



# The Town of Barnstable

## Comprehensive Financial Advisory Committee (CFAC)

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### CFAC Committee:

#### Chair:

Lillian Woo

#### Members:

Vice Chair, Ralph Krau  
Clerk, Hector Guenther  
John Schoenherr  
Melanie Powers  
Tracey Brochu  
Wendy Solomon

#### Staff Liaison:

Mark Milne  
Nathan Empey

#### Councilor Liaison:

Paula Schnepf

### MEETING MINUTES

09.14.20

6:00 PM

Zoom Meeting : <https://zoom.us/j/93657406969>

Meeting ID: 936 5740 6969

### Roll Call:

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Lillian W. called the CFAC Zoom meeting to order at 6:00 PM. Hector G. called the roll call.

- CFAC Members Present: Lillian Woo , Ralph Krau, Melanie Powers , Hector Guenther, John Schoenherr, Wendy Solomon, and Tracey Brochu
- CFAC Members Absent: None
- Councilors Present: Paula Schenpp
- Staff Present: Mark Milne; Finance Director, Nathan Empey; Finance/Budget Analyst
- Other Present: None

### Act on Minutes:

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The following minutes were approved by unanimous vote:

08.24.2020

**Public Comments:**

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None

**Correspondence:**

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None

**Staff Report:**

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Mark M. noted he provided a recap of the fiscal year 2020 results at Saturday's Town Council strategic planning session as well as an overview of what we're doing to monitor town revenues and cash balances. He also provided some recommendations with the development of the fiscal and capital budgets.

Paula S. noted Town Council does a strategic planning session every other year and the last time we did it was in 2018. Paula S. noted council members reviewed the current strategic plan for any minor or major revisions. Paula S. noted council focused its discussion on communication through governance. Paula S. noted the session discussed a lot on how we relate to each other and the public with a focus on providing more ways on civic engagement. This strategic plan was facilitated by a non-for-profit, which will be taking the information from the session and putting out a draft strategic plan to be review by the council.

**Old Business:**

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Mark M. reviewed the Comprehensive Wastewater Management Plan (CWMP) financing plan. Mark M. noted there are numerous assumptions in the financing plan, but our goal is to maintain a positive fund balance throughout the fifty-year history of the financial plan. Mark M. noted the new short-term rental tax is a tough one to estimate because we do not have any history on it. Mark M. noted parts of this plan assume there are going to be certain cost components that are going to be assessed as betterments to property abutters. The plan assumes as the cost of projects go up due to inflation, we can assume the average assessment is going to have to go up over time. Mark M. noted the sewer assessment amortization period to be thirty-years, however, the average sewer assessment maturity is estimated to be fifteen years because people refinance and assessments are paid up when homes sell. Mark M. noted with current assumptions, we assume a sewer assessment of \$20,000, or an annual amount of \$733 over thirty years. However, year thirty of the program assuming a 2% inflation the assessments goes to \$35,517 with an annual amount of \$1,302 on the tax bill. Hector G. asked what interest rate are you using on the quarterly payments? Mark M. noted the assumption is at 2.5%. Hector G. noted you're picking a rate that you think the town can finance at? Mark M. responded yes, under the law we are allowed through a Town Council approval to charge a rate of 2% on sewer assessments more than the Town is being charged on borrowing cost. Mark M. noted based on all the assumptions of different funding sources that make up the \$1.146 billion program a \$3 million property tax override would pay about 10% of the program and rooms/meals tax 45%. Mark M noted we are also going to get new user rate revenues to help pay for bond issues on the treatment systems as properties hookup because we're going to have to do a lot of upgrades to the treatment system. Paula S. commented that sewer assessments do not include the connection cost for the homeowners. Mark M. responded it does not, and that we need to make it clear to homeowners they are going to have to pay a hookup cost. Paula S. commented that there might be an opportunity for the Town to provide some financing for connection cost? Mark M. responded we can allow homeowners to add the connection costs to their assessment and apportion it to their tax bill. Mark M. noted this would have to be based on a home-by-home basis because the connection costs will be different. Mark M. noted with a \$3 million property tax contribution, the tax rate based on current assessed values would be a \$75 annual increase in taxes to the median homeowners. Mark M. noted if we created a stabilization fund, we could end this property tax authorization in 2051 to pay off the outstanding bonds. Mark M. noted all of these policy assumptions have to be answered. John S. asked does this model assume that all homeowners will be participating in this equally? Mark M. responded this model only assume about 9,000 properties will be charged a sewer assessment. John S. asked would

there be any financial impact to other homeowners? Mark M. responded if there were a property tax override and/or General Fund contribution, all taxpayers would be impacted. Lillian W. asked would the 9,000 properties be required to hookup? Mark M. responded that's one of the key issues, but they will eventually have to hookup. Mark M. noted he thinks there would be some time requirement to hookup. John S. asked is there a difference between residential and commercial? Mark M. responded it depends on the type of assessment system we use, but commercial properties would have to be converted into residential equivalents and then be assessed based on that, but this plan is predominantly dealing with residential parcels. Tracey B. asked any thoughts on incentivizing people to hookup sooner with a connection cost incentive? Mark M. responded that's a cost to the homeowner and not sure we can legally subsidize that. Mark M. noted it's probably going to be the least expensive alternative for a homeowner to immediately hookup when that line is available just because of inflation and additional work that has to be done to hookup five years later. Tracey B. noted that the model does not show this and that it is giving it a flat cost. Mark M. responded he does not know the actual cost because it's a private cost to the homeowners, the \$5,000 connection cost is just an estimate, it could be higher or lower. Tracey B. the financial model should suggest the connection cost is an average. Wendy S. asked how could we tap into the Mass Clean Water Trust (MCWT) as it looks like a more favorable rate than General Obligation Bonds (GOB)? Mark M. noted the MCWT funding is limited in that not everything would qualify, but we plan to submit every one of these projects for funding. Mark M. noted there is also a subcomponent known as the Cape Cod & Islands Water Protection Fund (CCIWPF) that is funded from the additional 2.75% tax on every traditional lodging bill as well as short-term rentals. Mark M. noted the CCIWPF is funded through the MCWT, and that we can apply for subsidies. Wendy S. asked do you think as a public informational piece that we should be very aggressively saying that we are doing everything that we can to put this program in place and looking for every funding opportunity. Mark M. agreed this is going to take a major marketing and public information campaign. Mark M. noted Public Works has been giving presentations on the science aspect of the program on why we need to do this. Mark M. noted in our planning several years ago during the Great Recession in 2008, the legislature allowed to increase the local rooms tax from 4% to 6% as well as implement a local meals tax of 0.75%, and use it for whatever purposes deemed necessary. Mark M. noted we knew this wastewater plan was coming, so we decided to dedicate these new revenue sources for this program, and we're the only Town on Cape that has designated the new local rooms and meals tax enacted for this purpose. Lillian W. noted we had mentioned last time that councilors should be interfacing with their particular precinct to win the support of the program. Tracey B. noted I think that we should try to help with that education as a civic-minded community try to help with that. Lillian W. noted she agreed we're not charged with that specific responsibility without Town Council request. Mark M. suggested the committee could work on a Q & A for the general public. Mark M. noted the committee could provide their questions and provide then we can provide some answers for Town Council.

### **New Business:**

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Lillian W. suggested the committee should review the annual Financial Overview Report. Ralph K. concurred and that because there are a lot of new people he wanted to recognize John Schoenherr for his' idea as previous CFAC Chairperson for taking the responsibility for creating the very first draft of the Financial Overview Report. Ralph K. noted this report has been well received by the public, libraries, and realtors. John S. noted it's been a fun project and that the committee has enjoyed working on it these many years. John S. noted the goal of the report is to be transparent and educate the public on where the Town is financially, and to ensure the public this is a good place to invest. John S. noted this report has been a team effort to bring ideas that would be useful for the public. Lillian W. noted this document has been extremely popular throughout Town.

Lillian W. open discussion on what suggestions the committee might have. Hector G. noted we could add the CWMP section closer to the front of the document. Melanie P. asked can we put in this document a piece on the public health crisis response by the Town? Lillian W. we could add it as this is for fiscal year 2021 and indicate what had to be done based on the circumstances. Lillian W. the report could include a portion on CWMP and financial impact on the public health crisis. Mark M. suggested we could replace the capital improvements page with the CWMP. Mark M. also suggested we add the response to the COVID under the Fiscal Responsibility section and remove the Open Budget picture. John S. suggested we should rewrite the Open Budget narrative, as it is no longer a new site. Mark M. suggested

putting that narrative in the back of the report. Lillian W. asked do we have new projects to include in the Economic Development section? Mark M. responded he'd have to reach out to Planning & Development and the Building Commissioner. Ralph K. noted we have to have the Economic Development page as there are quite a number of housing development projects. Lillian W. noted we could add the Cape Cod Mall with the new tenants. Mark M. noted the big project that we have out there will be the redevelopment of the Capetown Plaza, but that's a couple of years away. John S. noted we could also revisit the organization structure and simplify or eliminate it entirely? Ralph K. I would condense it, but keep the fire district because the average citizen doesn't understand it is a separate tax. Lillian W. asked if there are any other changes. Ralph K. noted this isn't something that is going to be done overnight, and once Mark and Nathan have a draft, we can take another look at it.

**Matters not reasonably anticipated by the chair:**

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None

**Adjournment:**

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Meeting adjourned at 8:00 p.m.

**List of documents handed out**

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1. 08.24.20 draft minutes
2. CFAC's FY 2020 Financial Overview Report