIVE WATER RESOURCES MANAGEMENT PLAN

Completion of CWRMP

- Cape-Wide Wastewater & Nitrogen Problem – Sandwich Estuaries in Much Better Condition Than Vast Majority of Other Cape Towns
- Final Draft of Comprehensive Water Resources Management Plan (CWRMP) Issued August 2017 & Currently in State Department of Environmental Protection (DEP) & Cape Cod Commission (CCC) Consistency Review
- Consistent with Findings of MassEstuaries Program on Sandwich & CCC's Section 208 Water Quality Management Plan for Cape Cod
 - Conservation Law Foundation & Federal EPA Court Order
- Public Outreach Underway with CWRMP Finalized by End of 2017
- Represents Almost a Decade of Work 100% Funded by State Grant
 - Textron Funds from JBCC Contamination
- Wright-Pierce's Ed Leonard & Health Director Dave Mason = Primary Authors with Water Quality Advisory Committee Oversight
- Entire Document & Voluminous Appendices on Town Website

Recommended CWRMP Solutions

- “The CWRMP recommends a highly adaptable phased approach to water resource management that allows the Town of Sandwich to address its water resource management needs and its share of Nitrogen TMDL removal requirements with relatively low risk, controllable costs and limited environmental impact.”
- Without CWRMP Solutions Economic Development Will Not Occur & Septic System Life as We Know It Today Cannot Continue – No Additional Cape Cod Nitrogen Loading Allowed
- Three Phase Approach Recommended Over 60 Years Focusing on Moderating Costs as Much as Possible...Must Prove Results

Recommended CWRMP Solutions

- Phase One = Wastewater Collection & Treatment Focus with Additional Traditional & Non-Traditional Methods Used
 - Foresee (3) Wastewater Systems Throughout Town = Jan Sebastian Drive Area, Marina Area, Joint Base Cape Cod (JBCC) Area
 - Maximizing Shared Solutions with Neighbors Wherever Possible to Diminish Costs & Increase Effectiveness (Upper Cape Towns, JBCC, Popponesset Bay with Barnstable & Mashpee, CCC)
 - (3) School Wastewater Treatment Facilities Need Upgrading or Sewered Solution – FAR Cheaper to Sewer vs. Plant Upgrades
 - Interim Wastewater Solution (IWS) Highly Recommended as Primary Near Term Project (\$28.3 Million = First Step for SSVC & SIP Area)
 - Total Estimated Phase One Costs = \$86 Million Capital & \$1.8 Million Annual Operating Paid Through Combination of Public, Private & End User Costs

Recommended CWRMP Solutions – Phase One

Projected Cost Impacts

- Sewer User Rates = \$1,320/year (Single Family Home)
- Taxation Impacts = \$267/year (\$400,000 Assessed Value) for Annual Debt Portion of Wastewater Phase One Funding

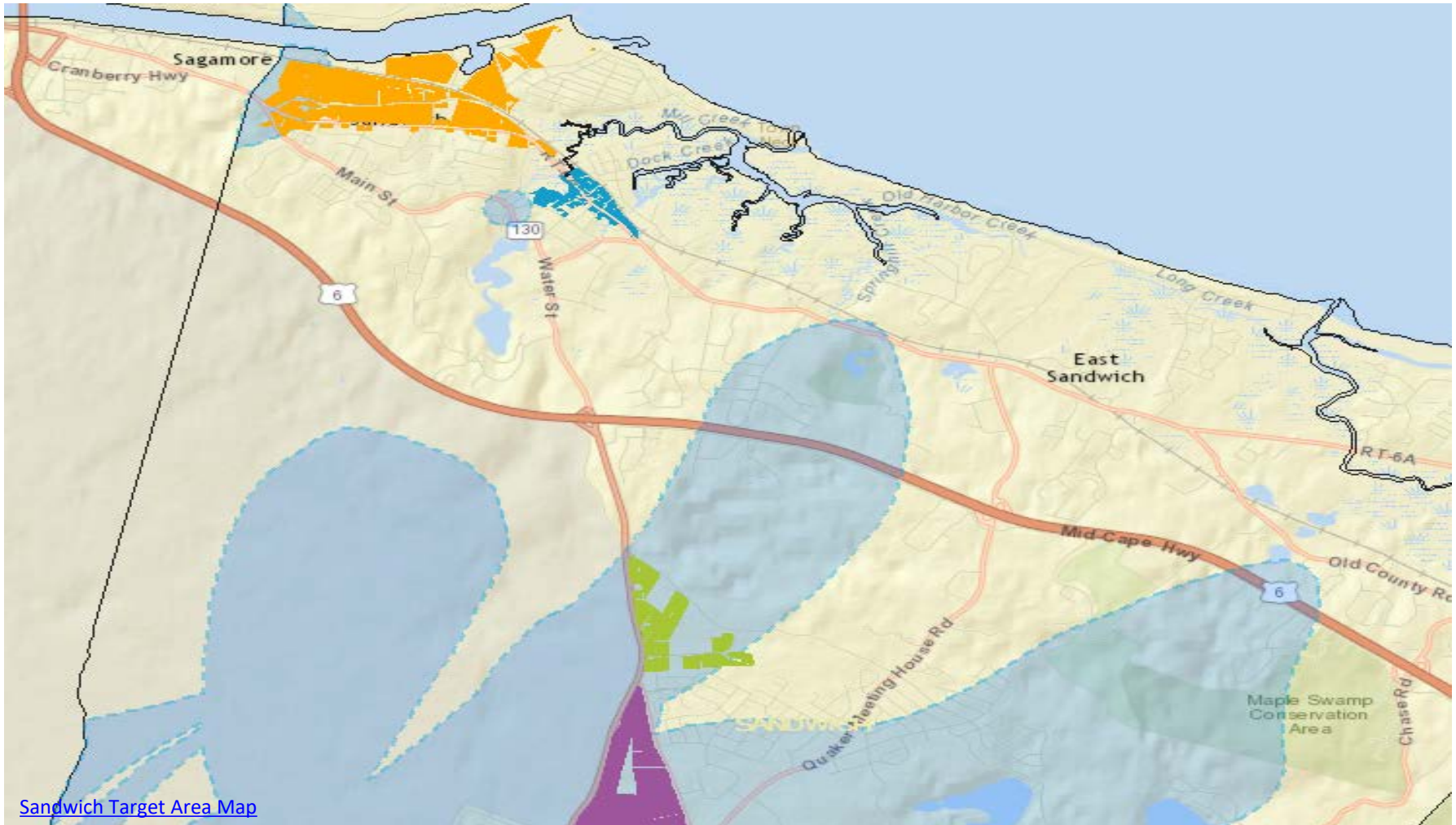
	<u>Sewer User</u>	<u>Septic User</u>
Septic System	\$0	\$1,000
Sewer System (Single Family Home)	\$1,320	\$0
Debt Taxation (\$400,000 Assessed Value)	<u>\$267</u>	<u>\$267</u>
TOTAL	\$1,587	\$1,267
Estimated Annual Cost Difference	\$320	

ANALYSIS OF POTENTIAL FUTURE ECONOMIC DEVELOPMENT

Methodology Used for Analysis of Potential Future Economic Development – Basic Assumptions

- Uses Existing Lot Coverage Percentages
- Developed Average Value/Square Foot from Existing Assessment Data to Derive Total Potential Development Impact
- Type of Business Most Impacted Positively by Wastewater Solution = Restaurants
 - Therefore, Used Restaurant Use as “Extreme Example” of Wastewater Solution Benefits in a Zone 2 Based on Seating Capacity
- Focused on the Two Growth Centers – South Sandwich Village Center (SSVC) & Sandwich Industrial Park (SIP) – Most Likely to Develop & Redevelop; Limited Potential in Remaining Growth Centers (Marina & Route 6A)
- Does **NOT** Consider other Required Processes (State, County, or Local) which Could Affect Amount of Development with Restrictions, Permit Conditions, Required Mitigation, Etc.

Analysis of Potential Future Economic Development – Review



[Sandwich Target Area Map](#)

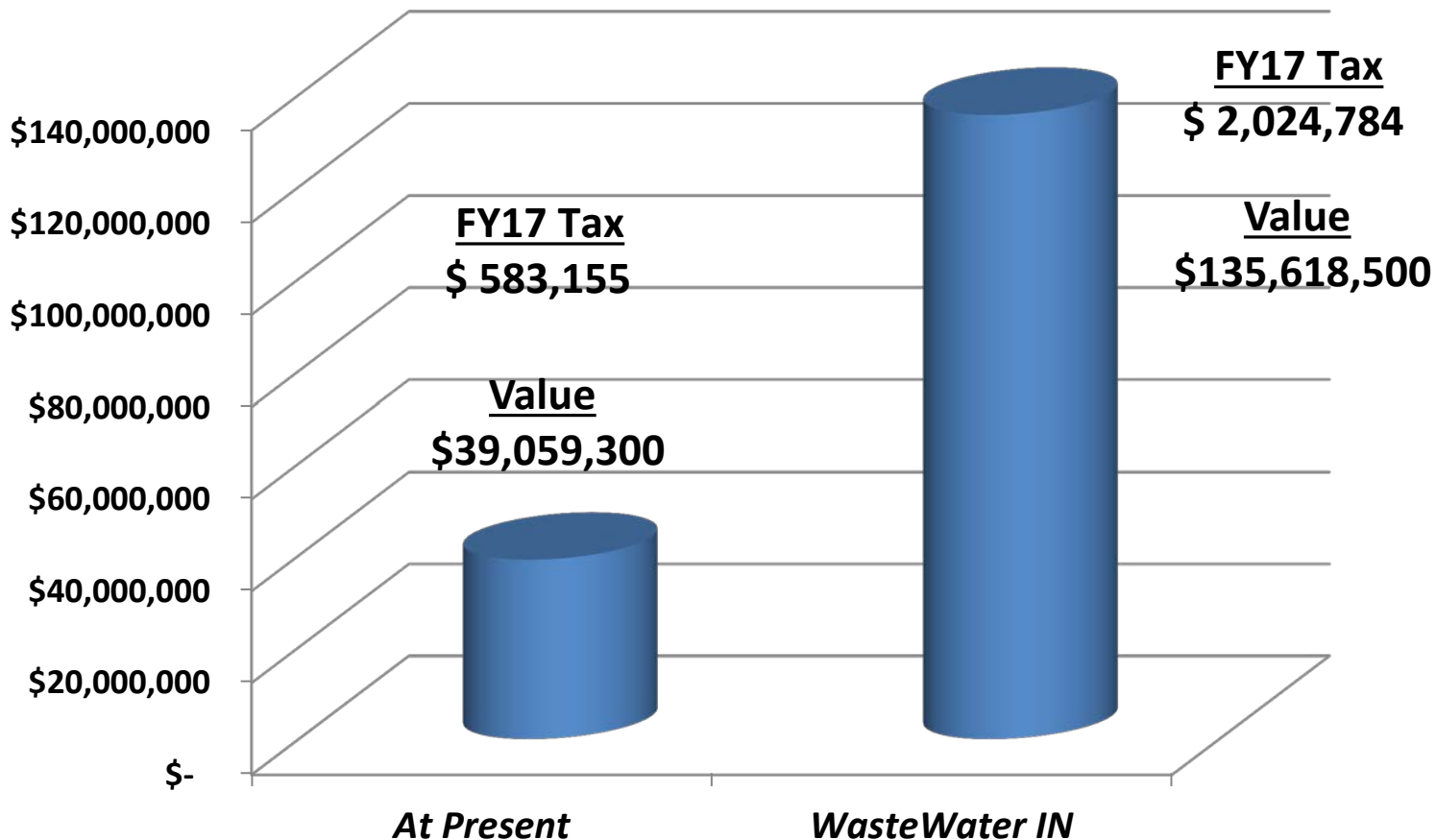
Analysis of Potential Future Economic Development South Sandwich Village Center (SSVC)



Analysis of Potential Future Economic Development With and Without Wastewater Solution

South Sandwich Village Center – Value

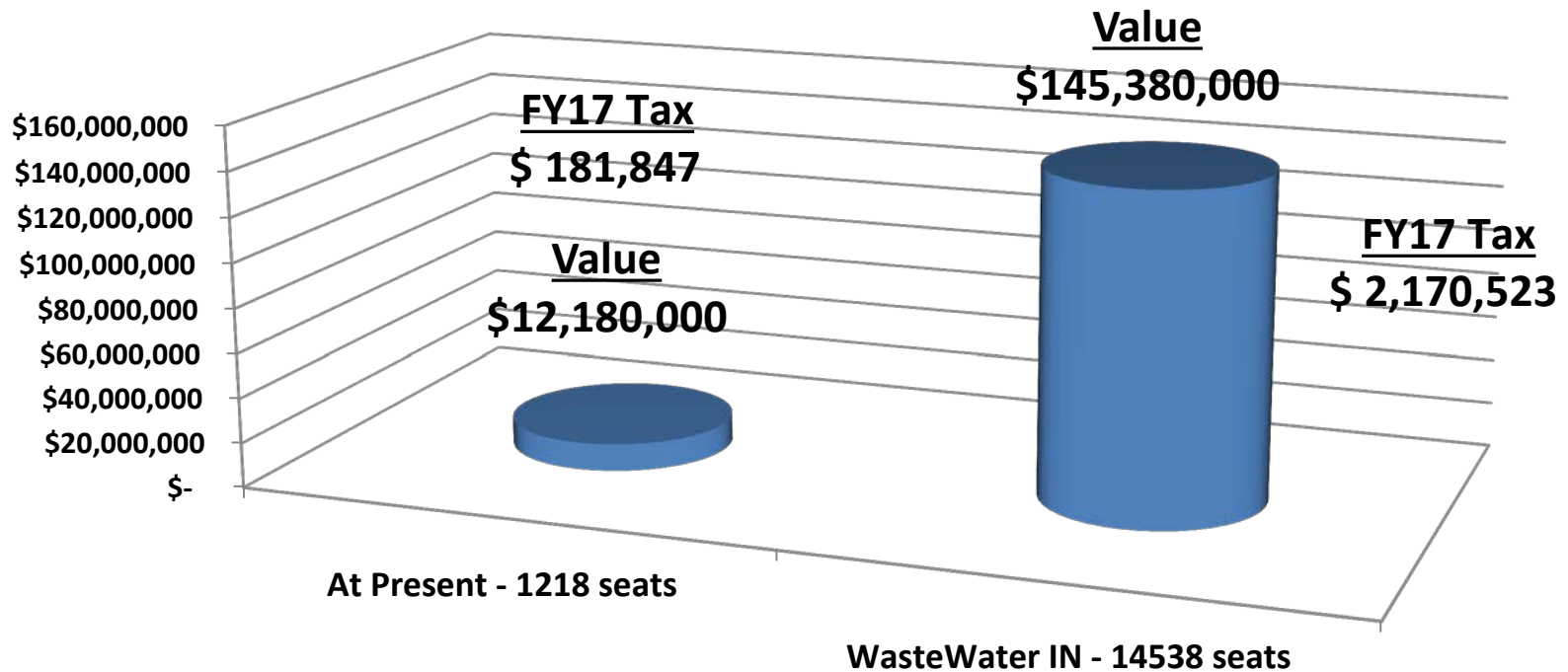
Added FY17 Value - SSVC Area – Added Square Foot Basis



Analysis of Potential Future Economic Development With and Without Wastewater Solution

South Sandwich Village Center – “Extreme Restaurant Example”

Added FY17 Value - SSVC Area – Restaurant Seating Allowed



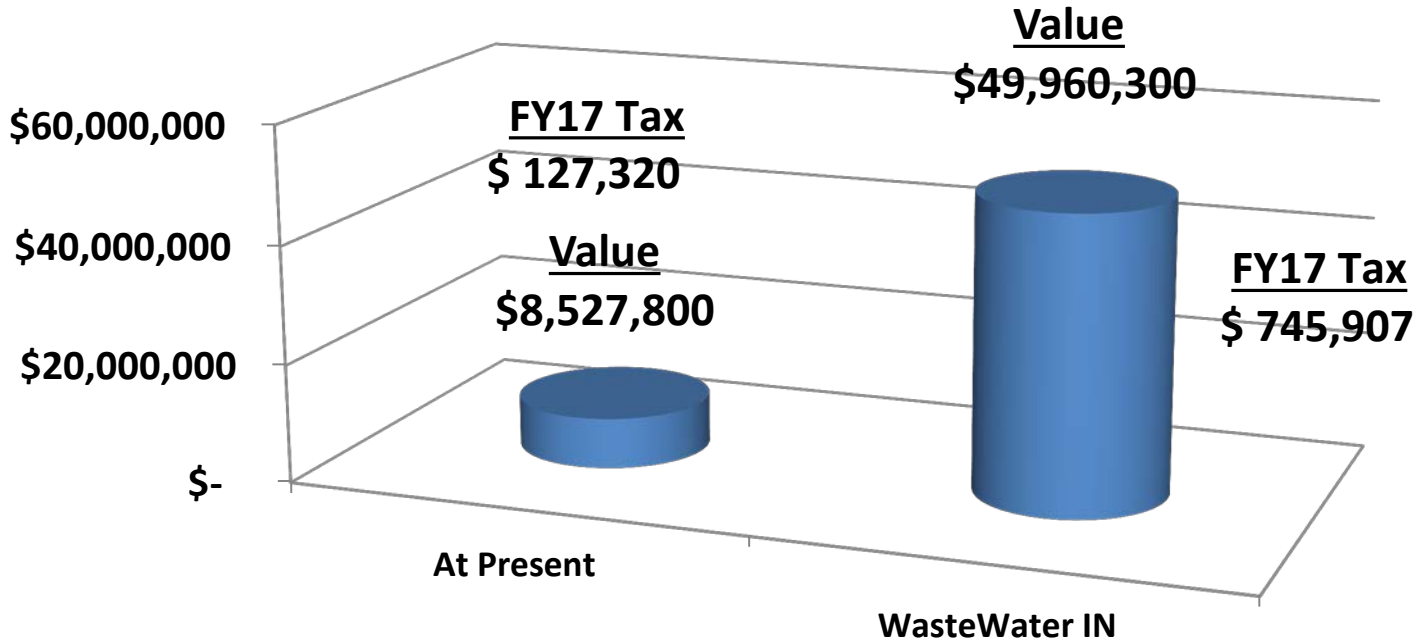
Analysis of Potential Future Economic Development Sandwich Industrial Park (SIP)



Analysis of Potential Future Economic Development With and Without Wastewater Solution

Sandwich Industrial Park Area – Value

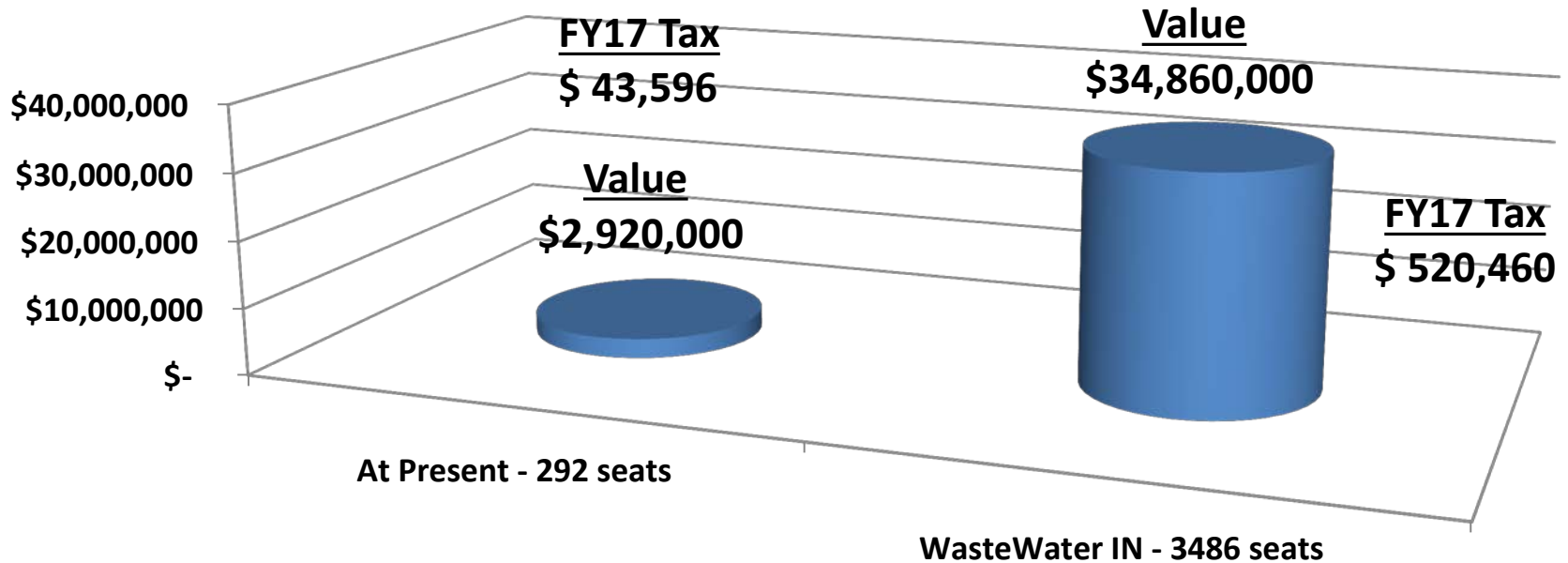
Added FY17 Value - SIP Area - Added SF Basis



Analysis of Potential Future Economic Development With and Without Wastewater Solution

Sandwich Industrial Park Area – “Extreme Restaurant Example”

Added FY17 Value - SIP Area - Restaurant Seating Allowed



Analysis of Potential Future Economic Development – Summary of Findings

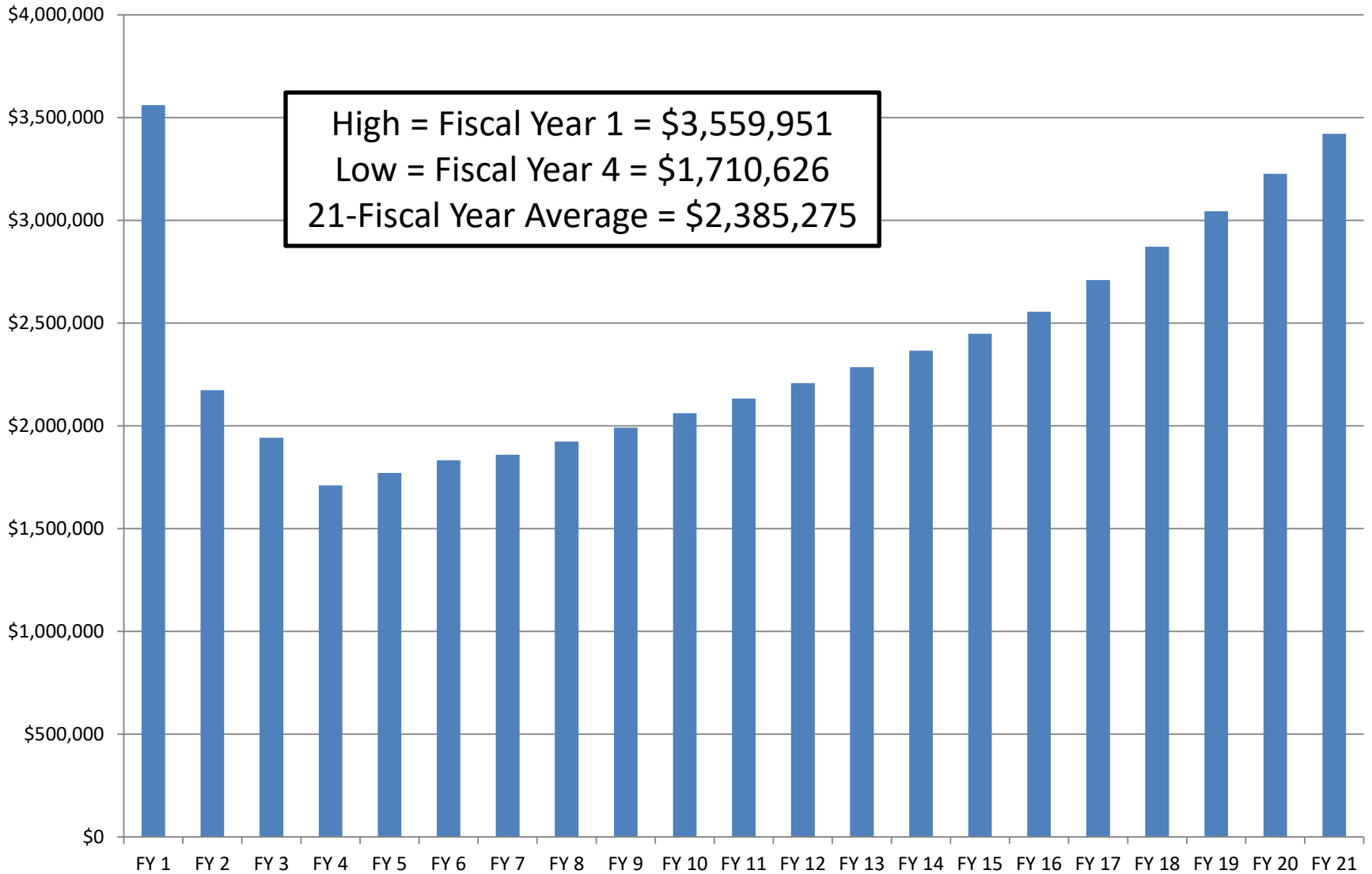
- Charts Reflect Raw Expansion Possibilities Now and with Wastewater Solution in Place
- Does **NOT** account for State, County, and Local Regulatory Reviews, Permit Conditions, Etc.
- Both Scenarios Demonstrate that Development with Wastewater Solution in Place Vastly Increases Possibilities on an Exponential Basis
- In Both the SSVC & SIP Scenarios – if **FULL** Potential Realized, Value Added Is In Same Value Range as New NRG Unit #3 Value and Commensurate Tax Payments

NRG UNIT #3

New NRG Unit #3 Construction

- Proposed New NRG Unit #3 = Value of \$244.3 Million in Value
- Received All Required Approvals with Conservation Law Foundation Appealing Energy Facilities Siting Board Approval to State Supreme Judicial Court
- NRG Still Committed to Constructing & Will Not Change Power Generation Use of Current Canal Site
- GenOn – Owner of Units #1 & #2 – Filed in Federal Bankruptcy Court Late Spring 2017 with Formal Plan to Reorganize
- NRG Recently Applied for Smaller Scale Building Permits Associated with Unit #3 & Preparing Large Scale Submissions
- Selectmen & Town Meeting Approved 21-Year Payment-In-Lieu-Of-Tax (PILOT) Agreement for Unit #3
 - \$50 Million in PILOT Payments Over 21 Years, Once Unit #3 Operational
 - Average Fiscal Year PILOT Payment Over 21 Years = \$2.4 Million

New NRG Unit #3 – PILOT Payment Schedule

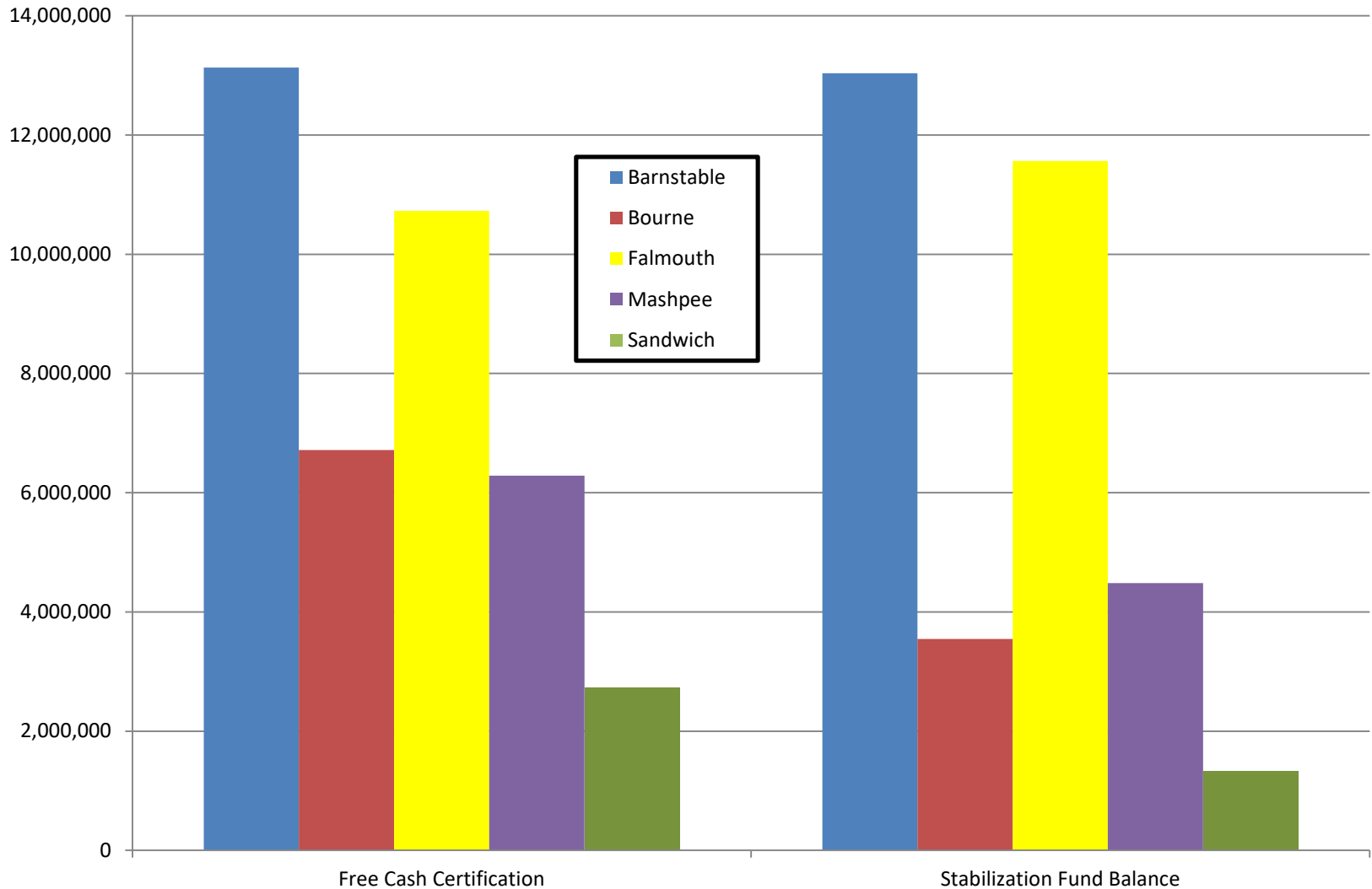


New NRG Unit #3 – Town Staff Recommendations

- Exercise Caution with Year 1 Bubble Payment of \$3.56 Million
- Use Year 1 Payment to Increase Stabilization Fund Balance to \$2.5 Million or Higher
- After Year 1 Consider Regular Appropriation to Fund Smaller Sized, Long Term Capital Needs That Do Not Require Debt
 - (Ex. DPW Public Roads & Infrastructure Operating Budget, CWRMP Follow-up Tasks)
- Provide Tax Relief to Residents Where Possible
- Address Continuation of Fire Department Federal SAFER Grant Positions From Unit #3 PILOT Only as a Means of Last Resort
- Never Fund a Large Scale Capital Project that Should be Funded Via Debt Exclusion from Increased Levy Capacity Once Unit #3 Payments Commence = One of Worst Financial Decisions Towns Make Per Department of Revenue & Auditors

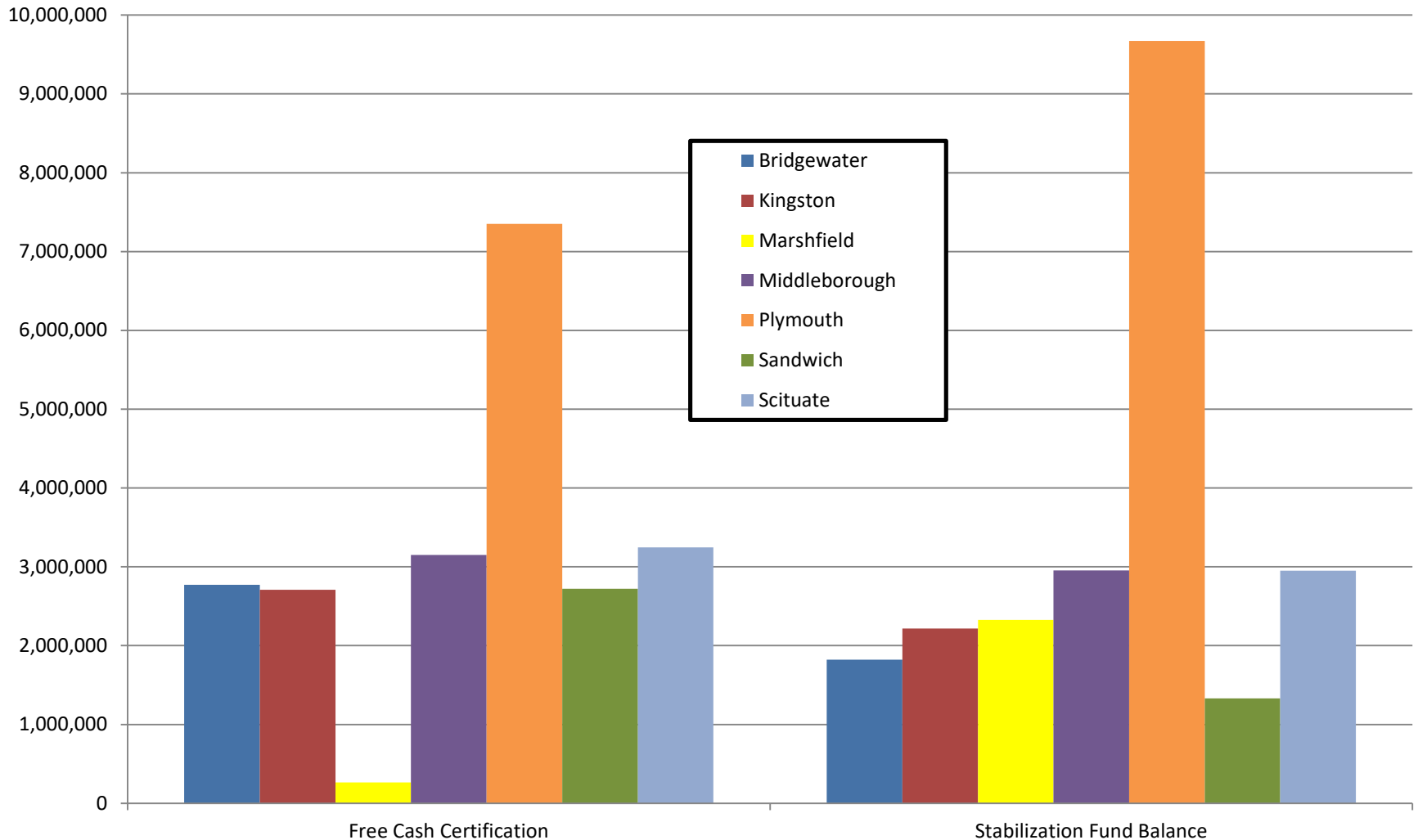
New NRG Unit #3 – Town Staff Recommendations

Free Cash & Stabilization Fund Comparisons – Cape Cod

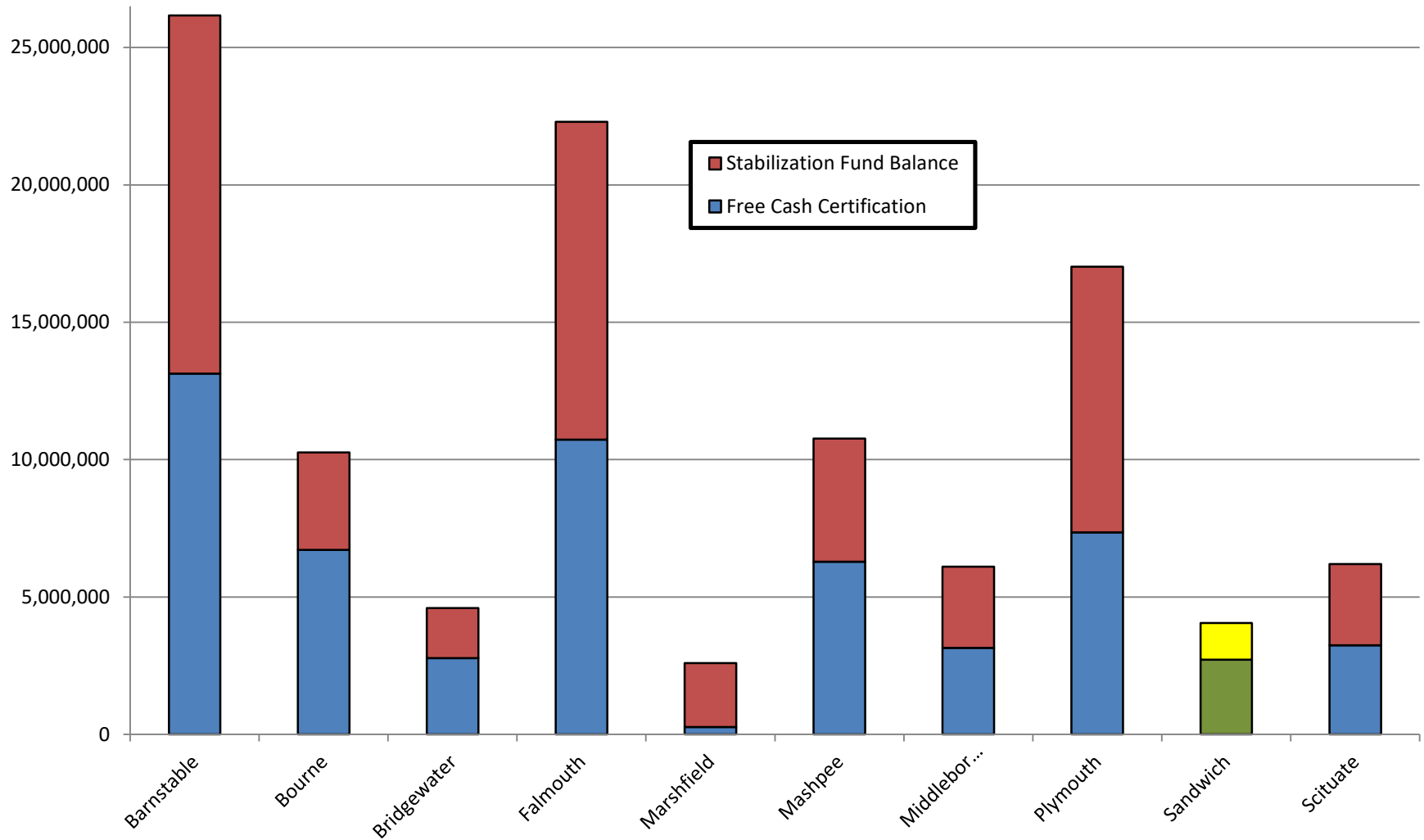


New NRG Unit #3 – Town Staff Recommendations

Free Cash & Stabilization Fund Comparison – Off-Cape



New NRG Unit #3 – Town Staff Recommendations Combined Free Cash & Stabilization Fund Comparison



FEDERAL SAFER GRANT
(8) EMS/FIRE PERSONNEL

Federal SAFER Grant – 8 EMS/Fire Personnel

- In FY'16, Town Funded (4) Additional EMS/Fire Personnel in Hopes of Staffing East Sandwich Substation – Total of (12) Additional EMS/Fire Personnel Needed to Operate Properly
- In May 2016, Voters Approved Funding to Refurbish East Sandwich Substation But Rejected FY'17 Override to Hire (8) Additional EMS/Fire Personnel
- In Winter 2017, Fire Department Received Federal Staffing for Adequate Fire & Emergency Response (SAFER) Grant to Hire (8) EMS/Fire Personnel after Several Unsuccessful Attempts
- Funds \$1,200,000 in Expenses for 24 Months – Over 3 Fiscal Years – from Inception of Grant to February 2019 Expiration
- In Approved FY'18 Budget, Town Absorbed \$250,000 of the Total Staff Expenses in Anticipation of Loss of SAFER Grant

Federal SAFER Grant – 8 EMS/Fire Personnel

- To Retain (8) SAFER Personnel, Need to Cover Remaining \$500,000 Once Grant Expires
- Amount Needed for FY'19 is Roughly \$250,000 as Cost Through January 2019 Covered by SAFER Grant
- FY'18 Budget Used Projected New Growth of \$550,000
- Director of Assessing Projects Actual New Growth of Approximately \$950,000
- Excess = Newly Reported Value of Natural Gas Infrastructure
- This Additional \$400,000 Not Spent in FY'18 & Should Lead to Excess Levy Capacity Which Can Be Used in FY'19 to Offset Expiring SAFER Grant
- For Any Remaining FY'20 Shortfall, Consider Increased Ambulance Fund Transfer if Revenues Justify

Federal SAFER Grant – Town Staff Recommendations

- #1 Operating Budget Priority = Retaining SAFER Personnel
- Save Additional FY'18 New Growth for FY'19 Fire Department Budget to Cover Permanent Expense of (8) EMS/Fire Personnel Hired Through SAFER Grant
- Accomplishes Town Goal of Opening East Sandwich Substation WITHOUT Need for Override or Tapping Into Future NRG Unit #3 PILOT Payments
- Extremely Prudent Use of Additional FY'18 New Growth Funds
- Very Positive Accomplishment if FY'19 & FY'20 Budgets Can Be Balanced Retaining (8) EMS/Fire Personnel Without an Override or Accessing NRG Unit #3 Funding...Time Will Tell

SURPLUS PROPERTY REVIEW GROUP

Surplus Property Review for Potential Disposition

- Periodically, Town Property is No Longer Actively Used & Can be Re-Purposed or Considered for Disposition Following Appropriate Legal Procedures
 - Ex. Police Station on Route 6A; Forestdale Fire Station
- In Addition, Some Tax Title Properties Occasionally Become the Possession of the Town & Could be Considered for Disposition Following Appropriate Legal Procedures
 - Ex. Small Unbuildable Parcels Between House Lots
- Recommend Establishment of Review Group to Consider These Type of Properties
- Proposed Make-up of Review Group: Town Treasurer, Director of Assessing, Inspector of Buildings, Director of Public Facilities, Director of Natural Resources, Director of Public Health, Department Head Most Relevant to Property Under Consideration

Surplus Property Review for Potential Disposition

- Committee Assesses Any Surplus Property, Including Tax Title Properties, Determines Public / Private Use & Makes Recommendation to Town Manager Then to Board of Selectmen for Final Decision
- Recommended Actions May Necessitate Town Meeting Authorization
- Strict State Laws on Disposition of Property & How Receipts are Handled if Property Sold for Each Property Type (Sinking Fund for Most Sales, General Fund for Tax Title Sales)

PRIMARY TAKEAWAYS

PRESENTATION #2

Primary Takeaways – CWRMP & Economic Development

- Sandwich Has One of the Highest Commercial Property %s on Cape Cod & Will Be the Highest if NRG Unit #3 Built
- Implementing Traditional & Non-Traditional Solutions from CWRMP will Enhance the Potential for Greater Economic Development
- Recommended Initial IWS Project = \$28.3 Million
- Potential Total Future Value of Commercial Space if All Parcels Utilized in SSVC & SIP Increases from \$47.5 Million Without Wastewater to \$185.5 Million With Wastewater
 - Estimates DO NOT Include Impact of Local, Regional, and State Permitting Requirements & Conditions
 - Estimates DO NOT Calculate Any Increased Demand on Municipal Services
 - Value Comparison with NRG Unit #3 = \$244.3 Million

Primary Takeaways – NRG Unit #3, SAFER Grant & Surplus Property

- Economic Impact of NRG Unit #3 Compares Favorably to All Other Potential Future Economic Development Opportunities
- Active Town & Community Support Needed for NRG
- Possibility for Future Unit #4? Permanent NRG Commitment to Canal Site & Irreplaceable Permits
- Federal SAFER Grant for (8) EMS/Fire Personnel Expires in FY'19 with Staffing Needed to be Retained to Operate East Sandwich Substation
- Funding Sources Identified to Retain SAFER Personnel Without Override or Use of NRG Unit #3 Funds
- Can We Balance FY'19 & FY'20 Budgets Retaining SAFER Staff?
- Surplus Property Group Should be Established to Advise Selectmen on Potential Disposition & Reuse Opportunities

BREAKOUT SESSION HANDOUTS

List of Future Projects to Prioritize

- Downtown EMS / Fire Sub-station (*\$5.0 Million*)
- Public Roads / Infrastructure (*\$6.0 Million + \$400K Operating*)
- Water Resources Management / Wastewater (*\$28.3 Million for IWS*)
- Beach Reconstruction Efforts (*State & Federal \$\$\$?*)
- Henry T. Wing School (*\$5 Million - \$70 Million*)
- Senior Community Center / HSB Improvements for School Administration (*\$10 Million*)
- Skate Park (*\$1.25 Million, CPA Funds?*)
- Library Facilities (*\$3.0 Million*)
- Municipal Offices Consolidation & Future of Town Hall Annex (*\$3.5 Million for JSD - \$30 Million for HTW Consolidation; \$500,000 for Annex*)
- Recreation Field Construction (*\$10 Million*)

List of Future Projects to Prioritize

- School-Related Major Improvement Projects – Determine Relevance of Massachusetts School Building Authority (MSBA) to Identified Projects
 - Wastewater Treatment Plants at All 3 Schools (*\$30 Million*)
 - Mechanical/Electrical/Plumbing (MEP) Systems at All 3 Schools (???)
 - Sandwich High School Roof (???)
 - Parking Lots at All 3 Schools (*Included with Road Bond Above or Separate Funding Request*)
 - Other (???)

QUESTIONS & ANSWERS

THANK YOU!