



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:

Craig Tamash

MEETING MINUTES

04.08.2024

6:00 PM

Join Zoom Meeting: <https://townofbarnstable-us.zoom.us/j/84184622908>

PHONE: 877-853-5257, Meeting ID: 841 8462 2908

Roll Call:

Chair Lillian Woo called the CFAC Zoom meeting to order at 6:01pm

- CFAC Members Present: Lillian Woo, Hector Guenther, Jim Sproul, Chris Lauzon, Jacky Johnson, Neil Kleinfeld, Tom Keane, and Chuck McKenzie
- Roll call and quorum verified by Chuck McKenzie
- CFAC Members Absent:
- Councilors Present: Betty Ludtke, and Craig Tamash
- Staff Present: Mark Milne, Director of Finance, Gareth Markwell
- Others Present: None

Public Comment

None

Correspondence

None

Welcome and introduction of newest CFAC member Tom Keane. Tom provided background to members. Current members and Town Council representatives introduced themselves and provided their backgrounds as well.

Approval of minutes from March 25, 2024, tabled to the next meeting.

Draft Enterprise Fund Line-item Budgets: Review provided by Mark Milne

Airport

- Anticipating a 7.2% increase
- Major cost increases include jet fuel, which is the largest revenue source. Budget for jet fuel acquisition is going from \$5,625,000 to \$6,300,000.
- Salary and wage increases reviewed: These also include step and Cola increases as well as the addition of one full-time Custodian.
- Electricity increase based on projected supply costs as of July 1st.
- There is no surplus used to balance this budget.
- Land leases from all tenants are large contributors to the revenue sources as well.
- The timing of Cape Air and acquisition and implementation of battery powered planes is not known at this time. The Town of Barnstable (TOB) has included consideration and implementation for the installation of appropriate charging stations and associated charging fees as part of a capital improvement project.
- Additional line items reviewed include concessions and passenger facility charges.

Golf:

- Budget increasing by 5.6%.
- All contractual obligations are included, no new positions. It does include additional funding for overtime in sub-operations. Health insurance cost share included but does not include a factor built in for migration as that is an unknown. Also included are standard wage increases. There are no changes for full-time employees.
- Building maintenance, electricity and supplies account for cost increases.
- All but one cost comes from direct revenue sources; the one item not included there is from the Community Preservation Committee (CPC) transfer, the last year of debt service loan payment from the original course purchase. \$224,575 of reserves is being used to balance their budget. The budget is balanced with both golf and CPC fund revenues; no General Fund revenues are being directed to support this Enterprise operation. Adequate reserve remains.
- Membership renewals are strong.

DPW – Solid Waste

- FY25 proposal to increase the fee by \$15.00. The facility is going from a window sticker to a permit via license plate reader. This fee increase is proposed to generate enough revenue to ensure the operation is fully funded.
- Disposal costs remain the major costs. There has been an increase in revenue from the disposal of construction materials.
- No reserves are being used to fund this program. The surplus is currently at @\$1.7m.
- Salaries include all Step and COLA increases under collective bargaining agreements but do not include a factor built in for migration as that is an unknown.
- Investment earnings revenue increases reviewed. There are no limits to reserve balances, but each Enterprise Fund is required to keep a specific balance if unforeseen revenue loss is incurred, anticipated revenues decline, or costs increase. The surplus is also used to fund capital program items. Maintaining a balanced operation is important to not overcharge the customer.
- Discussion on sticker fee as opposed to residents choosing curb side service. CFAC looked at options several years ago and that resulted in confirmation that current operations are the most cost effective.

DPW – SEWER

- Includes Comprehensive Wastewater Management Plan (CWMP) which is part of the Sewer Enterprise Fund operation.
- Public feedback is pending from the Public Hearing held on the proposed 7% rate increase. This is included in the revenue estimates.
- \$4,250,000 is a transfer from the Capital Trust Fund to the General Fund (GF) support for the CWMP. These funds will increase annually by \$750k in property fund revenue until \$5,750,000 is reached. There is a GF specific component for the CWMP.
- There is also a transfer from the Sewer Construction and Private Way Improvement Fund (SCPWIF); this fund was created from special legislation; those funds come from a portion of rooms tax on traditional lodging and meals tax revenues. All costs associated with managing the CWMP under Org code 647603 are totaled, then reduced by the GF contribution and identifies the amount of other funds needed from the SCPWIF.
- Organization and Object codes reviewed. MUNIS is the governmental entity software program used.
- Debt service is increasing due to issuance of new loans for sewer expansion work, those loans will begin next year for the next 20-30 years. Debt service for CWMP is only shown in the Sewer Enterprise Fund (SEF). All debt services are tracked by GF and SEF. Capital projects identified by the CFAC Sub Committee for FY27 will not have new loans issued until revenue sources for those can be identified.
- Current users who have been paying sewer fees do not and should not pay for the expansion of the sewer program.
- Further details regarding in-house evaluation and those reasons will be reviewed at the April 15th CFAC meeting. Costs for private entities are both more expensive and lacking appropriate expertise. This process is continually revisited. DPW had identified in the FY25 decision packages for Phase I alone would save the community over @\$15m.

DPW – Water Supply

- Budget is increasing by 8.66%. Cost increases are attributed to new loans to fund 2022 and 2023 capital programs. Those loan payments reviewed. All decision packages requested are included.
- Veolia, the private vendor who manages the Hyannis water system, their costs have increased.
- Salaries include all Step and COLA increases under collective bargaining agreements but do not include a factor built in for migration as that is an unknown.
- A proposed 5% rate increase for users to cover combined cost increases such as managing the water system and capital improvements. There is one outside revenue source to balance which is a transfer from the Stabilization Fund which was created by the Town Council. Revenue from the Vineyard Wind (VW) Host Community Agreement (HCA) contributes to the ability to keep that rate increase down.
- No GF support is needed.
- The HCA is for 25 years. There are two (2) sets of fees, \$16m paid over 25 years, THE HCA fee of \$1,540,000, that HCA fee is reduced to zero (0) because of the personal property taxes paid by the developer because of the assessment by the TOB Assessor in installed road infrastructure. The TOB is in the 3rd year of VW. The full value of the system is anticipated to be in FY25. Eventually their tax bills will get lower. The transfer is expected to go down. All HCA's, and where those funding recommendations require Town Council approval. The VW HCA was specific to the protection of our drinking water supply.

6:58pm – Councilor Tamash leaves the meeting.

MEA

- Budget is increasing by 9.3%, and is self-supporting with no GF support needed, \$25k of surplus is being used to balance the budget.
- All costs for MEA operations are covered from revenues derived from docking of vessels that tie up to public marinas, slip fees, and other miscellaneous revenues.
- Salaries include all Step and COLA increases under collective bargaining agreements but do not include a factor built in for migration as that is an unknown.
- Full-time staff is minimal; the temporary salary line is for seasonal staff which runs higher.
- The loans are for improvements to piers, dock replacements and other operational increases.
- A transfer from the GF is provided which offsets the cost for the Visitor Center at Bismore Park, it is a public facility and costs come from electricity and maintenance carried under MEA, and MEA is reimbursed, however MEA will be using a portion of surplus funds to offset those costs.
- The Barnstable Harbor bulkhead rebuild cost was split between the GF and Enterprise Fund.
- Surplus is in excess of one year for a total of \$1.4m. With the Bismore Park bulkhead project coming, some of those surplus funds will be needed for the cost of that improvement.

7:03pm – Hector Guenther leaves, quorum remains.

Sandy Neck

- This is a self-supporting program, most of their revenue is generated from off-road permits, parking, beach stickers, and cottage leases. Revenue is also received from the Town of sandwich as they pay for access to the beach.
- \$109k of Sandy Neck (SN) surplus is being used to balance the budget.
- SN also has the relocation of the upper parking lot, due to coastal erosion, reserves will be used.
- No fee increase anticipated, increased activity supports the anticipated budget increases.
- Cottage leases reviewed.

HYCC

- This Enterprise Fund does receive significant GF contributions due to the limited sources of revenue they are able to achieve. Rates and revenue generated from ice time is s are appropriate to maintain market competitiveness. A direct transfer from the GF of \$1,406,000 to assist in the offset of operating costs, and \$460k to pay their debt service. Debt service is attributed to the original building of the facility, multiple improvements; those loan payments in included within the budget.
- Salaries include all Step and COLA increases under collective bargaining agreements but do not include a factor built in for migration as that is an unknown.
- Increases are attributed to both maintenance agreements on equipment and utilities as well as seasonal wages. Electricity is a necessary albeit large cost.
- Debt service is going up with the issuance of a new loan for previously authorized projects, one of which is a new roof.
- \$45k from reserves will be used, and there will likely be a few more needs which will come from those reserves as well.

PEG (Public Education and Governmental Access Channel)

- The TOB has a licensing agreement with Comcast to provide cable and internet service in Barnstable. The TOB receives a payment for that license which is the funding source for this budget. The licensing agreement is based on revenues generated by Comcast from its subscribers.
- Comcast also provides \$67k in capital funding annually for various equipment that needs to be replaced on a regular basis for public access channels. Those three (3) channels are TOB, Barnstable Public School and Cape Cod Media TV (CCM) in Harwich. CCM receives partial payment from the TOB.
- Personnel costs, equipment and supplies to run those channels are included in the budget. The licensing agreements limit what the revenue can be used for, and that is identified within the agreement.

FY25 General Fund Revenue Projections and Fixed Costs provided by Mark Milne

- Property tax levy is being increased to the maximum allowed under Prop. 2 ½. New growth is expected. There are two (2) exclusions that can be added, one from the Cape Cod Commission (CCC) assessment, and one for our share of debt service to build Cape Cod Tech high school.
- There will be residents applying for and being eligible for exemptions and abatements. The tax levy is not impacted by the exemption, it is just shifted from primary residents to non-primary residents. When some primary residents surpass a certain property dollar value, their assessment will rise as well.
- Other reviews include Excise tax, changes in revenues, possible recession effects and property values.
- Reduction in Chapter 70 Aid funding and those effects reviewed.
- Various fees across departments are in line with increased activity.
- Fines and penalties are becoming a bit more aggressive.
- The third-party service that has been secured to assist in negotiating payment arrangements for past due taxes and interest is seeing positive results.
- Licensing revenue comes largely from annual entertainment and alcohol licenses fees.
- Earnings on investments; ensuring those funds are safe, earning interest and are liquid to meet regular obligations. The yield is improving based on interest rate increases.
- Renewable energy revenue comes from solar arrays, at airport and transfer station, both are producing more. Solar arrays are privately owned, and they pay the TOB based on production; the Airport collects some revenue from their solar arrays as well.
- Increases from building, wiring, and plumbing permits due to renovations and new construction.
- Special assessments come from commercial properties, if those commercial properties fail to submit required documentation, a \$250 charge is added to their tax bill.
- Transfers come from special designated revenues that by law must go into special revenue funds and then are taken to offset the GF operating budget.
- Enterprise funds reimburse a sum of money for support they have received from the GF; each transfer is approved by the Department of Revenue.
- The Pension Trust Fund is used to offset the pension assessment.
- \$3,475,000 from GF reserves is being used to balance the Operating Budget for FY25; most of which is for health insurance; it also includes the \$250k for the Town Council reserve fund and \$225k for an estimated Snow & Ice deficit that will be incurred this year as the budget closes out. This is the only area where deficit spending is permitted.
- A supplemental appropriation for the School Department to procure modular classrooms.

Fixed costs:

- Changes include reductions from lower enrollment at the CCRTHS and Charter Schools. School choice also factors into this.
- Employee benefits – continue to build those assets. Once the pension assessment is paid off, more resources can then be dedicated.
- Health insurance for retired teachers and retired non-teachers reviewed.
- Active employee health insurance is seeing an 8% premium increase, and the TOB is seeing an increase in contribution from 50/50 to 70/30. An estimate is built in for potential migration; open enrollment ends at the end of April. A supplement may be required if that estimate is too low.
- Additional factors include Medicare tax, retiree payouts, life insurance, unemployment, and pension assessment. Every member of the Barnstable County Retirement System (BCRS) receives an assessment annually; our assessment is only increasing is only 1.4%. The goal of the BCRS is to pay off the unfunded liability by 2035.
- Expiring debt service is almost equal to the estimated new debt service. A bond is being issued in June, but that amount is unknown and won't be known until then.
- Also reviewed were the increases of the contribution to capital trust fund, property and casualty liability insurance, and library grants.
- State and County assessments reviewed; these all come from local entities.

April 15th - Operating Budget Sub-committee meeting at 6:00pm with DPW presenting; all CFAC members are invited to attend. This meeting will also include a brief review of what is being worked on, please send drafts directly to Chuck.

April 22nd - CFAC meeting will include Police at 6:00pm, and School at 7:00pm.

April 29th - Operating Budget Sub-Committee meeting.

Special thanks to the CIP Sub-Committee for an excellent presentation and recommendations to the Town Council.

Motion duly made by Chuck McKenzie, seconded by Neil Kleinfeld to adjourn.

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

Meeting adjourned at 7:57pm

Respectfully submitted.

Theresa M. Santos

Attachments:



FY25 Solid Waste Draft Budget.pdf



FY25 Marina Draft Budget.pdf



FY25 HYCC Draft Budget.pdf



FY25 Sewer Draft Budget.pdf



FY25 Sandy Neck Draft Budget.pdf



FY25 Golf Fund Budget.pdf



FY25 PEG Draft Budget.pdf



FY25 Airport Draft Budget.pdf



FY25 Water Supply Draft Budget.pdf



FY25 Budget Book Final.pdf



FY25 General Fund Budget Projection.pdf