



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

08.24.20

6:00 PM

Zoom Meeting : <https://zoom.us/j/92294541589>

Meeting ID: 922 9454 1589

Roll Call:

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

- CFAC Members Present: Lillian Woo , Ralph Krau, Melanie Powers , Wendy Solomon, Hector Guenther, and Tracey Brochu
- CFAC Members Absent: John Schoenherr,
- Councilors Present: Paula Schenpp
- Staff Present: Mark Milne, Finance Director
- Other Present: None

Act on Minutes:

The following minutes were approved by unanimous vote:

08.10.2020

Public Comments:

None

Correspondence:

None

Staff Report:

None

Old Business:

Mark M. noted the town is embarking on its largest capital project in its history, which is a buildout of the town's public sewer system. Public Works has identified within the capital plan areas that will require sewer to reduce the amount of nitrogen going into our estuaries so that we comply with Department of Environmental Protection (DEP). Mark M. noted this plan was initially a sixty-year plan, but has been reduced to a thirty-year plan. Mark M. noted because the plan has been reduced to a thirty-year plan, it requires a greater financial commitment, which is estimated to be \$1 billion. Mark M. noted there are many questions that need to be answered before we start constructing. Mark M. noted the first question is differentiating between general benefit facility and specific facility cost. Mark M. noted the difference between the two benefits, is that, a pumping station could potentially benefit several districts and would be a general benefit, which those costs can be allocated across all the users within that district. A specific benefit would be a sewer line going right in front of someone's house, which those costs are specific to the neighborhood. Mark M. noted a general benefit facility cost could be allocated across a greater area of property owners. Mark M. asked the committee what are we going to assess if we assess anything at all, or is the town going to pay the majority of the cost? Mark M. asked how are we going to allocate the cost of this large capital program over the next thirty-years? Melanie P. asked do we know what percentage of the costs is general versus specific benefit? Mark M. noted it's hard to say because the costs are going to change every year. Ralph K. noted aren't we putting ourselves in a quagmire by trying to allocate costs between specific and general benefit as eventually the whole program has to be paid for? Mark M. noted one of the strategies that some communities have done is pay for the entire general benefit facilities with no assessment for those cost, only assessing specific benefit cost. Ralph K. responded those cost would come out of the taxes or through a special assessment of some form. Mark M. noted we've been dedicating a portion of the meals and rooms taxes into a special revenue fund that could help offset or pay for some of those general benefit cost. Mark M. noted this special revenue is not enough to pay for all of it and we may need a General Fund tax contribution. Mark M. noted we could create other funding mechanisms and dedicate them to a special revenue fund and/or use a General Fund property tax contribution to pay for those general benefit facilities so that you don't have to directly assess them to property owners. Mark M. noted if we did this, we'd be asking every taxpayer in town to contribute in some way to the cost of this program. Tracey B. noted that within the plan not everybody is going to be sewerred? Mark M. responded yes, not everybody has to be sewerred in order for us to meet the requirements for this program. Mark M. noted there are a number of property owners who will not be on a sewer system, but we may have to ask every taxpayer to help contribute to this problem. Mark M. noted as new technology is developed this program is going to evolve. Lillian W. asked only a third of the meals and rooms tax are being allocated to the program, what happens to the other two-thirds rooms tax? Mark M. responded it goes to the General Fund. Lillian W. noted if we could redirect the remaining two-thirds of the rooms tax from the General Fund into the capital program? Mark M. responded if we were to do this it would affect the operating budget, but it is an option. Lillian W. asked would an alternative to be a property tax override? Mark M. noted yes, and that if the town went in that direction it could create a stabilization fund and dedicate the additional property taxing authority to the program. Mark M. noted the additional taxing authority has to be appropriated by the council every year for this particular purpose. Mark M. noted this mechanism would provide taxpayers assurances the additional taxing authority is going to stay with that specific program. Melanie P. responded she likes the stabilization fund as it provides a level of

transparency. Melanie P. noted she doesn't know what the downside is for creating a stabilization fund. Mark M. noted you are raising taxes on property owners which is a negative impact on affordability for some people. Hector G. asked would the stabilization fund be funded with a property tax override? Mark M. responded yes and would require Town Council approval to appropriate the funds year after year, however, if we find that the program is not working or if you've raised enough property taxes there is a kill switch. Hector G. asked what if the voters said no to the tax override and stabilization fund? Tracey B. noted she liked the stabilization fund, however, there needs to be a lot of communication with the public on the benefits of the program. Ralph K. responded that while a stabilization fund sounds great, there is a kill switch that can stop the program. Ralph K. noted a debt exclusion is exclusively for the project that you want. Ralph K. noted if you want the voters to approve a tax override you have to give them something, which are sewer and a new road. Lillian W. noted when the Water Resource Advisory Committee (WRAC) was meeting she suggested to Town Council put together a basic public relations and go to their own districts and explain the needs, fragility, and continue to communicate the program because the councilors are best known in their districts. Paula S. noted the public relations would bring information on the plan, but getting taxpayers to buy in is going to be a hard sell. Tracey B. asked is there going to be a differentiation between summer and year round residents because it would be a hard sell for summer residents. Melanie P. asked is this a situation where some council members are not convinced on how compelling an issue this is? Paula S. responded there is general support, but we haven't had the conversation about the dollars as some constituencies may not be onboard. Paula S. noted there are real questions to wrestle with as to whether or not it is fair. Ralph K. noted there are five-thousand residents already sewered and have been paying for it since day one and you're asking them to continue to pay with additional dollars would be against it, so you have to give them something. Mark M. responded construction of the Hyannis Wastewater Facility was mostly paid for through Federal and State monies. Mark M. noted the current ratepayers are paying for the annual operating cost and never paid for the initial setup of the system. Ralph K. thanked for the clarity, but expressed it's what the people feel because they think they are paying for the whole system.

Mark M. noted there is also another method to pay for the system through sewer assessments, which would be a significant portion of the cost for this program by assessing the owners who will eventually tie into the system. Mark M. noted it's not going to be an equal contribution from every property owner, but you can shift and make those tied into the system pay more verses not tying into the system. Paula S. asked with the connections between the main sewers lines to the house there could be such a wide variety of lengths, would we be charging one flat fee or is cost based on how far it is from the house to the line? Mark M. responded the town does not pay for the connection cost, and that it's going to be a financial challenge for some homeowners. Mark M. noted one of the things we could do is allow the homeowners to add that cost to their assessment to make it more manageable. Lillian W. noted there seems to be two costs issues; the sewer assessment and cost for hookup. Lillian W. noted the line going by your house everyone will be assessed, but council will have to decide if homeowners are going to be required to hookup immediately verses specific number of years before they have to hook up. Mark M. noted we still do not have homeowner's hooked up on the Stewart Creeks system. Ralph K. responded the board of health would issue the mandatory hookups. Tracey B. are we going to incentivizing homeowners if they hookup at the time the line is available, such as a rebate. Mark M. asked is the town going to take on the responsibility of a comprehensive sewer connection program as we build out these sewer systems, or are we going to put the pipe in the street and leave? Mark M. noted you could add the connection cost on the sewer assessment over a thirty-year period and provide some interest relief on the loans. Tracey B. asked what if they sell the house? Mark M. responded the lien has to be paid off when you sell your home. Tracey B. asked do we have to have a certain percentage of homeowners to hookup by law? Mark M. responded it's the amount of nitrogen that's entering our estuaries that we can effectively remove. Mark M. noted Public Works uses a scientific formula to identify how many properties it will take to remove the required amount of nitrogen. Lillian W. noted as Paula S. pointed out Town Council has yet to take it up as a whole since 2017. Lillian W. noted it's up to the individual councilors working with their districts. Wendy S. asked in all these reports were there cost analysis on individual homeowners? Lillian W. responded not in the Publics Works study, which looked at the town's pond and estuaries nitrogen levels by identifying the areas and did not deal with the individual parcels. Wendy S. noted if this is going to be sold to taxpayers they would want to know the individual impact. Hector G. noted as part of the marketing a separate website could be created? Lillian W. responded that's a good idea, but the report can be very technical for the taxpayers to understand. Melanie P.

noted she thinks it's important to start with council before we market it to the taxpayers. Lillian W. noted as Paula S. has said council has not taking this up. Tracey B. noted she thinks it's important to start educating the public now as this program is coming. Mark M. noted we are meeting with Town Council this fall to discuss the funding of this program and policy decisions. Mark M. noted the council is well aware of Public Works report that has been filed with DEP. Mark M. noted he has developed a financial tool with various alternatives as well as the financial impact on the property owners. Mark M. noted some areas being sewerred could be more expensive than other areas; therefore, should we cap these assessments at a certain dollar value or allow them to fluctuate?

Mark M. noted that Town Council could adjust the Community Preservation Fund (CPC) surtax, perhaps reduce it, then go back to the taxpayers for a tax override equivalent to the reduced surtax, and create a stabilization fund for the Comprehensive Wastewater Management Plan (CWMP). Mark M. noted this would have no impact on the taxpayers and is a potential funding alternative for the CWMP. Hector G. noted the CWMP is nothing but preservation of this community.

New Business:

None

Matters not reasonably anticipated by the chair:

None

Adjournment:

Meeting adjourned at 8:00 p.m.

List of documents handed out

1. 08.10.20 draft minutes
2. CFAC's questions, comments, and votes on Finance Director's Financial Policy Review