



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
Chuck McKenzie
Adam Carter

Staff Liaison:

Mark Milne
Nathan Empey

Councilor Liaison:

Paula Schnepf

MEETING MINUTES

3.22.21

6:00 PM

Zoom Meeting : <https://zoom.us/j/92206569072>

Meeting ID: 922 0656 9072

Roll Call:

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

- CFAC Members Present: Lillian Woo, John Schoenherr, Tracey Brochu, Wendy Solomon, Hector Guenther, Melanie Powers, Ralph Krau, Chuck McKenzie, and Adam Carter
- CFAC Members Absent: None
- Councilors Present: Paul Neary
- Staff Present: Mark Milne; Finance Director, Nathan Empey; Finance/Budget Analyst
- Other Present: None

Act on Minutes:

The following minutes were approved by unanimous vote:

03.08.2021

Public Comments:

None

Correspondence:

Lillian W. noted on Thursday that there will be another community discussion on the sewer assessment ordinance. It was stated that the meetings will be at 10am, 2pm, and 7pm. In addition, Lillian W. noted that it would be good if the committee members attended so that they could get a feel for what the public is thinking. Wendy S. noted it was a great meeting, and good to hear the feedback from community members.

Mark M. noted that the FY 2022 Capital Improvement Plan was submitted to Town Council at last Thursday's meeting. Mark M. noted that we have 45 projects on the agenda for April 1st Town Council meeting. Mark M. noted that we can schedule additional Town Council meetings in April, if we have to, in order to get through the capital submissions. Mark M. noted that Town Council has until the end of May to act on all the capital project submissions.

Mark M. noted that we conducted a bond sale in March, which we refunded series 2010 and 2011 bonds. This bond issue came with a present value savings of \$600,000 and \$1.1 million in budgetary savings. Mark M. noted that we had ten bidders on the bond issues. Mark M. noted that the bond issue consisted of about \$10 million of new money, which the bids ranged from 1.33% to 1.44%. Mark M. also noted that most of the bond issues are for twenty year maturities.

Old Business:

Ralph K. noted that the consensus of the capital subcommittee was to leave the initial report as is.

New Business:

Mark M. presented FY 2022 General Fund Budget Projection to the committee. We are expected to increase the property taxes by the allowable proposition 2 ½. Property tax growth is more conservative at \$750,000. The debt exclusion added to our property taxes is related to the Cape Cod Technical High School. This is related to the debt service for the high school construction project, which the town's cost is based on the percentage Barnstable students enrollment at the school. Barnstable saw a slight reduction in its enrollment, while other Cape town's saw increases in their enrollment, resulting in a decrease in the assessment in FY 2022. Mark M. noted that the overlay reserve is down in FY 2022, because in FY 2021, it was a reevaluation year, which the town had seen more applications for abatements. Mark M. noted that these abatement applications are expected to decline in FY 2022. Property tax estimate is about \$4.5 million higher than FY 2021, or 3.5%. Ralph K. asked, what are the new items being referenced in the new growth? Mark M. responded by stating that it is mostly new construction, when there is an increase in footprint that generates new growth. Paul N. asked, is there a time in the future when we'll be seeing some of the Cape and Islands short-term rental taxes? Mark M. responded, year-to-date there has been no distribution from that fund, but the fund has over \$20 million.

Mark M. noted that motor vehicle excise tax is level funded. Room's tax is currently coming in less than \$1.4 million in FY 2021, but there is a lot of optimism going into this summer. Mark M. noted that there are really no significant changes to other taxes. Lillian W. asked does the room's tax include the short-term rentals? Mark M. responded it only includes 2/3 of the traditional lodging. The other 1/3 of it is dedicated to the Comprehensive Wastewater Management Plan.

State Aid is all based on what the governor issued in his' FY 2022 budget. Mark M. noted that we're looking at about a 2% decrease, most of which is from charter schools' tuition reimbursements. The unrestricted general government aid has seen one of the largest increases in a number of years. Hector G. asked if Mark M. could comment on the revenue the town is expecting from the new federal stimulus bill. Hector G. noted that some reports expect the town to receive

\$7 million and \$2 million. Mark M. noted that there is two pieces, with direct payment to Barnstable is expected to be \$7.1 million. This \$7.1 million will be treated as a special revenue fund; we can't count it as a General Fund receipt because it will have restrictions for specific purposes. In addition to that, Barnstable County is going to receive \$41.3 million. Mark M. noted that he anticipates some of that will be shared with cape towns. Hector G. asked what the timing of receiving these funds is. Mark M. noted that these funds would need to be spent up to December 2024. Mark M. noted that we're still waiting on guidance from the U.S. Treasury Department for specific uses. Melanie P. asked why did the veteran's exemptions drop for state aid? Mark M. noted that exemption veteran's state aid is based on actual filings with the town by veterans, because costs are submitted to the state for 75% reimbursement.

Mark M. noted that we have a slight decrease in charges for services, with much of the revenue in that category coming from beach activities. We had an outstanding summer last year for daily parking at our beaches, but not sure if that will be continued.

Fine & Penalties are mostly from charges on late payments for property taxes. We've been expanding our efforts in collecting outstanding property taxes. This resulted in a drop in outstanding property taxes, so naturally charges on late payments are going to decline. Chuck M. asked what is the percentage of property taxes unpaid in a year? Mark M. noted that we have a very strong property tax collection in the town, at roughly 97% in the fiscal year that they are levied. Tracey B. asked with COVID are we starting to see people becoming more year round residents. Mark M. responded not yet based on the number of residential exemptions filed.

Licenses have been significantly more impacted by COVID than others. Restaurants and bars have these alcohol licenses. Mark M. noted that they have been significantly impacted, which we saw a drop and expect it to continued.

Permits continue to see strong activity. Mark M. noted that even during COVID, we saw people pulling permits to renovate homes. Our permitting activities have been very strong during COVID, and we expect it to continue.

Mark M. noted that transfer in line item is from outside resources for the General Fund. This includes the Waterways Improvement Fund, which comes from mooring funds used to help offset the mooring program. The mooring program is a part of the General Fund. Furthermore, Embarkation fees which comes from a 50 cent charge added to all tickets from the ferries, which we use \$100,000 to balance the budget. The Wetland Protection Fund is used to offset a portion of conservation budget. The Bismore Parking receipts are used to offset the parking operations budget. The Enterprise Funds are charged for their share of costs in the General Fund attributed to them. The Pension Trust Fund is to help offset the pension assessment received from the Barnstable County every year. The Capital Trust Fund equals the loan payments that we are going to make in the General Fund. Mark M. noted that we plan on using \$2.2 million in free cash to balance the operating budget.

Mark M. noted that on the expenditure side, we have a very large fixed cost category. The regional technical high school assessment is down 13% based on Barnstable's student enrollment. The cost associated with the assessment is for both operating cost and debt service cost for the new construction project. We have about 250 students attending Common Wealth Charter Schools. School Choice is a charge we receive for Barnstable's students attending other schools. Mark M. noted overall a 6% increase in school assessments.

Mark M. noted that the assessment for the pension system based on the actuarial calculations is expected to be about 5%. The pension systems return on investment had a very good year. Mark M. noted that he expected to see the same thing next year. Mark M. noted that active employee health insurance is being level funded as the Cape Cod Municipal Health Group is offsetting rate increases with a one month premium holiday. We're going to continue to increase the OPEB Trust to accumulate assets. Retired Teachers Health Insurance is a state assessment. Retiree Health Insurance is increasing 2% for anticipating additional retirees. Employee benefits to increase \$628,110 or 2.36%.

Mark M. noted that the debt service does incorporate loan payments on the bond we just issued. Mark M. noted that property and liability insurance are increasing every year as property values are increasing, as well as coastal resiliency and storms across the country. Mark M. noted that Barnstable has seven village libraries, all independent. We have traditionally provided them funding in the form of a grant; we don't have to provide them any funding legally. The Tourism grant usually goes to the Cape Cod Chamber of Commerce as well as the Hyannis Chamber, to help promote tourism. We provide Lombard Trust an annual lease payment for the use of the Lombard ball field. The Town Council reserve fund of \$250,000 is for unforeseen events, such as emergency situations. John S. asked if we are paying anything for the shooting range casualty insurance. Mark M. responded that not specifically because it is closed, but we will need a separate insurance writer when it opens. Hector G. asked do these grants provide 2/3 of the operating cost of the libraries? Mark M. responded that is an average because some of the libraries have better endowments than others.

State and county assessment are all fixed cost from the cherry sheet through state assessments.

General Fund support transfers, which the Hyannis Youth & Community does receive almost \$1.4 million on their annual loan payments and operating cost. Mark M. noted that the golf course does receive some General Fund support, but is really what they are charged for General Fund administrative support. Capital Trust Fund transfer is what we put into the capital trust for the capital improvement plan. Melanie P. asked why is the golf course subsidy so reduced, to which Mark M. responded, because the golf course has significantly improved.

Mark M. noted that this leaves us with \$3.3 million net resources available for operations. Mark M. noted we started meeting with departments about their operations.

Lillian W. asked if there are any departments the committee should meet with? Mark M. suggested the school department as their budget will be final as of April 8th. Mark M. noted that we could also meet with Public Works and Police.

CFAC Operating Subcommittee: Chuck, Adam, John, Melanie, Lillian

Matters not reasonably anticipated by the chair:

None

Adjournment:

Meeting adjourned at 8:00 p.m.

List of documents handed out

1. 03.22.21 draft minutes
2. 03.20.21 CFAC CIP Subcommittee minutes
3. FY 2022 General Fund Operating Budget Projections