



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)
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CFAC Committee:

Chair:

John Schoenherr

Members:

Robert Ciolek
Ralph Krau
Lillian Woo
Joseph Mladinich
Hector Guenther
Melanie Powers

Staff Liaison:

Mark Milne
Nathan Empey

Councilor Liaison:

Paula Schnepf

MEETING MINUTES

06.24.19

6:00 PM

Planning & Development Conference Room

Roll Call:

- CFAC Members Present: Hector Guenther, Lillian Woo, Robert Ciolek, Melanie Powers, Ralph Krau , and John Schoenherr
- CFAC Members Absent: Joseph Mladinich
- Councilors Present: None
- Staff Present: Mark Milne, Director of Finance; Nathan Empey, Budget Analyst
- Other Present: None

Call to Order:

John Schoenherr called the CFAC meeting to order at 6:00 PM in the Planning & Development Conference Room at Town Hall.

Act on Minutes:

The following minutes were approved by unanimous vote:

06.10.19

Old Business:

Lillian W. nominated Ralph K. to be the next CFAC Chairperson. Ralph K. responded that due to his' medical situation he would have to decline, however, countered that Lillian W. should be nominated as Chairperson, which she accepted. Committee voted unanimously yes for her appointment.

Bob C. would remain as Vice Chair, which the committee voted unanimously in favor.

Ralph K. nominated Hecter G. for the Clerk position, which the committee voted unanimously.

Bob C. provided copies of two documents to the committee for discussion. Mark M. responded with comments to Bob's questions. Mark M. responded to the first question noting it could use some clarification from Title 5 comparison. Bob C. noted in his' second question that given the span of these projects, federal or state funding might be available in the future. Bob C. noted the hypothetical assessment cap, if there is any available funding, it should lower the assessment cost. Bob C. noted he's a strong advocate for this assessment cap program and a strong proponent to mitigate cost to any property owner. Hecter G. asked what is this document? Bob C. responded it's comments against Mark's Drafted Comprehensive Water Financial Plan. Mark M. responded to Bob's new stabilization question noting 100% of the local meals tax and 33% of the local hotel tax is already allocated to the sewer special revenue fund, and that the remaining 67% is allocated to the General Fund. Mark M. noted 33% of new revenue from the short-term rentals tax automatically goes to the existing sewer special revenue fund and the remaindered would go to the General Fund. Mark M. noted council wants to earmark the entire revenue into wastewater; however, no action was taken at the last council meeting because a councilor wanted to add affordable housing to the new stabilization fund. Bob C. responded this stabilization fund is an argument between water versus wastewater, and that why are we allocating money away from our wastewater needs? Water has a 100% rate base system; no reason water can't pay for its own capital needs. Ralph K. responded Hyannis Water is being impacted by the PFOS contaminants. Bob C. noted they could go to the courts and sue for the costs. Ralph K. agreed, but noted that it could take decades down the road to recoup costs. Mark M. noted there is also some push back on allocating this new revenue away from the General Fund because money will be needed to regulate and enforce short-term rentals. Bob C. also noted that if we subsidize the current water system, other water districts would seek support. Mark M. noted other water districts are not subject to proposition 2 ½ and can raise funds through other means. John S. asked was this discussion brought up at the council meeting? Mark M. responded not removing water from the language, but they wanted to add affordable housing. Mark M. noted we added water to the new stabilization fund language because of the containments, which we are seeing rate increases go up 7% to 9% a year. Bob C. questioned the estimated revenue used in the financial plan. Mark M. responded we really don't know the true resources, and that these numbers are provided by state officials. The numbers would depend on how much regulation we put in place; short-term rentals will be slow to comply.

Bob C. noted the additional 2.75% to fund the Cape Cod & Islands Waster Protection Fund is for 15 communities, and that how does each community get its fair share? Bob C. asked why should a community that already has a wastewater system in place get funding? Bob C. noted this fund should have benchmarks in place for what a community should at least get. Bob C. noted maybe the worst environmental areas should get these funds by creating a ranking system? Mark M. noted the trust won't receive any revenue until the 2nd quarter of next fiscal year, and that the trust still needs to setup policies and bylaws. Mark M. noted we could apply for subsidies to previous projects. Mark M. noted it'll probably be a year or two to know how much the trust will generate before giving out awards. Mark M. noted this trust will give out principal subsidies and not grants, if Barnstable wants to get out of the trust, it would have to do so before receiving any awards.

Bob C. noted when building up the system how do we deal with the large elements treatment and waste disposal? Bob C. noted the financial proforma for phase 1 is 40 years, but the public works phase 1 proposal is 20 years? Mark M. responded any existing infrastructure is part of our wastewater rate structure. This plan deals with the expansion of the system. Mark M. noted the existing system has capacity for more users, and that in

order to recoup existing costs or add improvements for previous projects a system development charge can be enacted. Mark M. noted we could limit this system development charge to commercial users because they are the largest consumers. Mark M. noted this plan is constantly evolving, and that new technologies may arise, we can only use what we know now. Mark M. noted we also need more disposal areas. What we have today is estimated to be enough capacity for 3,500 parcels.

Mark M. noted if we don't meet the regulators requirements with the current financial plan we could propose a proposition override to contribute to the fund. Ralph K. responded it would be a tough sell. Mark M. responded we just don't have enough money to subsidize the plan.

Bob C. noted it was his' belief the Water Resource Advisory Committee (WRAC) was going to provide a presentation on how to fund the plan, but they ducked. CFAC can take a risk and send the Funding Principals document by asking Mark M. to include it in his' financial plan. Ralph K. noted we could send this to the Town Manager and Council President Jim Crocker, and let them decide if they want to include this in the financial plan. Hector G. commented has Council President Jim Crocker or CFAC Liaison Paula Schenpp asked how are we going to pay for this plan? Mark M. noted the \$8.5 million project was approved at the last council meeting, which coincides with the Vineyard Wind project. Doing the projects together will save the town \$3 million and directly affects 250 properties. Mark M. noted using the sewer assessment methodology spreads the costs over 1,600 properties. Bob C. asked could you charge a sewer assessment even if the properties are not hooked up? Mark M. responded we can't assess others until we buildout, however, we can back charge these properties in the future. These costs will sit on the books until further expansion.

Mark M. noted council rescinded the 50% betterment ordinance at the last council meeting to provide councilors flexibility on a project-by-project basis. Bob C. noted providing flexibility with different councilors overtime would create different approaches. Bob C. noted he would like to see some standard for councilors of all years. Bob C. noted that no elected body wants to deal with this, and that it's easy to overestimate the knowledge of councilors. Town Council is highly dependent on the Town Manager and Finance Director for guidance.

Hector G. asked when is the approved plan being submitted to the state? Mark M. responded in the fall.

John S. noted having CFAC put together values and polices that don't change overtime for those involved making decisions in the plan down the road. Mark M. noted the science is going to drive the project decisions. CFAC is going to continually update and review this report. John S. asked but how are we going to pay for this plan? John S. noted there isn't an equal proportion being discussed between technical and financial plans, and that he would like to see council discuss equally. Bob C. responded CFAC has an opportunity to influence council financial discussion of the plan. Mark M. noted we shouldn't advise unless being asked by Town Council. Mark M. noted what Bob has done already benefits the plan. Bob C. suggested a motion to send the Funding Principles to Mark M. to be included in the financial plan.

Bob C. noted this plan was created by engineers who are traditionally taught, and that there needs to be outside the box thinking. Mark M. responded all we have is a pipe solution right now. Bob C. noted a long term solution could be aquaculture. Mark M. noted a pipe solution only controls future nitrogen, but what do we do about existing nitrogen?

New Business:

John S. noted he'd be happy to write CFAC's Annual Report for the committee to review at the next meeting. Mark M. noted they usually reach out to the committees in July, which the report is to be completed in August.

Matters not reasonably anticipated by the chair:

None

Discussion of topics for the next meeting:

Suggested topics for the Monday July 22nd meeting includes voting on the Funding Principals for Barnstable, review CFAC Annual Report prepared by Chairperson, and review CFAC Policies and Procedures.

Adjournment:

CFAC's next meeting will be Monday July 22, 2019 at 6:00pm.

List of documents handed out

1. 06.24.19 minutes
2. Barnstable Funding Principles
3. Questions on Mark Milne's Comprehensive Water Financial Plan
4. Local Meals & Rooms Tax Allocation Diagram
- 5.