

FINANCIAL UPDATE ON COMPREHENSIVE WASTEWATER MANAGEMENT PLAN

Town Council Meeting

April 7, 2022

Fiscal Policy Review Timeline

- Commenced the fiscal policy discussion at a Special Town Council meeting held on October 29, 2020
- Second meeting on April 29, 2021
- Third meeting on August 5, 2021
- Fourth meeting on November 18, 2021

Progress To Date

- \$60+ Million Appropriated
- Dedicated Resources:
 - Meals tax
 - Rooms tax (traditional and vacation rentals)
 - Cape & Islands Water Protection Fund
 - First subsidies awarded - \$8 million paid over 4 years
 - Applied to project financing by the Trust
 - Property tax growth from new construction for the next 5 years beginning in FY 2023
- Sewer assessment ordinance adopted on 7/1/2021
- The approval in FY 2022 of an operating section staffed and budgeted for implementation of the CWMP

Property Tax Growth Commitment

- \$750,000 per year for the next 5 years
- \$3,750,000 of recurring resources by year 5
- Increase in proposed FY 2023 CH70 Aid mitigate impact to operating budget
- Strategy was used in the past to increase funding for annual Public Road Infrastructure Program

State Revolving Fund (SRF) Loan Program

- Administered by MA Department of Environmental Protection
- Most recent fiscal year received \$1.45 billion in requests and awarded \$815 million; most going to low interest loans
- Provides low interest loan options for clean water, drinking water, stormwater, green infrastructure
 - 2.0% typical loan rate
 - 1.5% for Housing Choice Community (Barnstable)
 - 0% for Wastewater Nutrient Management Projects
- Financing conducted through the MA Clean Water Trust (MCWT)
- Principal subsidies are sometimes available

Criteria To Qualify For 0% Loans

- ✓ Remediate or prevent nutrient enrichment of a surface water body or a source of water supply
- ✓ Applicant or project is not currently subject to an enforcement order, consent order, enforcement action, court order
- ✓ Have an approved CWMP
- ✓ Project is consistent with regional water resources management plan
- x Flow neutral land use controls

Example of 0% Loan Financial Benefit

Rt. 28 West Sewer Expansion

Cost Estimate	\$40,500,000	\$40,500,000	\$40,500,000	\$40,500,000
Principal Subsidy	10%	10%	10%	10%
Amount Borrowed	\$36,450,000	\$36,450,000	\$36,450,000	\$36,450,000
Rate	2.00%	1.50%	0.00%	0.90% *
Years Amortized	20	20	20	30
Annual Payment	\$2,229,162	\$2,123,057	\$1,822,500	\$1,391,824
Total Payments	\$44,583,248	\$42,461,141	\$36,450,000	\$41,754,708
Interest Cost	\$8,133,248	\$6,011,141	\$0	\$5,304,708

* MCWT officials have indicated interest rate could be up to 90 points higher if loan is amortized over 30 years

Bipartisan Infrastructure Law (BIL)

- \$9.5 billion to Massachusetts over next 5 years
 - \$5.4 billion to roads and bridges
 - \$1.19 million for Bearses Way shared use path (2023)
 - \$18 million resurfacing Route 6 (2025)
 - \$1 billion for water and sewer infrastructure
 - MA Executive Office of Energy and Environmental Affairs awaits further guidelines from the federal government before finalizing a list of qualifying projects

Estimated 5 Year Project Costs

KEY

Preliminary Design

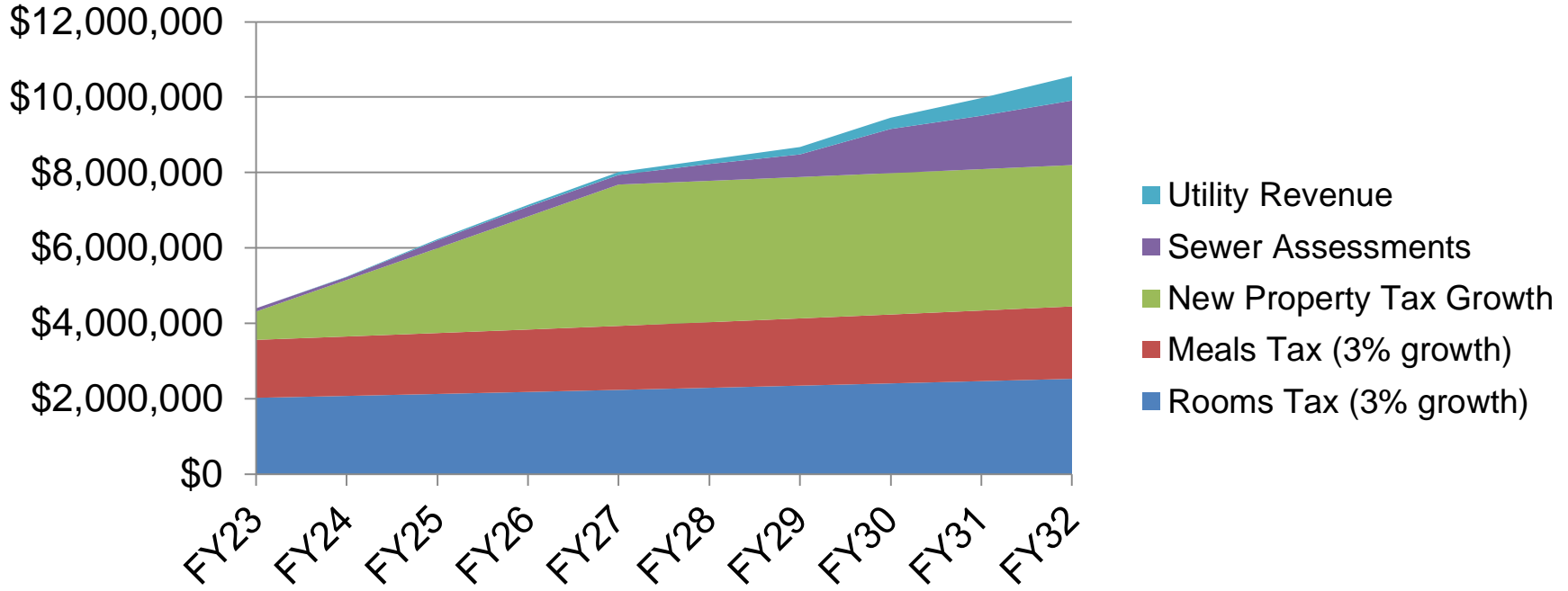
Final Design

Construction

Costs were prepared using 2021 dollars and inflated by 5% per year for anticipated increases in design and construction costs.

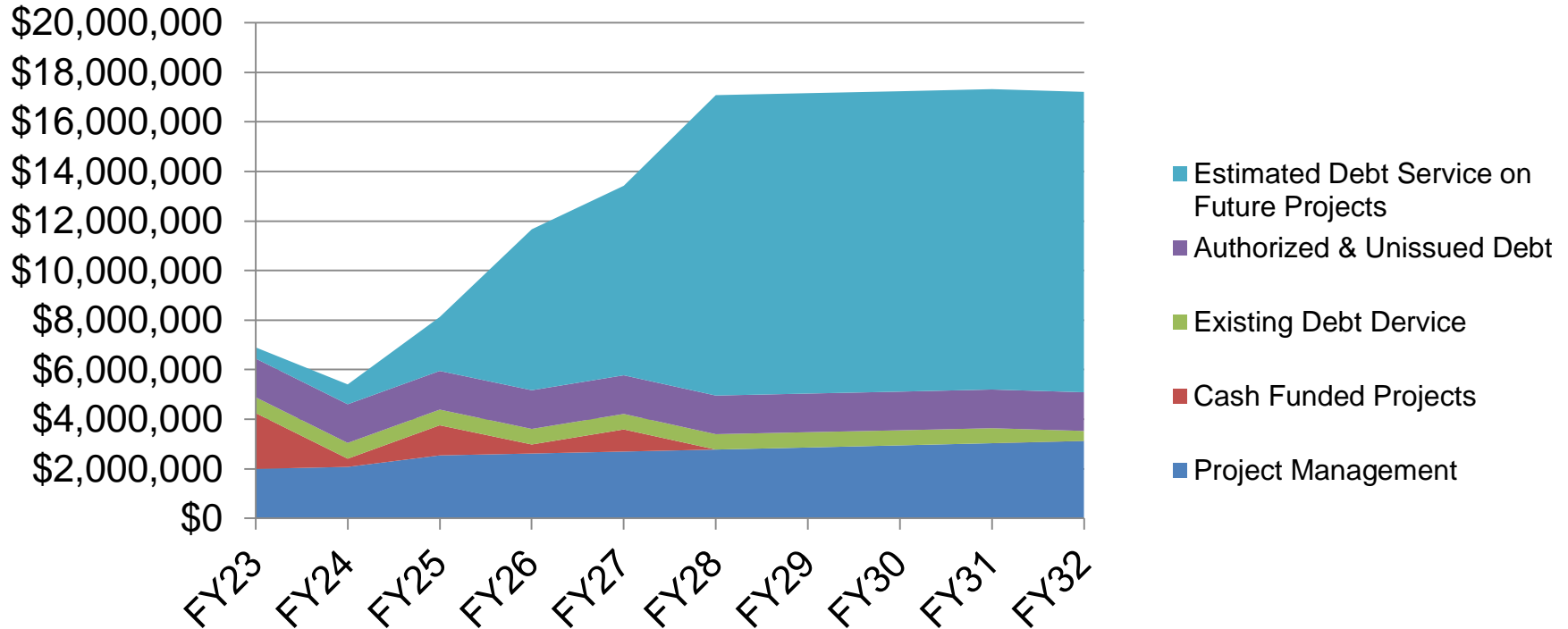
Sewer Expansion Collection System Projects - Phase 1						
Phase 1						
Project	FY23	FY24	FY25	FY26	FY27	TOTAL
Vineyard Wind 2 Route 2022-044		\$30,870,000				\$30,870,000
Phinneys Lane			\$28,940,625			\$28,940,625
Route 28 West 2022-045			\$40,516,875			\$40,516,875
Old Yarmouth Road	\$275,000	\$661,500		\$8,690,870		\$9,627,370
Old Craigville Road	\$600,000	\$1,543,500		\$20,663,606		\$22,807,106
Long Pond Area					\$44,669,855	\$44,669,855
Shootflying Hill Road	\$375,000		\$1,012,922		\$14,358,168	\$15,746,089
Long Beach		\$330,750	\$810,338		\$10,210,253	\$11,351,340
Great Marsh Road			\$578,813	\$1,458,608		\$2,037,420
Osterville Woods			\$636,694	\$1,519,383		\$2,156,077
South County Road				\$364,652	\$893,397	\$1,258,049
Prince Cove					\$510,513	\$510,513
Huckins Neck					\$382,884	\$382,884
TOTAL COSTS - COLLECTION SYSTEM	\$1,250,000	\$33,405,750	\$72,496,266	\$32,697,118	\$71,025,069	\$210,874,203
WPCF Sewer Expansion Related Upgrades - Phase 1						
Phase 1						
Project	FY23	FY24	FY25	FY26	FY27	TOTAL
Nitrogen Removal Improvements at WPCF	\$3,000,000		\$40,516,875			\$43,516,875
Effluent Disposal Improvements	\$1,000,000	\$3,858,750			\$44,669,855	\$49,528,605
TOTAL COSTS - WPCF UPGRADES - CWMP	\$4,000,000	\$3,858,750	\$40,516,875	\$0	\$44,669,855	\$93,045,480

Projected Program Cash Inflows

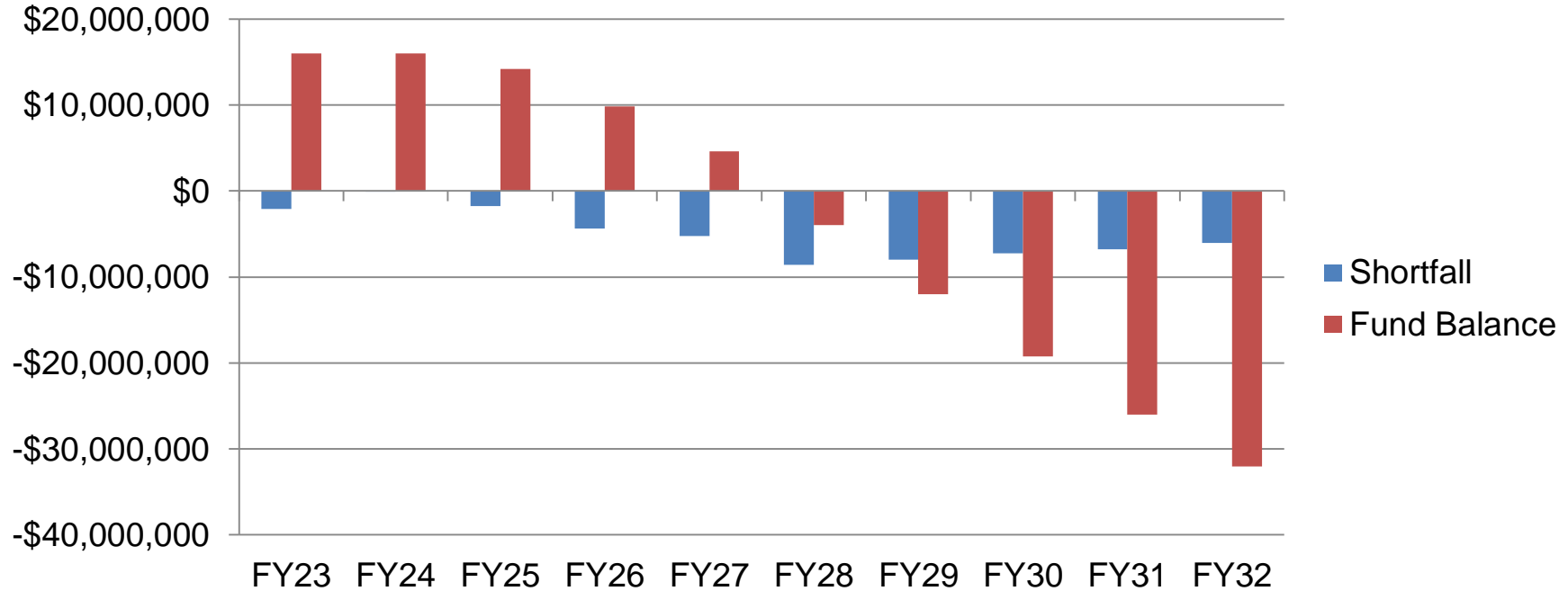


Projected Program Cash Outflows

Includes FY 2023 to FY 2027 Projects



Program Cash Shortfall And Fund Balance



Funding Solution: Debt Exclusion Override for the Following Projects

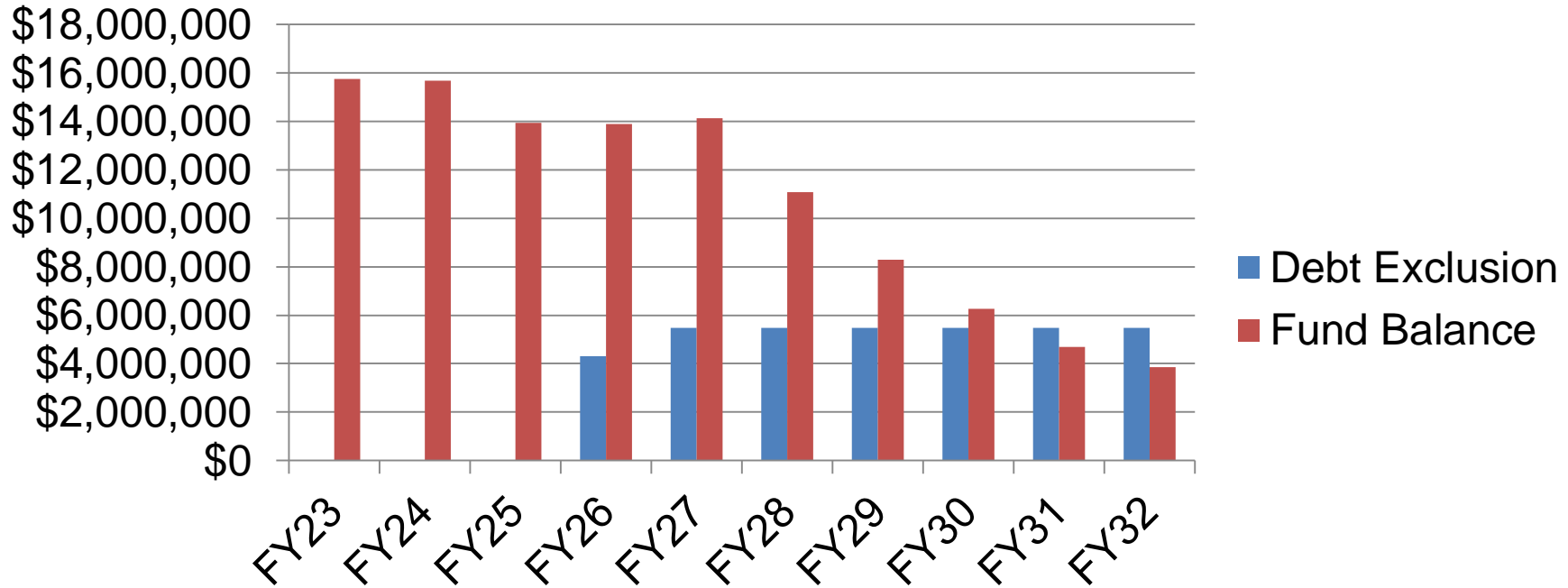
Year	Project	Loan Estimate	Loan Payment Begins	Estimated Annual Loan Payment	Cumulative Amount
2025	Phinneys Lane	\$28,940,625	2026	\$1,136,482	\$1,136,482
2025	Rt. 28 West	\$40,516,875	2026	\$1,591,075	\$2,727,557
2025	Nitrogen Removal Improvements	\$40,516,875	2026	\$1,591,075	\$4,318,632
2026	Old Yarmouth Rd	\$8,690,870	2027	\$341,286	\$4,659,918
2026	Old Craigville Rd	\$20,663,606	2027	\$811,448	\$5,471,366
	Total	\$139,328,851			

Tax Rate and Tax Bill Impact of Additional \$5.5 Million Investment

FY22 Tax Levy	\$136,243,968
÷ FY22 Tax Rate	<u>785</u>
Every penny raises	\$173,559
Additional investment	\$5,471,366
	<u>÷ 173,559</u>
Impact on Tax Rate (rounded)	\$0.31

Tax Bill Impact on Median Assessed Value of \$412,600 = \$91 per year
(A property eligible for the residential exemption)

Program Fund Balance With Debt Exclusion



Summary

- \$304 million over the next 5 years (FY23-FY27) in estimated project costs
 - \$165 million can be provided for with existing resources
- An additional \$5.5 million is needed annually to cover the remaining costs within this 5 year period
- Debt exclusion vote should take place before contracts are awarded for the FY 2025 construction projects
- A vote by the Fall of 2023 (FY24) would allow for better FY 2025 budget development planning
- Additional resources will likely be required to fund the next 5 year phase occurring in FY28 – FY32