



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)

367 Main Street, Village of Hyannis, MA 02601

v. 508.862.4654 • f. 508.862.4717
www.town.barnstable.ma.us
Email: cfac@town.barnstable.ma.us

CFAC Committee:

Chair:

Lillian Woo

Members:

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

Staff Liaison:

Mark Milne

Councilor Liaison:

Paula Schnepf

MEETING MINUTES

06.26.2023

6:00 PM

Zoom Meeting: <https://townofbarnstable-us.zoom.us/j/89707235973>

Meeting ID: 897 0723 5973

Roll Call:

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

Roll call and quorum verified by Clerk Chuck

- **CFAC Members Present:** Lillian Woo, Wendy Solomon, Neil Kleinfeld, Hector Guenther, Chris Lauzon, and Charles McKenzie
- **CFAC Members Absent:** none
- **Councilors Present:** Gordon Starr
- **Staff Present:** Director of Finance, Mark Milne
Director of Assessing, Lane Partridge
- **Other Present:** None

Act on minutes:

No minutes to approve at this time.

Public Comment

None

FY23 Town Property Assessments

Chair Woo introduces Director of Assessing, Lane Partridge who will provide a review of the process and factors for assessments.

The Town uses a computer model from Vision Government Solutions. It is a computer assisted mass appraisal model with multiple parts used to come up with a value.

Each year the model is adjusted to mimic the market value that are taking place in Town. If we have a property sells for \$500k and we have it assessed at \$400k our valuation is low. Out of the roughly 2,000 sales each year approximately 1,200 arm's length sales that are usable in the analysis by Department of Revenue (DOR) regulations.

There are currently 21,704 single family homes within the Town of Barnstable.

These sales are used to adjust our model so the assessment then matches what those properties sold for. Once those adjustments have been made, we then use that information to assess values, but the model is calibrated using the sales.

Several factors of adjustment figure into the valuation of a home. Some of the factors included are style, condition size, grade, exterior materials. The desirability of a neighborhood factors in as well, also known as a neighborhood code.

Neighborhoods have historically been made up of three (3) things:

1. Village
2. Neighborhood within that village
3. View factor

We are looking to update the code process by breaking it out into three (3) different factors which would allow us to fine tune the adjustments to make it work. This process is under review with the Vision Consultant.

1. Village
2. Neighborhood
3. Water influence

A re-valuation was completed a few years ago, as well as a conversion to a new computer program.

The base rate in the land values were changed to bring the values up to current standards. The process to apply appropriate land value and adjust the model could be:

Using a neighborhood that has a large number of properties that are consistent and similar. Centerville is usually the neighborhood used because there are many three (3) bedroom ranches close in value. Only those sales are adjusted to identify where the value should be.

Using actual land sales if available and then compare a lot sale to a lot sale.

Using residual analysis which is subtracting the building value from the sales price and what is left over is what the land value is.

The new base rate for land is derived from looking at comparable sales of lots that occurred in 2021 along with the residual value of improved properties and then compare those to the existing assessments and adjust the model so they match.

Once staff and the consultant complete their valuation it is then checked by the DOR annually and approved before we can set tax rates. DOR uses a statistical analysis to ensure we match their requirements by taking a median value of assessment-to-sale ratios and a coefficient of dispersion of that group / sample size. DOR takes all sales by class (single family homes / condos / 2-family / 3-family, apartments) that have been sold and run statistical analysis looking at median value of the Assessment to Sales Ratio (ASR) (assessment divided by the sales price) and it is given a ratio. That ratio must be within 10% of 100% of market value. We experienced incorrect valuations within Hyannisport and after careful review numerous abatements were issued.

Average increases across town was 27%, there were some who received the maximum increase of 100%. With the tax rates decreasing about 7,300 taxpayers saw a decrease in their tax bill.

Assessing receives and reviews each copy of every building permit pulled.

In determining the water factor lakes, ponds, and oceans all receive a different determination.

Differences between assessed and appraised values as noted in the Assessing webpage are different when the discounts stem from the following:

- Chapter Land Value (State program - Chapter 61 61a and 61b)
- Land that is in forestry, farming, or open space
- A TIF (Tax Increment Financing) is a property tax reduction for certain commercial properties in exchange for a tax reduction promise usually tied to job creation.
- TIE (Tax Increment Exemption) is for the development of residential rental property. Could be workforce housing, does not have to be affordable. People could apply for an exemption in exchange for creating housing for the town.

The base rate for houses is broken down to style of house (Cape / Ranch / Colonial etc.), materials, condition, updates, construction quality. Each of the factors and more can be found within the property record cards. Each time a building permit is pulled that triggers a review from Inspectional Services.

DOR requirement is to complete a property inspection every ten (10) years. There are times when a homeowner doesn't want a valuation done, but they should because at times it could lower the value of their home as well.

Budget review and minor changes allowed for an additional inspector to be hired in 2023.

2026 is the next recertification year; at that time a certain number of inspections must have been completed. Interim reports are sent to DOR. When the review services were contracted out that result was less than satisfactory, and those services were not renewed. Internal review would be nice but is not necessary, whereas a true walk around is required. We are waiting for approval from DOR to commit to us using Nearmap, a new GIS desktop application tool which is updated on a regular basis and would provide a more in-depth property review; we are hoping for about 30% of our properties to be done with this tool.

Road conditions, specifically poor private road conditions, do not factor into any property value.

Currently, there is not a significant number of properties that qualify or use the elderly exemption (17d and 41c). There are a larger number of Veteran exemptions. Eligibility begins at age 65, and there are income thresholds associated with these. These income requirements have not changed in decades. The maximum available is only \$1,000.00. Should the legislation change then the mandate would change, and the state would have to fund it.

The Assessor's Association has a Legislative Committee and a Legislative Agent that works with them. This group is trying to get a standardized Senior Means Exemption. This would take a percentage of your real estate taxes in comparison to your income so if you are paying over 10% of your income to real estate taxes you would qualify for the exemption. Our town would be putting this in as a local option, where other towns put in Home Rule petitions. The Council on Aging has joined in the efforts to get this passed at the state level. Lane will provide the Bill number to CFAC members.

FY24 values will be available at some point in December and will be available on the Assessor's webpage.

To learn more about the Assessing process it is recommended to review the website or contact Lane directly at 508-862-4020 or lane.partridge@town.barnstable.ma.us.

There are currently three (3) bills before the state, the Bill numbers 2872, 2798 and 2809; all three (3) of these were scheduled for a joint hearing on May 9, 2023; at this time there is no information on the outcome of that hearing. It is likely that these are the same Bill just filed by different Legislators.

Financial Projections for Funding the Comprehensive Wastewater Management Program (CWMP)

Review provided by Mark Milne

Master cashflow spreadsheet that is maintained detailing the various shared funding sources and commitments for this program (see attached)

- A projected beginning balance of @\$24 million for the program for FY24. This includes a variety of multiple funding resources created over the years.
- Increases are modest.
- Short-Term Rental (STR) rental tax: There is a built-in 20% reduction for FY24. While booking volume may be decreasing costs for STR's are increasing. With the reduction in bookings, it is possible that STR prices will decrease therefore- increasing bookings.
- The first three (3) revenue sources listed are considered volatile as they are subject to economic shifts in discretionary spending.
- General Fund contribution commitment has been \$750k annually over a five-year period; that figure will grow to \$3.75 million over a five-year investment by 2027.
- FY24 will see a total of \$3.5 million in additional property tax dedicated toward this program from our first contribution.
- Investment earnings reviewed, increased from market realizations.
- Existing and newly implemented assessments will start showing in FY25. The first new assessment to show fiscally will be from the Strawberry Hill Road project. As more properties are tied into the program user charge revenue, half of that revenue from new user charges will be used to cover the expansion and half will be used to cover operational costs of our sewer enterprise fund. As the number of users increases so will the costs of running the program increase.

- Approved budget, growth and ending fund balance reviewed.
- In reserves we need to have the full amount of subsequent years' commitments because that is what we must appropriate the following year's budget from.
- This review does not include anything beyond FY28.
- Once the FY29 projects of this program are known, we will then be making the appropriate adjustments.

Authorized and Unissued Dept – CWMP

- Authorized loan order by Town Council reviewed.
- The Centerville project was just appropriated for FY24 CIP isn't expected to hit the operating budget until 2026.
- Strawberry Hill Road project took almost five (5) years to hit the operating budget. This may not be the case for other projects.
- Included in this information is the DEP Intended Use Plan, what year that occurred and which means it can be financed through the State Revolving Loan fund of the MA Clean Water Trust. It is also eligible for the Cape & Islands Water Fund (CIWPF) subsidy which was 25%. These subsidies are highly competitive.
- Some projects were also eligible for subsidies, and some were not eligible because a trust will not fund design for study work. Going forward the CIWPF subsidies are not sustainable primarily due to increasing project costs and inflation. Subsidies are on the principal costs. Advocacy is on-going to try and get the state to increase the amount for subsidies.

Five (5) Year CIP

- Cash funded and anticipated loan funded projects reviewed.
- It is our current assumption, but not a guarantee that each of the projects will be listed on DEP's Intended Use Plan qualifying us for financing through the MCWT and a 12% subsidy from the CIWPF along with a 3% subsidy from the trust itself for a total of 15%.
- When construction actually occurs is what will drive when it hits the operating budget.
- Assessment estimates reviewed: the number of dwelling units is an estimate of those that could immediately tie in when the line is activated. The cost of that project will be distributed to at or over 4,000 properties because that is a main trunk line. The exact number is not known yet. The way the sewer assessment laws work is that main trunk lines, which are general benefit facilities have to be allocated out to an area that it will serve, and that goes beyond the property abutters. Other neighborhoods will eventually feed into that main trunk line. Once a property is identified as going through which trunk line that number of properties will be more accurate. Assessment per parcel will be well below what the assessment cap of \$10k is; we are estimating an assessment of about \$3k per property. The Phinney's Lane neighborhoods are anticipated to reach that \$10k cap. These amounts will all be reviewed as projects progress and those amounts may be adjusted by the Town Council to factor in inflation. Another assumption is that these assessments will all be paid back in the thirty-year timeframe. As updates become available these figures will all be adjusted accordingly, many factors affect this.
- It is possible that the debt exclusion may not be needed if the projection of resources comes out as predicted, it all depends on what does or doesn't happen with a project.
- A 3% inflation rate is currently being used.

- The figures within this budget projection differ from those in the CIP provided by DPW as they did not include an inflationary factor.
- General Fund new growth contribution is accumulative of the committed \$750k added on each year. And the additional General Fund contribution is made possible by the increase in CH 70.
- Highlights and changes may be presented to Town Council either quarterly or bi-annually.
- With proposed regulations being issued on July 7th, they are being analyzed internally to see if they will impact the Town. They speak to a 75% reduction in nitrogen load, we need to see if this will have a significant impact on projects.

Mark will provide members with a copy of this presentation, and if additional information becomes available, it is likely Garth Markwell will provide the update as Mark will be away.

Members agree that the future year's outlook appears to be very positive despite the potential negative impact from subsidies.

Councilor Starr is concerned about the SRF loans, and the potential to get them down to 0% if the land use controls and becoming flow neutral. The flow neutral land use policy has not been adopted yet, we do have our Planning and DPW Directors reviewing land use policy. Questions surround what it means for the ability to develop vacant land or redevelop existing land that is already improved; what expansion will be possible? It conflicts with the need for increased housing in town. That would disqualify us for those loans and needs to be clarified. To do land use controls within certain areas this may change the ability to build high density. All of this speaks to the need to get all of our projects listed on DEP's IUP in order to qualify for those 0% loans.

State trusts are capitalized with Federal money, this helps with trusts awarding project funds. If capitalization grants increase, that increase the funds available, but projects are getting bigger and more projects are being submitted and project costs are growing.

A capitalization grant was how the County's Aquifund was created, this is septic loan program and people will be eligible to get a loan through that program to do their sewer connection. This type of loan is for the homeowner to connect, not for the assessment. The Town is also looking at a loan program for a homeowner to connect and amortize it over 30 years as well, although the interest rate will differ from that of the County Aquifund which is lower and over 20 years.

Councilor Starr refers to Kelly Collopy and the increased list of FAQ's, This link will be provided in CFA's annual review.

The next CFAC meeting is scheduled for July 24th; please have all edits to Lillian no later than July 19th.

Motion to adjourn the meeting by Hector, seconded by Wendy
 Roll to adjourn called by Chuck: Lillian, Neil, Hector, Chris, Wendy, Jacky, and Chuck
 Meeting adjourned at 8:00pm

Respectfully submitted.
 Theresa M. Santos



CWMP Cashflow
 2023.06.26.pdf

Attachments: