

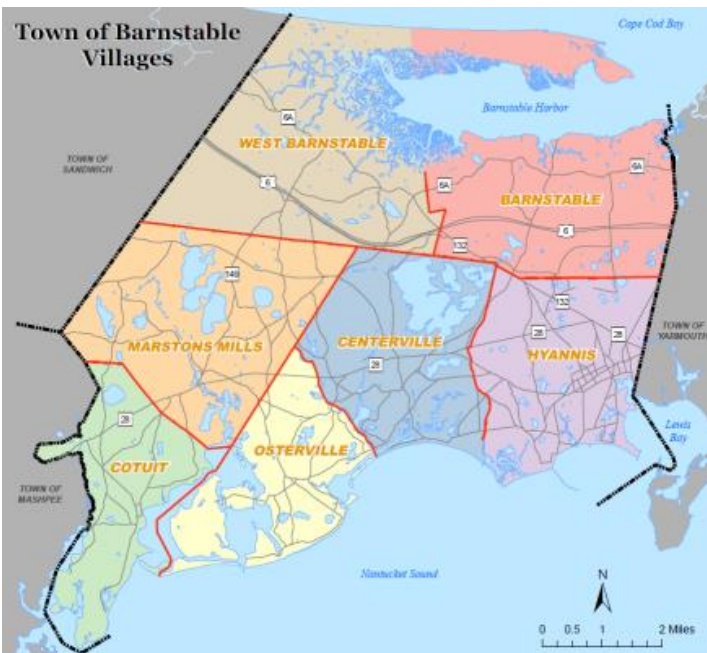


TOWN OF BARNSTABLE

Comprehensive Financial Advisory Committee Financial Overview Report | Fiscal Year 2021



Sunset at Craigville Beach, Centerville



Visit <http://www.townofbarnstable.us/Finance/> to learn more.

This financial overview for Fiscal Year 2021 running from July 2020 to June 2021 is intended to provide a summary of the Town's finances and operations. The complete FY 2021 budget is several hundred pages and available on the Town's website. The website also includes the audited financial statements for the last five years and financial forecasts for the next five years.

COMMUNITY PROFILE

The town of Barnstable is located in the southeast of Massachusetts and is the largest community, both in land area and population, on Cape Cod. The Town is composed of seven unique villages and is the commercial and transportation hub of Cape Cod.

Population is 44,314 year-round residents*
Median Household Income is \$68,919*
Est. Seasonal Population is 150,000
FY 2021 Median Residential Property Value is \$388,500
Website www.townofbarnstable.us
Facebook www.facebook.com/townofbarnstable/
Twitter @BarnstableMA

*US Census 2018

FISCAL ACCOUNTABILITY AND TRANSPARENCY

FINANCIAL ACCOUNTABILITY

Financial accountability remains at the core of the Town's budgeting goals. Conservative revenue estimates contribute to accomplishing this goal. Over-estimating revenue can lead to revenue deficits and compromise the continuity of services. This conservative approach provides a greater certainty that surplus can be generated to offset reserves used to balance the budget and for a softer landing when the economy turns for the worse.

RESPONSE TO COVID-19

The Town was close to finalizing the development of the Fiscal Year 2021 budget when the public health emergency occurred. Due to this unprecedented event in modern times, it was unclear as to the financial impacts to the Town's revenue stream. Questions arose as to the proposed budget and whether or not it would still be a viable spending plan. This was not like the last *Great Recession*. There was no precedent to measure the impact on the town's revenue stream and the costs associated with responding to the emergency. The Town would need to use its collective intuition, instinct, and logical rationale to modify the proposed FY 2021 budget and manage the public health emergency. As a result, the Town implemented several steps to secure its immediate financial health. Adjustments to expenditures in Fiscal Year 2020 were made including a hiring freeze, the deferment of capital projects, and a reduction in discretionary spending. The Town revised downward its General Fund proposed budget for Fiscal Year 2021 by \$4.2 million. Revenue enhancements were also employed including the implementation of contactless payments by moving multiple permits and licenses on-line. The Town is also closely monitoring its cash flow to ensure cash resources will be available to cover projected operating and capital expenses. As the town moves to the recovery stage of the public health emergency several strategies are being reconsidered to manage through the crisis including:

- Assessing the impact on the organization and service levels from eliminating funding for vacant positions
- Opportunities to stretch professional development funds, and sharing personnel
- Scaling back non-essential services and eliminate low or no-value tasks
- Reducing paper costs
- Move towards a remote workforce to reduce footprint - saving energy and maintenance costs
- Rethink subsidies/grants
- Reassessing equipment needs, re-examine maintenance and replacement standards
- Reduce scope of capital investment, and defer certain capital purchases
- Create more advantageous cash flow by delaying payments, monetizing assets and conducting short-term borrowing for vehicle & equipment replacement

Additionally, the town has been the recipient of several grants from the Federal government to assist with the response to the emergency. A total of \$22.9 million has been awarded to date. Most notably is an \$18 million award for the Barnstable Municipal Airport, which should ensure its financial stability for the next several years. An application will also be filed with FEMA to reimburse the Town for a portion of its costs associated with responding to this event.

AAA BOND RATING

The Town's Fiscal Year 2020 recent bond rating from Standard and Poor's (S&P) is AAA, and is the highest rating assigned by the credit rating agency. This results in the Town being able to borrow money at more favorable rates, saving significant money in interest costs on its capital program. S&P cited the following reasons for their AAA rating:

- Very strong management, economy, budget flexibility & liquidity
- Strong budgetary performance
- Strong debt and contingent liability position, albeit large pension and other postemployment benefits (OPEB) liabilities
- Strong institutional framework

In addition, S&P stated that the Town's credit outlook is stable and that they do not expect this to change over the next two years. The Town has maintained its AAA rating since 2007.

BUDGET HISTORY

Actual General Fund revenue generated over the past three fiscal years have exceeded the budget estimates by approximately 2%. Property taxes account for 73% of all General Fund revenue which is a more stable and predictable revenue source than other General Fund revenues. Other categories of revenue are more susceptible to economic forces and fluctuating service levels. The Town of Barnstable has experienced economic growth for the past few years contributing to favorable revenue growth across all categories.

Revenue Category	Revenue as a % of Budget Estimate	
	FY 2018	FY 2019
Property Taxes	99.76%	99.64%
Other Taxes:		
Motor Vehicle Excise Tax	115.50%	113.27%
Boat Excise Tax	100.67%	88.99%
Motel/Hotel Excise Tax	104.36%	107.11%
Payments in Lieu of Tax	108.34%	109.38%
Total Other Taxes	112.94%	111.64%
Other Resources:		
Intergovernmental *	99.91%	101.76%
Fines & Penalties	107.54%	128.05%
Charges For Services	100.63%	110.96%
Special Assessments	158.97%	384.66%
Fees, Licenses, Permits	122.31%	109.91%
Interest and Other	123.94%	158.50%
Transfers In	102.50%	100.57%
Total Other Resources	104.32%	106.98%
Total General Fund Resources	101.50%	101.97%
Expenditure Category	Percentage of Budget Expended	
	FY 2018	FY 2019
Municipal Operations	96.83%	97.95%
Local School Operations	99.66%	99.52%
Snow & Ice Removal	261.62%	126.49%
Fixed Costs	95.58%	97.30%
Transfers Out	100.00%	100.00%
Total Expenditures	98.57%	97.90%

*Excludes School Choice and Circuit Breaker

Municipal Operations returned approximately 3% of unspent appropriations annually for the past 3 years. Most of the unspent appropriations are due to vacancy savings as a result of staff turnover since the budget assumes full employment. The local school operations budget has returned approximately 1% of its annual operating budget. Fixed costs return roughly 3% of budget allocations which includes debt service, health insurance, state assessments, retirement, and insurance. Most of the unspent budget in this category is from health insurance as employees have been migrating to less expensive plans.

Snow & ice removal is the one category of spending that cities and towns are allowed to deficit spend due to its unpredictability. As the table above indicates, this category of spending has exceeded the budget in FY 2018/2019. The town has implemented a multi year plan to increase the budget in this area in an effort to reduce the deficit spending. Any deficit incurred in the prior year must be made up for in the subsequent year's budget.

Budget	Actual	Surplus	% Collected
FY 2020			
\$127,255,503	\$127,629,338	\$373,835	100.29%

\$7,131,377	\$8,245,118	\$1,113,741	115.62%
110,000	147,647	37,647	134.22%
1,950,000	1,950,148	148	100.01%
32,000	34,794	2,794	108.73%
\$9,223,377	\$10,377,707	\$1,154,330	112.52%

\$16,527,258	\$16,750,834	\$223,576	101.35%
1,534,000	1,811,954	277,954	118.12%
2,081,500	2,085,924	4,424	100.21%
211,000	234,888	23,888	111.32%
3,086,600	3,386,524	299,924	109.72%
2,006,678	2,333,032	326,354	116.26%
13,118,144	13,163,158	45,014	100.34%
\$38,565,180	\$39,766,315	\$1,201,135	103.11%
\$175,044,060	\$177,773,360	\$2,729,300	101.56%

Budget	Actual	Balance	% Spent
FY 2020			
\$40,269,615	\$38,180,668	\$2,088,947	94.81%
69,802,978	68,438,931	1,364,047	98.05%
975,000	432,077	542,923	44.32%
50,467,108	49,104,820	1,362,288	97.30%
13,529,359	13,529,359	-	100.00%
\$175,044,060	\$169,685,856	\$5,358,204	96.94%

GOVERNMENTAL STRUCTURE

The Town of Barnstable is governed by a Council-Manager form of government, in accordance with its Home Rule Charter that was adopted in the spring of 1989. Administrative authority of the Town is vested in the Town Manager subject to legislative decisions of a 13-member Town Council. Council terms are staggered four-year terms from thirteen precincts on a nonpartisan basis. The Town Manager supervises and directs the administration of all municipal departments with the exception of the School Department and the Barnstable Municipal Airport.

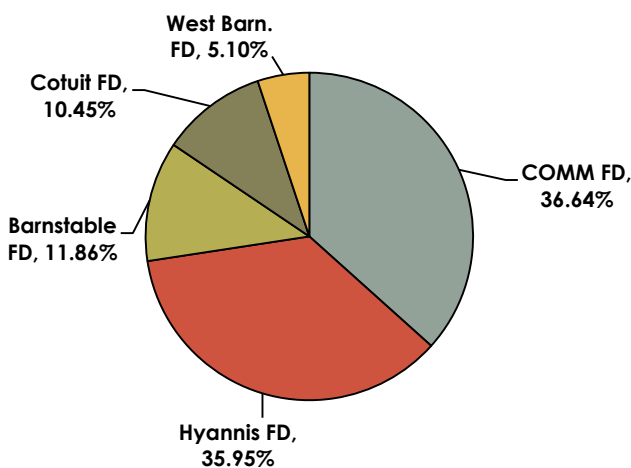
An elected School Committee consisting of five persons, and a Superintendent appointed by the School Committee governs the School Department. A seven member Airport Commission appointed by the Town Council governs Barnstable's Municipal Airport. An Airport Manager, appointed by the Airport Commission, is responsible for administration and day-to-day operations.

The Town has seven libraries, one in each village, which are all 501(c)(3) organizations and governed by their own boards. The Town provides a grant to the libraries for their services to the public which is distributed amongst the libraries in accordance with an agreed upon formula. The Town also belongs to a regional veteran's district and receives an annual assessment from the district to cover its share of the district's annual operating costs. Veterans' benefit payments are budgeted separately from the assessment.

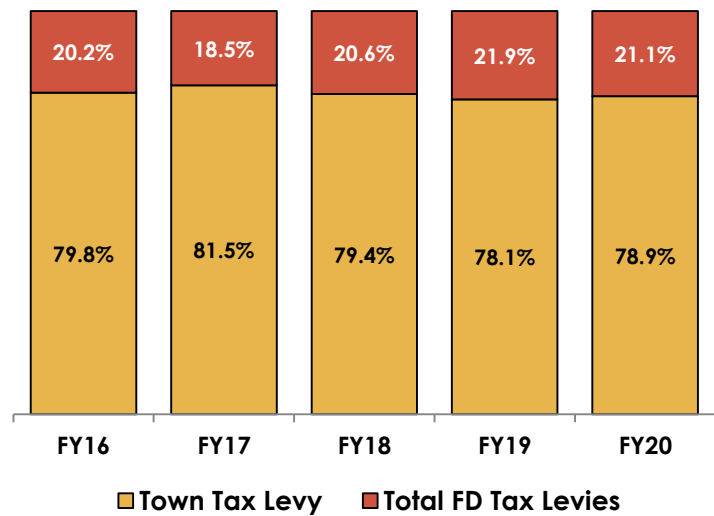
Five separate Fire Districts provide fire protection and emergency medical services (EMS) to Town residents. Of those five, three also include a water district. The Barnstable Fire District, Cotuit Fire District, and the Centerville-Osterville-Marstons Mills (COMM) Fire District each provide both fire protection and water services. In the village of Hyannis, the Hyannis Fire District provides fire protection and EMS, while the Town delivers water service. In the village of West Barnstable, the West Barnstable Fire District provides fire protection and EMS, while private on-site wells provide water access. The aforementioned districts are not a part of the municipal structure; they set their own tax rates and issue debt in an annual meeting independent of the Town. A Prudential Committee or a Board of Fire Commissioners, or a Board of Water Commissioners is separated from the Town structure to govern the districts. The fire districts have the authority to levy their own taxes. State law requires the Town to bill and collect the fire district's taxes. The fire district tax is separated from the real estate tax bills so residents can differentiate between the taxes the Town and fire districts each levy. Policy and budgets are set at annual spring meetings, which are open to any voting residents of the districts.

Below is a 5-year history of tax levies for the town and fire districts.

Total Fire District FY 2020 Tax Levies 21.1%



Distribution of Total Tax Levy

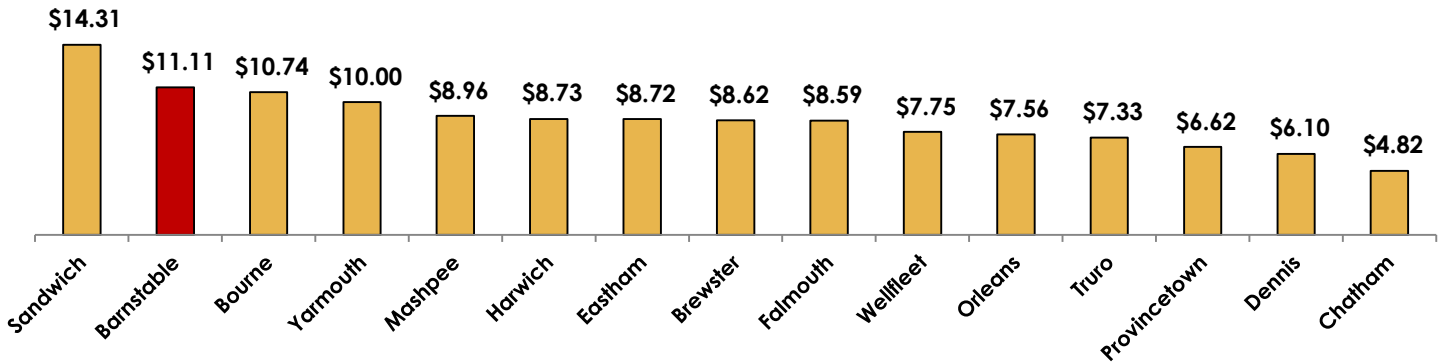


The total of the five-fire district tax levies have ranged from 20.2% to 21.9% of the total property taxes levied by all entities over the last five years. In FY 2020, COMM's tax levy comprised 36.64% of the total fire district levies, as it is the largest fire district in terms of area coverage.

PROPERTY TAXES

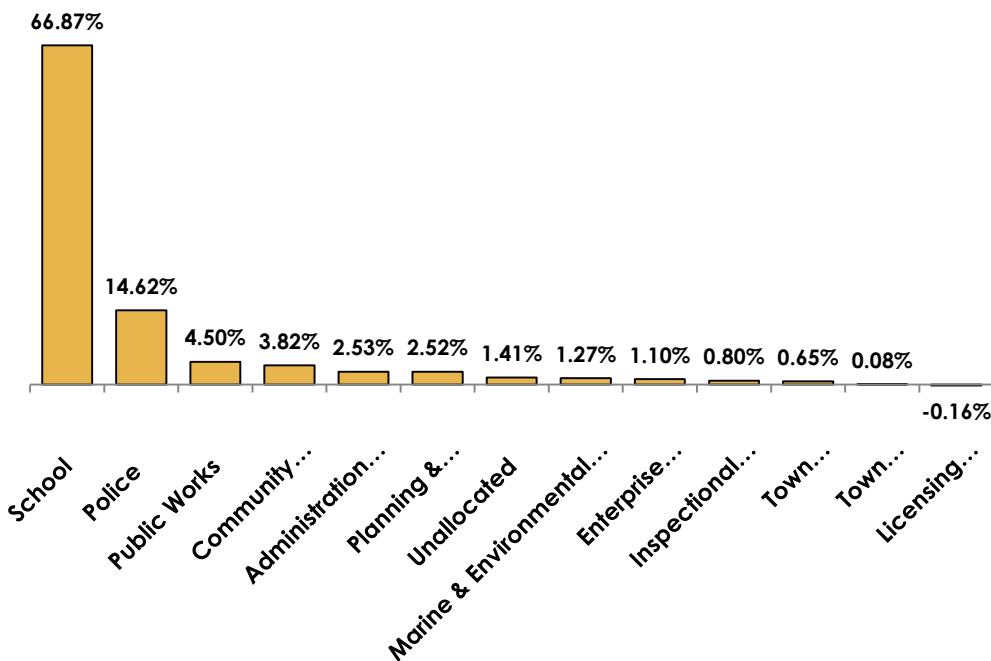
Proposition 2½ limits property tax levy increases to 2½ percent year-over-year, **plus** amounts related to newly developed property. This is known as the “levy limit”. The levy limit is the total amount of property taxes to be raised by the town and does not apply to an individual tax bill. In addition to the levy limit, changes to assessed values and tax levy shifting options adopted by the Town Council can affect tax rates and tax bills. The single tax rate for FY 2020 was \$8.51 (excludes fire districts). The Town Council adopted a 20% residential exemption in FY 2020, which resulted in a residential tax rate of \$9.37 (\$.13 less than the FY 2019 rate). Qualifying homeowners whose primary residence is in Barnstable receive a reduction in their assessed taxable value of approximately \$104,121. The value of the tax reduction is \$975 (\$104,121 ÷ 1,000 x \$9.37). The median assessed value of a home in FY 2020 is \$376,000. A median home qualifying for the residential exemption would be taxed on a value of \$271,879, resulting in a tax bill of \$2,548. There are a total of 25,677 residential parcels in Town of which 47% (12,068) qualify for the residential exemption.

FY 2020 Tax Rate Comparison



The chart above adds the average overlapping tax rate for the fire district's to the town's tax rate. Barnstable is the only town with a residential exemption and the Hyannis Fire District (HFD) is the only entity that adopts a higher tax rate for non-residential property. For comparison purposes, the single tax rate for the town and the average fire districts tax rate are used. Adding the average fire districts tax rate to the town's tax rate the Town of Sandwich is the only neighboring town with a higher tax rate. The tax rate(s) for FY 2021 will not be set until November 2020.

FY 2020 Estimated Town Property Tax Allocation



The chart on the left illustrates the distribution of property taxes after all fixed costs are allocated to the operating departments and revenue generated by each operation is credited against the fully allocated costs. The result is the net amount of operating costs that need to be covered with property taxes. This only includes the Town's property tax levy. It does not include the Community Preservation Fund taxes or fire district taxes.

As the chart illustrates, about 67 cents of every tax dollar goes towards funding education. 20 cents goes towards funding the Police and Public Works operations. The remaining 13 cents funds all other operations.

GENERAL FUND RESOURCES \$179 Million



General Fund resources support the means for local government to provide goods and services to the community. Property taxes are the largest resource for the town of Barnstable, representing 73% of all General Fund revenues. State aid is the second largest resource representing 10%. Approximately 82% of state aid goes towards funding the Town's education related expenses. Local receipts comprise 10% of General Fund resources, which includes charges for services, fees, permits, licenses, fines and interest. Roughly, 5% comes from other taxes (see table below), and about 2% of the General Fund budget is provided from reserves. Reserves used to balance the General Fund budget are the result of actual revenues exceeding budget estimates as well as unspent appropriations from prior years. These reserves are typically used



Lewis Bay Lighthouse, Hyannis Harbor

for one-time expenditure items and the capital program. The use of reserves is up \$192,138 from FY 2020. Snow removal costs and one-time uses for operations are the largest contributors to the use of reserves.

Resource Category	Approved Budget FY 2020	Approved Budget FY 2021	Change FY20-FY21	% Change
Tax Levy	\$128,255,506	\$132,026,068	\$3,770,565	2.96%
Reserved for Abatements and Exemptions	(1,000,000)	(1,000,000)	-	0.00%
Property Taxes Available for Operations	\$127,255,503	\$131,026,068	\$3,770,565	2.96%
Other Taxes:				
Motor Vehicle Excise Tax	\$7,131,377	\$7,000,000	(\$131,377)	-1.84%
Boat Excise Tax	110,000	115,000	5,000	4.55%
Motel/Hotel Excise Tax	1,950,000	1,450,000	(500,000)	-25.64%
Payments in Lieu of Tax	32,000	32,000	-	0.00%
Total Other Taxes	\$9,223,377	\$8,597,000	(\$626,377)	-6.79%
Other Resources:				
Intergovernmental *	\$19,672,931	\$18,441,435	\$(1,231,496)	-6.26%
Fines & Penalties	1,534,000	1,256,000	(278,000)	-18.12%
Fees, Licenses, Permits	3,311,600	2,692,785	(618,815)	-18.69%
Charges For Services	2,081,500	1,845,100	(236,400)	-11.36%
Interest and Other	1,617,678	1,567,500	(50,178)	-3.10%
Special Revenue Funds	920,800	767,200	(153,600)	-16.68%
Enterprise Funds	2,933,272	2,943,847	10,575	0.36%
Trust Funds	6,585,492	6,797,324	211,832	3.22%
Reserves	2,678,580	2,870,718	192,138	7.17%
Total Other Resources	\$41,335,853	\$39,181,909	\$(2,153,944)	-5.21%
Total General Fund Resources	\$177,814,733	\$178,804,977	\$990,244	0.56%



*Includes School Choice and Circuit Breaker

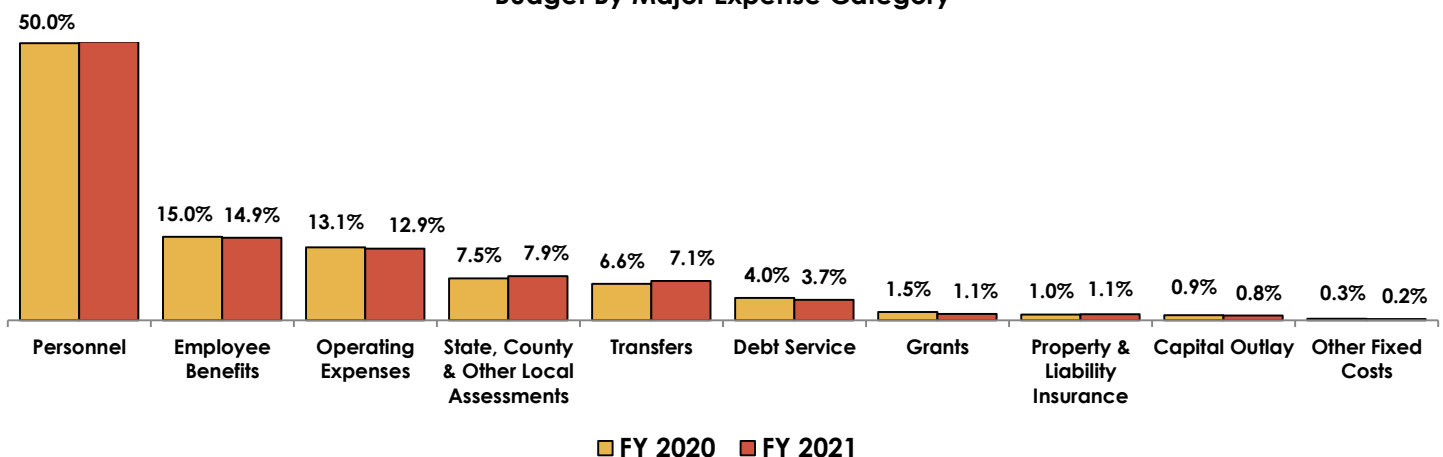
GENERAL FUND EXPENDITURES \$179 Million



When governments or administrators talk about “balancing the budget”, they typically mean balancing the budget for their General Fund. The General Fund is the largest of all funds and directly finances government operations such as, education, police, public works, administration etc. This fund also covers town-wide fixed costs that include employee benefits, debt service, state assessments, insurance, and so on. The Town Council approved budget for FY 2021 includes a 2.05% increase in education expenditures, and a decrease in the municipal operations budget of (2.38%), and a decrease in fixed costs of (1.77%). The overall budget is up \$990,244, or 0.56%. Local School operations accounts for the largest increase in the fiscal year budget. (A detailed breakdown of the Town’s budget changes can be found within the FY 2021 Operating Budget booklet)

	Approved Budget FY 2020	Approved Budget FY 2021	Change FY20 – FY21	% Change
Municipal Operations:				
Police Department	\$15,447,848	\$14,808,837	\$(639,011)	-4.14%
Public Works Department	10,205,853	10,103,252	(102,601)	-1.01%
Administrative Services Department	6,322,843	6,239,787	(83,056)	-1.31%
Community Services Department	2,569,427	2,389,106	(180,321)	-7.02%
Inspectional Services	2,140,557	2,164,880	24,323	1.14%
Planning & Development	2,085,304	2,086,289	985	0.05%
Marine & Environmental Affairs	1,268,947	1,146,965	(121,982)	-9.61%
Town Manager	769,451	873,142	103,691	13.48%
Town Council	268,987	286,659	17,672	6.57%
Licensing Department	165,398	163,646	(1,752)	-1.06%
Total Municipal Operations	\$41,244,615	\$40,262,562	\$(982,053)	-2.38%
Education:				
Local School System	\$72,573,651	\$74,196,256	\$1,622,605	2.24%
Regional School District	6,119,567	5,856,271	(263,296)	-4.30%
Commonwealth Charter Schools	3,702,215	4,095,060	392,845	10.61%
School Choice	1,464,707	1,431,201	(33,506)	-2.29%
Total Education	\$83,860,140	\$85,578,788	\$1,718,648	2.05%
Fixed Costs:				
Employee Benefits	\$26,714,165	\$26,584,153	\$(130,012)	-0.49%
State & County Assessments	2,632,358	2,796,259	163,901	6.23%
Debt Service	7,152,492	6,567,324	(585,168)	-8.18%
Grants	2,115,460	2,026,691	(88,769)	-4.20%
Property & Liability Insurance	1,860,000	1,910,000	50,000	2.69%
Snow & Ice Removal Deficit	225,144	-	(225,144)	-100.00%
Town Council Reserve Fund	159,000	250,000	91,000	57.23%
Celebrations, Rent & Other	172,000	172,000	-	0.00%
Total Other Requirements	\$41,030,619	\$40,306,427	\$(724,192)	-1.77%
Total General Fund Before Transfers	\$166,135,374	\$166,147,777	\$12,403	0.01%
Transfers to Other Funds	11,679,359	12,657,200	977,841	8.37%
Grand Total General Fund	\$177,814,733	\$178,804,977	\$990,244	0.56%

Budget By Major Expense Category





Sandy Neck Beach

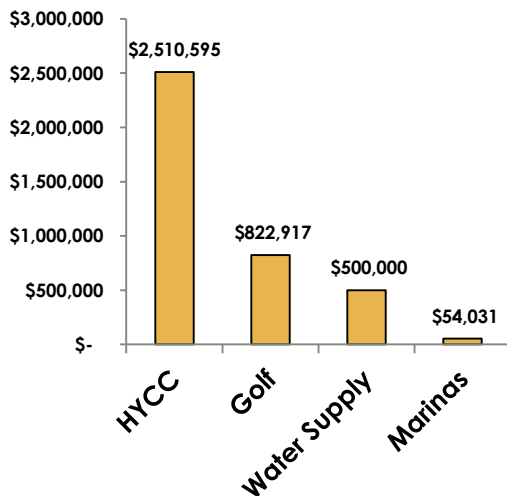
Municipalities have the option under state law to account for certain operations as Enterprise Funds. These include utilities, certain recreation facilities, and transportation facilities. The Town accounts for nine Enterprise Funds using this model. This model provides several benefits, including: identifying the total cost for the service, which in turn provides management with useful information for setting user fees and measuring subsidies, and it allows investment income and surplus to be retained by the operation. Enterprise Funds can be either self-sustaining or subsidized. Enterprise Funds can also be assessed an indirect cost for support they receive from the General Fund operations.

The Airport is the largest Enterprise Fund operation, which its budget is decreasing by \$1,400,616. The next largest budget decrease is Golf Enterprise Fund, which is decreasing by \$228,035. All Enterprise Fund combined

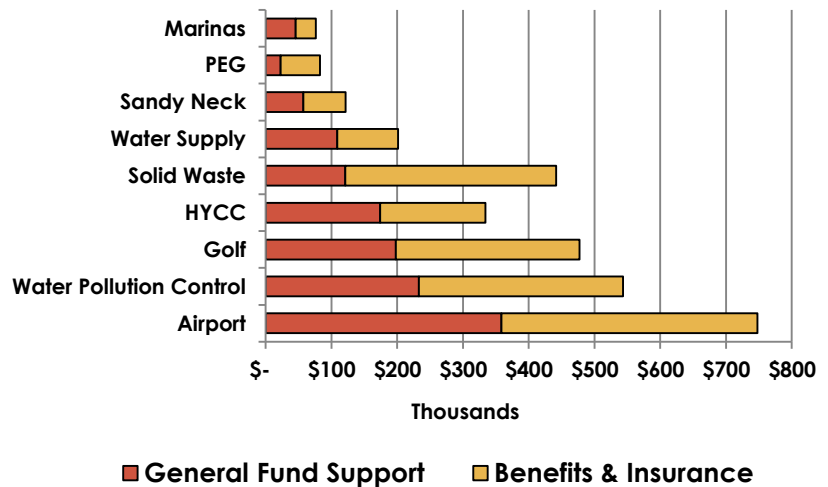
budgets are decreasing by \$1,997,540 or 5.80%. The HYCC, Golf, Marina, and Water Supply Enterprise Funds will receive some form of General Fund and/or Special Revenue Fund subsidies for both operating and debt service cost.

Enterprise Fund	Approved FY 2020	Approved FY 2021	Change FY20-FY21	Percent Change
Airport Enterprise	\$8,242,243	\$6,841,627	\$(1,400,616)	-16.99%
Golf Enterprise	3,876,416	3,648,381	(228,035)	-5.88%
HYCC Enterprise	3,491,132	3,352,395	(138,737)	-3.97%
Marina Enterprise	832,780	787,977	(44,803)	-5.38%
PEG Enterprise	877,860	841,030	(36,830)	-4.20%
Sandy Neck Enterprise	996,459	961,288	(35,171)	-3.53%
Solid Waste Enterprise	3,644,883	3,577,403	(67,480)	-1.85%
Water Pollution Control Enterprise	4,816,380	4,590,439	(225,941)	-4.69%
Water Supply Enterprise	7,685,015	7,865,088	180,073	2.34%
Total All Budgeted Funds	\$34,463,168	\$32,465,628	\$(1,997,540)	-5.80%

FY 2021 General Fund & Special Revenue Fund Subsidy Received



General Fund Costs Allocated to Enterprise Funds Total = \$3 Million

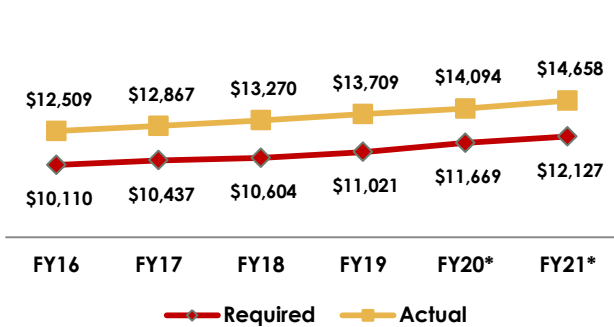


PUBLIC EDUCATION OVERVIEW

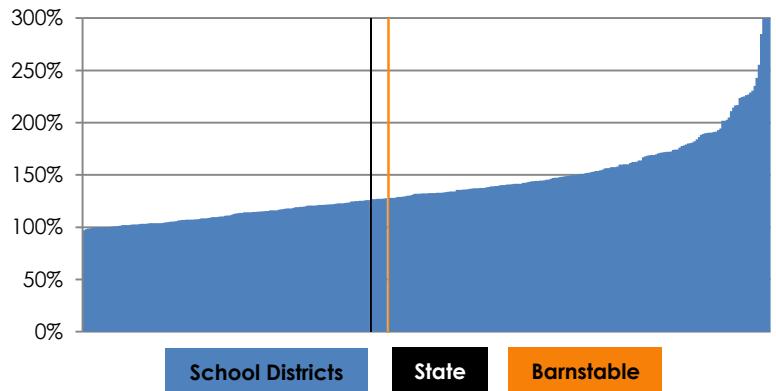
The **Chapter 70 program** is the major program for state aid to public elementary and secondary schools. In addition to providing state aid to support school operations, it also establishes minimum spending requirements for each school district and minimum requirements for each municipality's share of school costs. The town of Barnstable has consistently exceeded the state's annual minimum spending requirements. Further information about the Chapter 70 Program is available by visiting the website of the Massachusetts Department of Elementary and Secondary Education (DESE) at <http://www.doe.mass.edu/finance/chapter70/>

Actual Net School Spending in Barnstable continues to be between 120-130% of the required foundation spending level set by the state. Planned expenditures during the budget development process estimated per student expenditures of \$14,658 in FY 2021, however, this will likely increase due to unanticipated Covid reopening and operating costs.

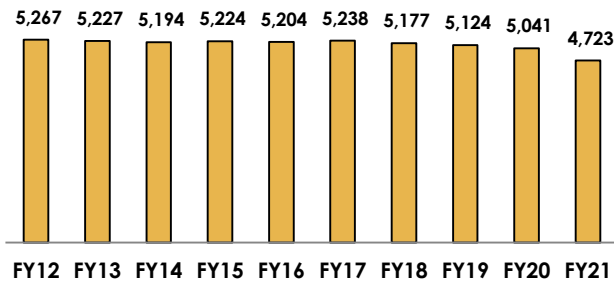
DESE's Annual Net School Spending Per Student



2019 Actual/Required Net School Spending



Student Enrollment



FY 2021 has seen a significant enrollment decline attributed to the recent Covid-19 pandemic. The decline of 318 student's year over year is unprecedented and unexpected. Initial enrollment analysis has identified a doubling to 180 students now homeschooled. Further enrollment fluctuation insights will be gained as statewide data is reported and certified by the Department of Elementary and Secondary Education (DESE). Organized advocacy will be launched soon to ask the Legislature to hold districts harmless on Chapter 70 funds for FY 2022 due to shifts in enrollment.

Barnstable schools have not been immune to the continued regional decline in school-aged residents. The two factors now at work, which will have the greatest effect upon future enrollments, are:

- a. decline in the number of births to Barnstable residents and, to a lesser degree
- b. slowdown of in-migration due to affordable real estate.

In the decade from 1997-2006, Barnstable averaged 475 births per year, more recently (and expected to continue) are between 396-478 births annually, averaging 53 fewer annually than previous ten-year period.

Residential Births -Barnstable (from MA Department of Revenue)

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Births	492	478	447	417	403	375	427	396	409	447	424

COMPREHENSIVE WASTEWATER MANAGEMENT PLAN (CWMP)

What is the Section 208 Area-wide Water Quality Wastewater Management Plan?

Cape Cod over the past several decades has experienced increased economic growth in residential and commercial development. Due to this increased development, wastewater pollutants have become a serious concern on Cape Cod, which the Environmental Protection Agency's Section 208 of the Federal Clean Water Act requires a solution. Most of the pollutants are due to on-site septic systems that do not adequately remove nitrogen. As nitrogen gets released into the groundwater from these septic systems, surrounding areas become polluted. Excessive nitrogen levels in our water system can lead to algae blooms that can harmfully affect aquaculture, present hazards to swimmers and beachgoers, and violate water quality standards, "Cape Cod has less than 4% of the population of the Commonwealth of Massachusetts but 20% of the septic systems"- Cape Cod Commission Area Wide Water Quality Management Plan Update.

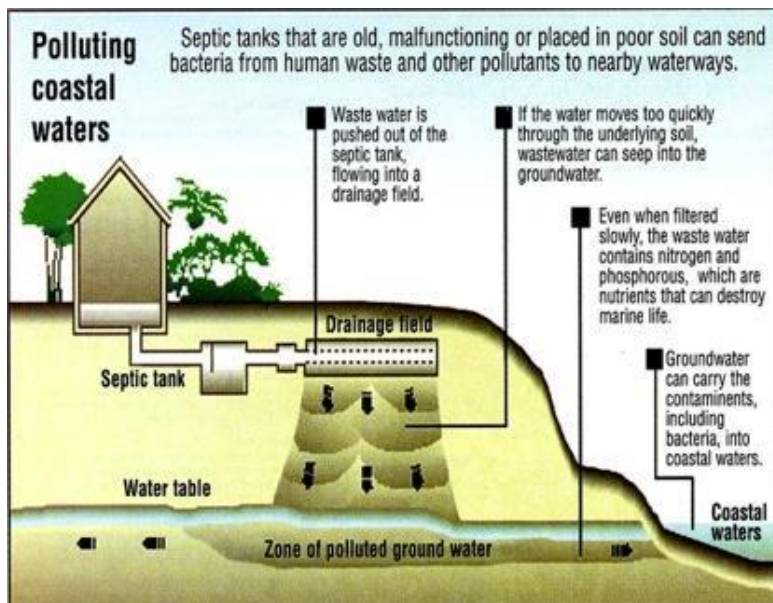


Photo: Harbor Branch, Florida Atlantic University, Charlotte County Water Quality Assessment

The Town of Barnstable has submitted to the Environmental Protection Agency (EPA) a three phase sewer management plan to be constructed throughout Barnstable over thirty-years. The total cost of the thirty year three phase sewer plan is estimated to be \$1 billion. The entire plan submitted by the Town is available on the Town's website and can be accessed here: https://www.townofbarnstable.us/WaterResources/CWMP_Final.asp. This plan and the costs associated with it will continually evolve over the thirty-year period as new technologies and non-traditional solutions become available.

Several mechanisms have been put in place to help mitigate the Comprehensive Wastewater Management Plan cost on taxpayers. In 2012, the town established a sewer construction fund that is funded by the local meals excise tax and one-third of the local rooms excise tax on traditional lodging (hotels and motels). In 2018, state legislation expanded the rooms excise tax to include short-term rentals of properties exceeding 14 days in a calendar year. All local rooms taxes collected on short-term rentals are dedicated to the comprehensive management of the Town's water and wastewater. Finally, an additional excise tax of 2.75% was approved by the State Legislature that applies to all lodging; traditional and short-term rentals. This tax funds the Cape Cod & Islands Water Protection Fund (CCIWPF). The CCIWPF will award local communities principal subsidies on wastewater construction loans

through the State Revolving Loan Program. Based on these available resources, serious consideration and policy decisions will have to be made throughout the Comprehensive Wastewater Management Plan process that are equitable and manageable.

Town Council recently approved a \$8.5 million sewer expansion project, which the town is anticipated to save roughly \$3 million in cost due to a collaborative effort with the Vineyard Wind project. Vineyard Wind will install approximately 5.4 miles of duct bank from Covell's Beach to Independence Park. Due to the size of the proposed duct banks and accompanying electrical vaults, it is economical from a construction perspective to install the sewer infrastructure simultaneously with the duct banks.



A warning sign at Schoolhouse Pond in Hyannisport. (Lauren Bacho/Cape Cod Times)

CWMP FINANCIAL QUESTIONS & ANSWERS

Why does the Town of Barnstable have to have this plan?

The Commonwealth of Massachusetts directed the Cape Cod Commission to update the 1978 Area Wide Water Quality Management Plan with a focus on resolving nitrogen impacts on coastal water quality. On Cape Cod, septic systems are the primary source of nitrogen to coastal waters. The 208 Plan Update is a framework to restore embayment water quality on Cape Cod. It provides for a watershed-based approach and recommends strategies, regulatory reforms, and a process for communities to reduce or eliminate excess nitrogen.

What is the estimated total cost of this plan?

The construction costs are estimated to be about \$800 million. With inflation and financing costs added the total costs of the plan are expected to exceed \$1 billion.

How is the Town going to finance individual phased projects in the plan?

Most projects will need to be financed with the issuance of a bond (loan) due to the amount of cost involved. It is anticipated that all projects will be submitted to the Massachusetts Clean Water Trust (MCWT) for financing as it operates a revolving loan fund with competitive borrowing rates and, in some cases, principal subsidies. The Trust will also administer the distributions from the Cape Cod & Islands Water Protection Fund (CCIWPF) which will be in the form of principal subsidies. Due to the limited funding capabilities of the MCWT and CCIWPF some projects will need to be financed with General Obligation Bonds (GOBs) which will be competitively bid in the capital markets.

How will the Town repay the loans issued to finance the construction costs of the plan?

The Town and other agencies have been working on creating several sources to repay the loans. These include the following:

1. All of the local meals tax;
2. One-third of the local rooms tax on traditional lodging;
3. All of the local rooms tax on short-term rentals (this is dedicated for comprehensive water and wastewater projects);
4. The Cape Cod & Islands Water Protection Fund (CCIWPF). This fund was created with a new tax that went into effect in July 2019;
5. Principal subsidies on loans issued through the Mass Clean Water Trust (MCWT).
6. Sewer Assessments. The Town can assess the cost of installing sewers to the property owners that will be tied into the system.
7. System development charges. This is a fee in the utility industry that is charged to new customers of a utility system to pay for the investments made into the "backbone" of a system.
8. User Rate Charges. As properties are brought on to the sewer system they will begin paying the quarterly user fee charged for sewer usage. This will eventually create a robust group of rate payers and revenue.
9. Targeted federal and state grants that may become available. Currently, federal funds for this type of program are managed through the State Revolving Loan Fund overseen by the MCWT.
10. Property taxes. Property taxes could be allocated to offset a portion of the costs of the program.

How many years are anticipated for this sewer project to be completed?

The current plan is to construct the sewer system over a 30 year period. The last loan for construction will be issued in year 30. This will have a 30 year amortization period resulting in a total of 60 years from the first construction project to the last loan payment.

Will this CWMP project sewer all properties?

No. The town's parcel count is currently 29,315 and 4,342 are part of the existing sewer system. This program has identified an additional 9,812 parcels to be tied into the public sewer system which will result in approximately 48% of the town's parcels being tied into the public sewer system upon completion.

What is the financial impact on a property owner that is being tied into the sewer system?

There could be 4 components to this, a sewer assessment, the cost to connect the property to the sewer line in the street, a systems development charge, and a property tax component. The amount of each component has not yet been determined.

How can a property owner pay for this?

If sewer assessments are involved, a property owner can elect to have the assessment apportioned over 30 years of future tax bills. The Town may be able to allow the property owner to apportion the connection cost and system development charge over 30 years as well. This is being explored.

Will there be public meetings to find out more about the projects, funding, and their impact on property owners?

It is anticipated that public outreach will be conducted using several mediums including public meetings.

Complete list of CFAC Questions about Sewering and CWMP can be found at the Comprehensive Financial Advisory Committee (CFAC) webpage here: <https://www.townofbarnstable.us/boardscommittees/CFAC>

GET INVOLVED!

The Comprehensive Financial Advisory Committee is seeking candidates to join our committee. This is an exciting opportunity to become involved in your town's government, if you are a resident of Barnstable, have an experience in financial matters, and want to make a difference, please consider submitting an application to the Town Council.

<http://www.townofbarnstable.us/TownCouncil/vacancies.asp>

OPEN BUDGET

The Town implemented a web based application which allows residents and other interested groups to monitor the current year operating budget; both revenue and expenditures; as well as the Town's capital program. Multiple fiscal years are provided for comparison purposes. This site can be accessed at:

<http://budget.townofbarnstable.us>

COMMITTEE MEMBERS

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

Contact:
CFAC@town.barnstable.ma.us

GFOA AWARDS

The Town has received both the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award (19-years) and the Certificate of Excellence in Financial Reporting for 18 consecutive years. The GFOA established these award programs to encourage and assist state and local governments to prepare budget documents and comprehensive annual financial reports of the very highest quality that evidence the spirit of transparency and full disclosure, and then to recognize individual governments that succeed in achieving those goals.

