



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)
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CFAC Committee:

Chair:

Laura Cronin

Members:

Robert Ciolek
Cynthia Crossman
Ralph Krau
Gregory Plunkett
Lillian Woo
John Schoenherr
Joseph Mladinich

Staff Liaison:

Mark Milne

Councilor Liaison:

John T. Norman

MEETING MINUTES

05.09.16

7:00 PM

Growth Management Conference Room

CFAC Members Present: Laura Cronin, Ralph Krau, Joseph Mladinich, Cynthia Crossman, Robert Ciolek and Gregory Plunkett

CFAC Members Absent: Lillian Woo, and John Schoenherr

Councilors Present: None

Staff Present: Mark Milne, Director of Finance, Nathan Empey, Finance/Budget Analyst

1. Call to Order

Laura Cronin called the CFAC meeting to order at 7:00 PM in the Growth Management Conference Room of Town Hall.

2. Act on Minutes

The following minutes were approved by unanimous vote:

04.25.2016

3. New Business

The Wastewater Resource Advisory Committee (WRAC) has asked for CFAC's advice on funding the Section 208 Plan. Laura C. noted her concern that the original presentation included cost estimates, and that CFAC should not provide cost figures to WRAC at the May 18th joint meeting. The concern is potentially misleading WRAC with outdated cost from the original presentation. Moreover, there are alternative solutions that now exist as well as cost sharing with abutting towns needs to be taken into consideration. Furthermore, there is no clear plan from WRAC on how to deal with the Section 208 Plan. Bob C. mentioned the cost used in the original presentation was based on a Wastewater Plant engineering study, and that currently we cannot come up with updated cost until we know the plan from WRAC. From this, there are numerous unproven alternatives with wastewater abatement. Barnstable could use Mashpee as an example for alternative wastewater solutions. Aquaculture is just one of the alternatives Mashpee is using to lessen the cost of the abatement program. This specific program can take years in order to assess its true effectiveness and cost. Another option for Barnstable is to hire an engineering firm to evaluate a plan with a range of alternative costs. Laura C. then asked what is the purpose of providing this presentation to WRAC? Bob C. response was just to get WRAC thinking about funding alternatives for the Section 208 Plan. Joseph M. asked why WRAC is not talking with Mashpee. Bob C. responded with WRAC would have to down the road because of the shared water resource.

Bob C. provided an overview on CFAC's drafted presentation Funding the Barnstable Wastewater Program. This presentation is an updated version of the original 2010 CFAC presentation Funding Clean Water Protection Costs in the Town of Barnstable. The goal of the presentation is for WRAC to raise issues and discussion, so that CFAC can play an active role in analyzing concrete solutions. Bob C. noted the traditional way would be through an engineering study to determine estimated costs. Ralph K. questioned if the Cape Cod Commission is going to be involved with Cape communities. Bob C. response was that Cape Cod Commission is not obligated to be involved, and that individual communities must orchestrate their own wastewater abatement plans.

From the original CFAC report, the purpose was to determine who the beneficiaries are and who should pay for the abatement program? On page 5 of the presentation, affordability is something that needs to be considered when implementing the wastewater plan, and that cost assessed monthly or annually may need to be extended over several generations 30-50 years in order to lower the cost burden on taxpayers. In addition, the entire community will benefit from the program, and therefore, should financially contribute equitably. Furthermore, given the tremendous cost associated with the program, both the state and federal governments should contribute 25% each towards capital cost with the other 50% covered by the Cape communities. However, the Cape communities should be expected to cover 100% of the operating cost. The funding plan for this program must consider low-income households, but shared cost of the program should remain the same; however, a separate revenue stream to subsidize low-income households needs to be considered. There also needs to be some cost recovery in the program, so that communities are not sinking money into the system. Mark M. suggested that changing the wording in the presentation from "Recovering sunk capital costs" to "recovering previous investments in capital" as sunk often refers to non-recoverable costs. Individual neighborhood sewer costs should also be considered equitably, for example, the Stuart Creek and Lake Wequaquet cost differential on betterment assessments was by a factor of four. Also, some homeowners have Title 5 systems, and therefore, are not connected to the sewer system. Hence, do these homeowners benefit from the program and should they contribute to the cost of the program?

There are various funding sources to support the wastewater program. Mark M. noted Town Council did adopt a 50% sewer betterment policy. Mark M. had also noted that the State law under Chapter 83-15c a town may collect interest on an unpaid balance of a sewer betterment assessment at a rate up to 2% above the net rate of interest cost on the bond issues associated with project costs.

Town funds some of the project within the limits of Proposition 2 ½, Chatham is currently using its excess levy capacity. This is not an option for Barnstable, since there is no excess capacity. In July 2010, Town Council adopted a funding plan for financing a portion of the wastewater program, however, a property tax override failed in November 2010.

U.S Department of Agricultural Rural Development provides loans and grants for populations 10,000 or under. Chatham is using this funding source for its wastewater program. Barnstable's population as a whole exceeds this 10,000 threshold. In order to meet the population threshold, Barnstable could create separate wastewater districts that are similar to the separate fire districts to meet the 10,000 threshold.

The long term projected cost estimates for the Section 208 Plan will require looking at various alternative solutions. It will be much easier for engineering consultants to estimate cost associated with one alternative rather than multiple solutions. These Innovative and Alternative Wastewater Treatment Systems (IA) will require long-term cost vs results analysis. There needs to be long term sustain lobbying effort by the communities as a focal point for debate/discussion on financial policy. This will bring attention and financial support to the regions Section 208 Plan. From this, a drafted agreement amongst the communities needs to be created because time is short. Joseph M. asked are their deadlines, and what is the June deadline? Bob C. replied there are various deadlines in the Section 208 Plan required by the federal and state regulators. There is an ongoing federal litigation by the Environmental Protection Agency (EPA).

Ralph K. noted the WRAC's next meeting is May 18th. Bob asked if WRAC had invited Mark Milne to the meeting. Mark M. noted he has not received an invite, which Bob C. proceeded to invite him to the next meeting. Ralph K. noted that CFAC should ask WRAC what direction to take. Bob C. noted that WRAC has too many people, and is too diffuse making it difficult to find a direction. Laura C. commented that no one is steering the ship, and is a reason to be hesitant to provide a presentation, only to have it shelved. WRAC is not asking the right questions. Bob C. noted that Chatham is the only community making aggressive moves, and that some Cape Cod communities have not even put together a committee yet. There is not much progress from towns working on WRAC initiatives.

Gregory P. asked if there are penalties for not adhering to the mandatory deadlines? Bob C. referred to the Boston harbor cleanup, which daily fines could have reached \$10,000 per violation. The city also could've faced a moratorium on sewer hookups, and thus hindered economic activity. Bob C. noted that the projects can be politically deadly as well, for example, Stewards Creek backlash over low assessments when compared to other sewer projects.

Laura C. asked who will be at the May 18 WRAC meeting? Both Bob C. and Gregory P. confirmed, however Ralph K is tentative.

Laura C. asked what is the purpose of WRAC? Bob C. noted they are an advisory group. Mark M. read the August 13, 2015 Town Council minutes that stated the purpose of the Committee.

“To advise the Town of Barnstable on the completion and implementation of its Comprehensive Water Resource Management Planning Project, with the goal of protecting and restoring the Town’s fresh and salt water bodies and its drinking water supplies, in compliance with the Cape Cod Commission’s Cape Cod Area Wide Water Quality Management Plan”

Mark M. noted that CFAC is not recommending on a strategy, but just trying to get WRAC to think about the wastewater plan funding options. Bob C. commented we would be hesitant to make any recommendations to WRAC.

Mark M. reviewed the Operating Budget Summary handout with CFAC. The handout provides dollar amounts and significant changes. On page 1, all appropriated funds have remained level funded from FY16. Excluding transfers, the budget has increased \$3.5 million or 2% since FY16. Further, excluding snow & ice budgets the budget is up \$4.6 million or 2.75%. The General Fund excluding transfers and snow & ice is up \$5 million or 3.5%.

On Page 10, it shows an overall increase of 11.40 FTE’s for all appropriated funds. Senior Center staffing is expected to increase 3.25 FTE’s because of the Adult Supportive Day program revolving fund merging into the General Fund. The revolving fund was not self-supporting, however, Town Council wanted to provide a tax subsidy in order to keep the program. Costs will be offset by \$90,000 in fees, but will require a \$72,000 tax subsidy. Others positions include 1 FTE for restoring the Assistant Recreation Director’s position, .50 FTE to increase an Animal Control Officer to fulltime. The town has two Animal Control Officers.

Page 4, Property tax revenue is expected to increase \$3.7 million. Intergovernmental Aid is up substantially from FY16. This is largely due to a change in Chapter 70 Aid foundation budget calculation. The new calculation is based on economically disadvantaged students. The calculation originally evaluated Chapter 70 Aid based on low income. In addition, the town expects to use \$5.6 million less in reserves. Both onetime charges such as Capital Trust Fund and snow & ice removal are not expected to be repeated.

The Airport Enterprise Fund experienced a significant reduction because of the Island Air Bankruptcy, which previously generated around \$1.8 million in revenue, mostly from jet fuel sales. There is a reduction of 2 FTE’s for an Operations Specialist and Custodian.

Water Supply Enterprise Fund debt service is up 23.7% and operating expenses 22% from FY16. The bond issue was to finance its’ capital program. Operating costs increases is to support Carbon Filtration annual maintenance, set-aside cost to purchase Yarmouth water if needed, and an increase for the annual fee that manages the day-to-day operations of the water system.

Marina is up 13% largely due to recent bond issues.

Sandy Neck is up 8% because of seasonal wage increases, gatehouse improvements, and merchandise purchase for resale.

The remaining funds within the FY17 budget cost increases are mostly for contractual obligations and routine maintenance.

CFAC's Operating Budget Report is due to Town Council on June 2nd. On May 19th, Mark M. will provide a brief presentation on the town's budget.

4. Other matters not reasonably anticipated by the chair

5. Discussion of topics for the next meeting

The next meeting is May 23, 2016, and topic of discussion will include reviewing CFAC's subcommittee Operating Budget Report.

6. Adjournment

List of documents handed out

1. 05.25.16 Draft Minutes
2. FY17 Operating Budget Summary
3. Presentation : Funding the Barnstable Wastewater Program