



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
Tom Keane
Neil Kleinfeld
Chris Lauzon
James Sproul

Staff Liaison:

Mark Milne

Councilor Liaison:

Paula Schnepf

MEETING MINUTES

03.25.2024

6:00 PM

Join Zoom Meeting: <https://townofbarnstable-us.zoom.us/j/85926886679>

Phone: 877-853-5257, **Meeting ID:** 859 2668 6679

Roll Call:

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

- CFAC Members Present: Lillian Woo, Hector Guenther, Jim Sproul, Neil Kleinfeld, Chris Lauzon, and Chuck McKenzie
- Roll call and quorum verified by Chuck McKenzie
- CFAC Members Absent: Jacky Johnson
- Councilors Present: Kris Clark, Paul Neary, Gordon Starr, Craig Tamash,
- Staff Present: Mark Milne, Director of Finance
- Others Present: None

Public Comment

None

Correspondence

None

Motion duly made by Chuck McKenzie, seconded by Neil Kleinfeld to approve the minutes of January 30, 2024
Roll Call Vote by Chuck McKenzie: Lillian–yes, Hector–yes, Jim–yes, Neil–yes, Chris–yes, and Chuck–yes.
Vote is unanimous.

Motion duly made by Hector Guenther, seconded by Neil Kleinfeld to approve the minutes of February 12th, February 26th, February 27th, and March 15th.

Roll Call Vote by Chuck McKenzie: Lillian–yes, Hector–yes, Jim–yes, Neil–yes, Chris–yes, and Chuck–yes.

Vote is unanimous – all minutes approved.

Discussion and review: What CIP Sub-committee will present to the Town Council (TC) at the April 4, 2024, meeting.

Review provided by Neil Kleinfeld

- Slide – CIP: This section begins the finance portion which will be provided by Mark Milne. The message conveyed is easily and clearly identified within the body of the chart. Planning and funding accomplished prior to beginning the project(s) making FY25 possible to finance. Supporting data referenced in the headline will be added.
- Slide – Total CIP Requests: FY26-FY28: Fiscal challenges remain, all requests total @\$515m, \$236m more. Project categories include CWMP, DPW, School and Other. Slide is clear and understandable. After meeting with Town Manager Ells and DPW Director Santos the goal is to identify that there are challenges, but timely financial planning is key.
- Slide – Partial CWMP Debt Service Forecast: Promotes the understanding of how funds are borrowed and paid.
 - * The debt service will increase annually by \$13m due to CWMP alone.
 - * New revenues and/or cost cuts will need to be made beginning with FY27.
 - * Neither the CIP nor the Operating Budget stand alone, they affect each other, and fixed costs will have an impact.
 - * At the introduction of CFAC before the Town Council (TC), Lillian will provide a review of the inter-relationship between the two (2) budgets. This data shows loans up to and through FY26.
 - * There is no debt service forecast for the proposed CIP, Mark Milne has provided debt service that will be required for the loans through FY26. It is anticipated that by 2030 there will be an additional \$13m added to debt service just for CWMP, making it the largest core. Mark recommends reviewing Part IV (page 25) of the CIP document, this information includes all the debt service projections for both CWMP and General Fund proposed projects. Also included are projects approved by the TC that have not been borrowed yet and there is a projected annual debt service estimate built in. Current debt service obligations across all funds are @\$13m and will likely double when the loans are all issued.
 - * Focused point for TC to understand is that debt service will grow from @3% to @9% in the operating budget, and that there is a corresponding resource identified which has been built in to match that amount so funding will not need to be re-directed to pay for debt service. Growing revenue streams allocated to that debt service are identified within the slide presentation.
- Slide - Update adaptive CWMP Plan Now: The intent on the slide is to begin a dialogue on CWMP loan payments and how it ties into CFAC's CIP report.
 - * Financial changes since inception and CFAC's recommendations on updating the plan now as opposed to later.
 - * Neil, Jim, and Hector will reevaluate the slide and get to a point where it ties into the CIP report but is still comprehensible for the reader
- Slide - Update adaptive CWMP Plan Now cont'd:
 - * Language opens discussion for potential questions regarding status and implications; possible affordable options; what the options are and how do they compare financially.
 - * Director Santos has started the process of the update, anticipated completion time is @1 year
 - * Neil's interpretation of annual reports does not identify the end costs
- Slide – Plan now for CIP in 2026 and beyond: This information applies to both CIP and CWMP
 - * Consideration of detailed trade-offs and decisions required.
 - * Debt exclusions which may be included
 - * It is likely that a TC vote in 2025 will be needed for FY27 CWMP funding

- * Slide will be expanded into two slides with possible transitioning of information, condensing some narrative so as not to overwhelm the reader. Hector and Neil will address the changes to the slide(s)
- Slide – Make minor revision to CIP process:
 - Review of average department changes
 - Facilitate consistency of submissions adding a table of explanation of changes for each department.
 - Proposing a one-page analysis for annual consistency.
 Discussion:
 - * Predicting CIP submissions is not always possible as the projects may often be unforeseen, come up quicker than forecasted or experience increased costs due to inflation or project scope design statuses and changes. It would be beneficial if departments could provide information on what changed and why from the previous year.
 - * Modifications to the word ‘consistent’ in bullet 2
 - * Delete the 3rd bullet entirely
 - * Jim will work on changing the language
- Slide – Consider new policy to lower capital repair costs:
 - * Reasoning, results and affects
 - * Policy could / should include capital asset repairs, maintenance of those assets, and retention of those assets. TC has created a sub-committee to address these topics.
 - * Hector and Neil to tighten up the text.
- Slide – Questions or Comments?
- * Members agree that this slide should not only stay but be moved to be the first slide introduced. Create transitions within the slide so the conversation is focused on each area.

Discussion:

- Neil, Jim, and Hector will incorporate the suggested changes.
- Any discussion between sub-committee members requires proper meeting notification in accordance with the Open Meeting Law. In the interest of time, edits should be emailed to Neil who will incorporate them in preparation for the presentation to TC on April 4th.
- CFAC members are welcome to attend the 4/4/24 TC meeting.
- Mark’s presentation will have a total of 17 slides, he will then introduce Lillian and turn it over to the CFAC CIP Sub-Committee where Neil will proceed with that portion of the presentation.

FY25 Operating Budget

Review of the budget development and organization of the sub-committee provided by Chuck McKenzie

- Sections have been allocated between Chris, Jacky, and Chuck
- The intention is to reflect the layout and formatting similar to the CIP report.
- Mark provided data for both the General Fund revenues and the School Operating Budget; and will provide answers if anyone has any questions on those fixed costs.
- Additional funding requests and enterprise fund requests have not been finalized yet.
- Interviewing and reviewing the budgets from the School, DPW and Police would be helpful.
- The School Committee is expected to adopt the school’s budget at their next meeting on 4/3; it then goes to the Town Manager who will include it in his budget proposal that goes before the TC.
- Should the Superintendent be available, Mark will extend an invitation to the April 8th CFAC meeting.
- Mark will check with Director Santos’ availability for the April 22nd CFAC meeting, and with the Police Chief as well.
- Providing the departments with questions ahead of time aids in more productive and time-saving conversations at the meetings.
- With the final report due by May 13th, there will likely be a need for another sub-committee meeting.

- Chuck will facilitate communication to sub-committee members, post any meeting agendas in accordance with the Open Meeting Law; and provide updated documents to all members.
- Enterprise fund information will be available soon.

Communication(s) from Town Councilors:

- Councilor Neary: Would like to see the planned review every five (5) years become more frequent. While the report was eye-opening regarding CWMP cost increases, it helps to increase conversations to address those costs. TC members are grateful for the work of the CFAC. Sharing the pursuit of new tax dollars and the aggressive measures associated are important.
- Councilor Clark: As a member of the Appointments Committee, members are encouraged to send contact information on potential new members. New appointee Tom Keane has been sworn in. It would also be pertinent to remind the TC during CFAC's presentation that this is a mandated directive from the state to address nitrogen loading in our community.
- Councilor Starr: Inquires as to whether CFAC could help TC regarding strategy for an override. Inviting the public to share in alternatives and conversations regarding the CWMP.
- Councilor Tamash: CFAC support on either an override or debt exclusion is important and imminent.

Discussion / Comments:

- It is important to remember that CFAC has constraints on its responsibilities. CFAC analyzes the CIP and the Operating Budget providing long-range financial planning at the request of the TC or the Town Manager (TM), they do not initiate.

Communications from Staff

- Mark provided member Tom Keane with the most up-to-date documentation.
- Mark also shared a press release from the Cape Cod Commission regarding a change that the governing board made to providing 25% subsidies the Water Protection Fund. They are applicable to projects on the DEP intended use plan delivered to MA Clean Water Trust; the Trust applies the subsidies against the loans, and they are divided over a four (4) year period because Cape & Islands Clean Water fund needed to collect the money to provide that subsidy. By stretching out the amortization the result is a positive financial gain for the town because additional borrowing costs are less than the subsidy we would have lost.
- Models for CWMP will be re-run as the data is updated continuously; Mark will review at a future meeting.
- All projects are being submitted to the states revolving loan fund; only a portion of submissions are approved and funded annually. The two (2) TOB submissions approved were ranked at #1 and #3.
- Borrowing caps reviewed: The TOB is capped at borrowing \$50m annually through the Trust for clean water projects and \$15m for drinking water projects.
- DEP scoring process, funding limitations and basis points reviewed.
- Hector requested an update synopsis of the subsidy model and discussion of it including explanations of changes at a future meeting.

Next CFAC meeting is scheduled for April 8, 2024

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

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

Meeting adjourned at 7:33pm

Respectfully submitted.

Theresa M. Santos



FY 2025 CFAC CIP
Report [Mar 11-AM].p

Attachments: