



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)

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CFAC Committee:

Chair:

Lillian Woo

Members:

Vice Chair, Hector Guenther
Clerk, Chuck McKenzie
Jacky Johnson
Neil Kleinfeld
Chris Lauzon
Wendy Solomon
James Sproul

Staff Liaison:

Mark Milne

Councilor Liaison:

Paula Schnepf

MEETING MINUTES

02.26.2024

6:00 PM

Join Zoom Meeting: <https://townofbarnstable-us.zoom.us/j/84874471705>

Meeting ID: 848 7447 1705

Phone: 877 853 5257 US Toll-free

Roll Call:

Chair Lillian Woo called the CFAC Zoom meeting to order at 6:00pm

- CFAC Members Present: Chris Lauzon, Jacky Johnson, Jim Sproul, Lillian Woo, Neil Kleinfeld, Jim Sproul, and Chuck McKenzie - ** Hector Guenther arrived at 6:10pm, and later arrival of Neil Kleinfeld.
- Roll call and quorum verified by Chuck McKenzie
- CFAC Members Absent:
- Councilors Present: ** Craig Tamash arrived at 6:11pm
- Staff Present: Mark Milne, Director of Finance
- Others Present: None

Public Comment

None

Correspondence

None

Approval of Meeting Minutes for February 12, 2024

Motion duly made by Jim Sproul, seconded by Chris Lauzon to approve the minutes of February 12, 2024

Roll Call Vote by Chuck: Chris–yes, Jacky–yes, Jim–yes, Lillian–yes, and Chuck–yes.

Vote is unanimous.

Review of FY25 Operating Budget provided by Mark Milne

- The original column represents revenue and expenditure projections by major categories; all of which have been shared with the Town Council, School Committee, and members.
 - * Updates over the past few months have been received and incorporated. These updates include the released Governor’s budget, motor vehicle excise tax bill commitment for FY24, assessments from County Pension and Cape Cod Regional Technical High School (CCRTHS), and the rate increase for the Cape Cod Municipal Health Group (CCMHG).
 - * Billing for the last two (2) quarters of FY24 property tax rate has been completed. New growth was higher than anticipated, this increases base tax levy going forward.
 - * Motor vehicle excise tax trends reviewed.
 - * With the release of the Governor’s budget Ch 70 aid was only increased by \$200k. FY25 revenue estimate was then reduced by almost \$2.7m from preliminary projections.
 - * No change in service charges.
 - * Based on FY24 activity levels fess, fines and penalties have been adjusted and updated.
 - * The TOB has contracted with a Boston law firm has been secured to assist more aggressively in the collection of outstanding taxes for properties in tax title.
 - * No changes in licensing category.
 - * Investment income adjustments reviewed
 - * Permits continue with a positive trend.
 - * Special Assessments from incomplete income and expense reports not submitted have also resulted in increased revenue.
 - * No change in transfers
 - * Total revenue is @\$400k less than originally anticipated.
- Expenditures:
 - * CCRTHS assessment is \$340k less than anticipated due to the reduction in the number of Barnstable students attending.
 - * Pension assessment decreased larger than anticipated; it is believed this is due to investments and a reduction in enrolment numbers.
 - * CCMHG rate increases were approved, and all plans received an 8% increase. These costs traditionally trend higher than inflation. This expected increase was anticipated and built in with the original projections. The largest unknown factor is the migration of new enrollees once the employee contribution rate changes.
 - * Other fixed costs remained the same.
 - * Slight increase in state and county assessments.
 - * Despite the changes, we are still working with the same numbers.
- Proposed fee changes
 - A Public hearing will be held in March with all Enterprise fund operations.
 - Solid Waste (SW):*
 - * Reasons for categorical increases reviewed.
 - * SW will begin using a license plate reader which will eliminate the windshield sticker.
 - * Mattress recycling process reviewed.
 - * Mark will provide the costs for tonnage removal to members.

Water Pollution Control (WPC) facility:

- * Proposed 7% rate increase across the board because of the capital program for WPC Enterprise Fund, these rate increases will cover anticipated debt service. Base model drives the rate increase projections.
- * Categories are defined by usage levels on fixtures at facilities.
- * CIP investments for WPC increases are incremental over multiple years.
- * Septage rates are driven by market conditions; the TOB facility on Bearer's Way is only one of a few on Cape Cod that accept sewage. Costs are driven by volume as well as by companies who collect and process.
- * As the CWMP grows, users will be subject to these fees. The TOB provides the collection and disposal, not the villages.

*Water Supply division** Increase of 5% across the board; rates for usage and various fees are broken out.

- * System Development Charges (SDC) are significantly reduced; and the hope is that it will assist in potential developments.
- * Within the Host Community Agreement (HCA) Vineyard Wind (WW) is allowing for the reduction in SDC's because it is replacing the revenue source that the TOB is losing. As the HCA revenue stream fees go down and property taxes are increased, revenue dedicated to WPC will gradually decrease. The existing rate reduction model recognizes that reduction and the HCA dependency goes away; the collection of the \$16m will be collected before the projected end date. HCA payments are greater than initially anticipated.

Discussion:

- In the process of developing the Operating Budget, the Capital Improvement Plan (CIP) is going to print on February 27th and will be submitted to the Town Council on March 4th. If hard copies are not ready next week, an electronic copy will be submitted for the record. Any member wanting a hard copy should email Mark.

School Department CIP (2025-2029)

Update provided by Mark:

- * Every project requested for FY25 funding is being recommended for funding; the total is just under \$10m.
- * Funding capacity is well below the total of the projects being submitted; this will continue until a major new funding source is identified to address our capital improvements.

General discussion:

- With the largest portion of the Capital Program being the CWMP; as the TOB aims to dedicate more resources such as increasing the General Fund property tax support; this comes at the expense of the operating budget due to limitations under Proposition 2 ½.
- The Municipal Empowerment Act (MEA) includes local options – more tools, not more money, at the local level. Should this pass and be implemented those revenues will likely be directed to the CWMP.
- The three (3) MEA tools options could generate \$1.6m annually; this is equivalent to a 30-year loan for \$30m or one (1) sewer project.
 - * Allowing communities to increase the local meals tax from .075 to 1%
 - * Possible increase in local rooms tax from 6 to 7 %
 - * Motor vehicle excise surcharge
- Enterprise Funds (EF) contribute to their own respective operating and capital improvement costs. EF's receive no property tax support, and any of their profits cannot be used in the General Fund, this is guided by state law.
- Further discussion regarding the potential effects of the CWMP and School Capital projects competing for the same monies. The first \$9.9m of School projects is preliminarily approved for FY25.

- If the schools start a financial capital campaign, that will begin with the school committee who will assess those needs, make a determination, go before the Town Council, and ask for it to be put on a ballot for the voters to decide.
- A debt exclusion for the CWMP would compete with the school debt exclusion. There are many capital needs and figuring out how to finance them. One way would be to continue to stretch it out, however, that only lasts so long. The most critical projects are always brought forward. Another way is to sacrifice the operating budget to dedicate revenue to the operating budget, reducing or eliminating service levels.
- Water and sewer infrastructure projects are a positive draw to try and attract larger businesses on Cape Cod, however, currently there doesn't appear to be any. There are some permitting processes happening for major residential apartment type developments, those do generate new property tax revenue. Water and sewer infrastructure does make those projects possible. Tax Increment Exemptions (TEI) are offered towards workforce housing; the latest development in Independence Park for example did not ask for one.
- To date, new revenue sources have been dedicated to building out the Sewer Expansion Program (SEP); rooms and meals taxes are dedicated to the SEP, and that is authorized by the state.
- Revenue streams at Solid Waste: Metals recycling and corrugated cardboard are two materials collected and sold. Members are encouraged to share ideas and thoughts on additional revenue stream possibilities with Mark.
- CIP Sub Committee will apprise Chair Woo of its draft review timeline which may result in the need for the March 11th agenda to be reworked.
- Chair Woo encourages members to watch both Mark's Budget 101 and Dan Santos' Groundwater 101; both are full of valuable information and easily understandable.
- A special TC workshop on water will be held on 2/29/24; presentations from several entities will be provided. It is important for residents to realize the town has no control over water districts. Questions may be submitted – but open public comment will prohibit the purpose of the presentations.

Next CFAC meeting is scheduled for March 11th; Lillian will discuss change in previously proposed agenda with Mark.

Motion duly made by Hector, seconded by Neil to adjourn.

Roll Call vote by Chuck: Chris-yes, Hector-yes, Jacky-yes, Jim-yes, Lillian-yes, Neil-yes, and Chuck-yes.

Meeting adjourned at 7:34pm.

Respectfully submitted.

Theresa M. Santos

Attachments:



FY25 Operating
Budget Update.pdf



FY25 Fiscal Year
Proposed Fee Change