



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

1.25.21

6:00 PM

Zoom Meeting : <https://zoom.us/j/93409732787>

Meeting ID: 934 0973 2787

Roll Call:

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

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

Act on Minutes:

The following minutes were approved by unanimous vote:

01.11.2021

Public Comments:

None

Correspondence:

None

Staff Report:

None

Old Business:

Lillian W. noted at the last meeting we were talking about the fairness and equitability of the sewer assessment. Lillian W. noted the committee can provide their individual opinions on the sewer assessments. Ralph K. asked why do we need the sewer assessment to begin with? Ralph K. noted it is a matter of do we pay the cost through an assessment or do we take it out of the General Fund or a combination? Ralph K. noted when you look at the magnitude of the cost to the individual homeowner, you start looking at \$13,000 or \$17,000 it becomes a real discouragement for people to vote on it. Wendy S. asked can we have people vote on the actual sewer project without an assessment in there, but a realization at some point in time there will be a sewer assessment? Lillian W. responded it is a decision that Town Council will make if there is an assessment, how much, and when it will be imposed. John S. responded it is inevitable we will have to do assessments given the magnitude of the CWMP. Mark M. noted this CWMP is looking to increase the number of public sewer users by 11,800 approximately, it does not include sewerage the whole town, which would be substantially more. Mark M. noted to replace a Title 5 system that the current average cost would be \$13,000, and the life span of a traditional Title 5 system is probably twenty years. Mark M. noted a typical homeowner living on the property for forty or fifty years is probably going to replace that Title 5 system twice compared to a one-time assessment. Mark M. noted there are benefits to hooking up to a public sewer system, and that some towns charge one-hundred percentage assessments, they put the cost on the homeowners, but affordability becomes an issue. Mark M. noted he thinks if we were to charge one-hundred it would be unaffordable for many of our residents, so affordability and equity are our two issues that we must consider when determining the level of an assessment. Lillian W. responded the two factors Town Council will have to consider when determining the amount of the assessment is the relative impact on the homeowner and the relative impact on the General Fund. Lillian W. noted if we use the \$13,000 average cost for replacing a Title 5 system times the 11,000 properties being sewerage is \$143 million roughly. Mark M. noted in the presentation given to Town Council there's a \$600 million funding gap to finance the CWMP when you offset some of the cost with available resources, so we need to make that up with sewer assessments and a General Fund contribution. Lillian W. noted Town Council will have to determine how much impact on the property owner they are willing to impose. Tracey B. noted the sewer assessment should be done, but it shouldn't be the average cost of a Title 5 because we're not factoring in the benefit of being hooked up to sewer system. Tracey B. noted it should be increased somewhere from \$15,000 to \$16,000 in order to close the funding gap more. Mark M. noted the drafted sewer assessment we prepared gets adjusted for the inflationary cost because our construction costs are going to go up. Tracey B. noted the faster this gets going the better it is for us as the environmental agency is going to kick-in. Lillian W. noted the 208-plan has been submitted to the State and Environmental Protection Agency (EPA), and that Public Works provides updates regularly through workshops. Lillian W. noted based on the workshops and in response to public comments, Town Council should take into account all of the suggestions and questions we impose rather than coming down on an assessment value, and let Town Council figure it out. Wendy S. noted she is a little nervous undervaluing the assessment, and that Mark M. recommendation of \$17,000 is a reasonable number that needs to be adjusted over time. Tracey B. asked in two years' time, if I was going to have to hook up would I be able to pay now instead of paying the higher inflationary rate? Mark M. responded we can't charge for something that does not exist. Lillian W. noted she was not sure the committee had all the information necessary to take a position on an assessment value. Mark M. asked if

the committee feels it is not their place to take a position on the propose \$17,000 value, and if the committee needs more information, does the committee have a sense of what the additional information is needed to formulate an opinion on an assessment that is affordable and equitable? Ralph K. asked what was the rationale to come up with the \$17,000? Mark M. responded the Barnstable County Wastewater Task Force did an analysis, which noted the average cost to replace a Title 5 was \$13,000 and existing compliance system is about \$22,000, so the \$17,000 is about halfway between those two costs. Mark M. noted through a life cycle it is going to cost you a lot more replacing a Title 5 two or three times over the course of living in your home than a sewer assessment over the same period. Mark M. noted those are the two reasons an assessment should be more than an average cost of a Title 5 system, but because of the connection cost it could cost more than \$25,000, so from an affordability standpoint I didn't want to go much higher than \$17,000 because of the connection cost. Mark M. noted also in order to get support from the rest of the community to get General Fund contribution, those tied into the sewer system are going to pay more because they are receiving the benefit, and more likely increase the value and marketability for the home. Mark M. also noted what is an appropriate percentage of a family income dedicated to housing cost as mortgage providers are going to look at the total cost, probably don't want to push the assessment that will make it very difficult to afford property. Lillian W. agreed we need to figure out what the impact would be on the property owners. Lillian W. asked what does the committee want to decide? Ralph K. asked what additional information do we need to make a decision on an assessment amount? Lillian W. responded we need to decide if we want to do an amount as it would only be a recommendation as Town Council would make the final decision. Wendy S. asked how is this amount in line with other towns? Mark M. doesn't know, but would be good to research this information on sewer assessments because Town Council makes the decision, and maybe it is this committee's recommendation to get this information. Ralph K. noted it is a whole different dynamic if you compare towns off Cape. Mark M. responded yes, as well as a community's density. John S. noted this program would have a financial hardship on some homeowners, and what sort of provisions or thoughts on this overall program helps those people through this process? Lillian W. noted isn't there a thirty-year amortization that will help homeowners. Mark M. noted we could offer a program to portion the cost over thirty-years at a low interest rate. Mark M. noted if the town did not offer this support; the homeowners would have to go to banks and probably would not get a thirty-year amortization loan. John S. asked do we have any data on those homeowners that have Title 5 systems and how long they have been installed? Mark M. noted the health department has records of every system in town, but not sure there is an active database that measures the life of a Title 5 system. John S. responded that would be interesting to see what homes do have Title 5 systems and what the ages are. Wendy S. suggested Mark M. do a markup on what the annual amount on what property owners would have to pay. Mark M. responded he could provide a sewer assessment calculator and see what the quarterly tax bill would be. Mark M. noted part of our communication plan would be conducted through four public information sessions with open meetings for public comment on the drafted sewer assessment. Mark M. noted we're also working on short information videos to be included in a multifaceted communications plan. Lillian W. asked what is the position of the committee? Tracey B. suggested we recommend the assessment and that \$17,000 seems reasonable. Lillian W. responded she is not sure we have enough information about inflation, cost of finance, comparison costs of other towns, and just economic factors to be able to pinpoint \$17,000.

Committee voted in favor of a \$17,000 sewer assessment. 4 in favor, 1 abstained and 2 absent.

New Business:

Mark M. noted we received the scoring back from the Capital Improvements Task Force, which has been sorted by average rank of the first and second round scorings. Many of the top scoring projects have to do with the CWMP and public roads maintenance program. Mark M. noted by no means is it the subcommittees responsibility to suggest a list of projects that should be funded, the Town Manager will make those recommendations for Town Council consideration. Mark M. noted it's the subcommittee's insight into the process that we use as well as potentially identify other potential funding sources and strategies to try and address our capital needs. Mark M. noted for potential funding we could make anywhere from a \$14 to \$16 million in capital submissions with existing resources. Mark M. noted this amount breaks down between \$4 million in cash and \$10 to \$12 million in new borrowing authorizations. Mark M.

noted the Capital Trust Fund (CTF) is currently not meant to be used for the CWMP; it was established for the capital program. Mark M. noted the CWMP is the largest program this town will ever see, which new resources have been created with the intention of trying to keep our CTF as a main funding mechanism for the existing capital program before the creation of the CWMP. Mark M. noted that based on where we end up with the CWMP, we may have to use existing General Fund resources through the CTF for the CWMP if we're unsuccessful in identifying additional resources. Mark M. noted we provided the committee with these couple of tools for analyzing the capital program for producing your report. Lillian W. asked if all the sewer expansion projects would be funded through bonds? Mark M. responded that is correct due to the size of the projects, we are going to have to finance these with loans over a thirty year period. Lillian W. asked we're looking at \$14 to \$16 million annually in project submissions? Mark M. responded yes, that is just for the General Fund projects, and the Enterprise Fund will be separate. Mark M. noted any Enterprise Fund capital submissions will have to go onto the user rates, but could be exceptions for Enterprise Funds that cannot afford projects such as the Hyannis Youth & Community Center. Lillian W. noted the high school turf replacement is a very expensive project. Ralph K. responded it is a \$10 million project that is in its third season, and might be winding down, so we're obligated to finish the job.

CFAC capital review subcommittee agreed to meet on Saturday at 10am. Mark M. noted he would setup a Zoom meeting for Saturday's meeting. Lillian W. noted the subcommittee's final draft will be available for CFAC approved on February 22nd to meet the March 8th deadline.

Matters not reasonably anticipated by the chair:

None

Adjournment:

Meeting adjourned at 8:00 p.m.

List of documents handed out

1. 01.11.21 draft minutes
2. FY 2022 Capital Improvements Plan Task Force Average Scores
3. Draft CWMP Financial Plan – CFAC Recommendations
4. FY 2021 Joint Meeting Presentation