

Town Council Meeting

Fiscal Policy Workshop

Town Manager

Comprehensive Water Management  
Planning

August 5, 2021

# Fiscal Policy

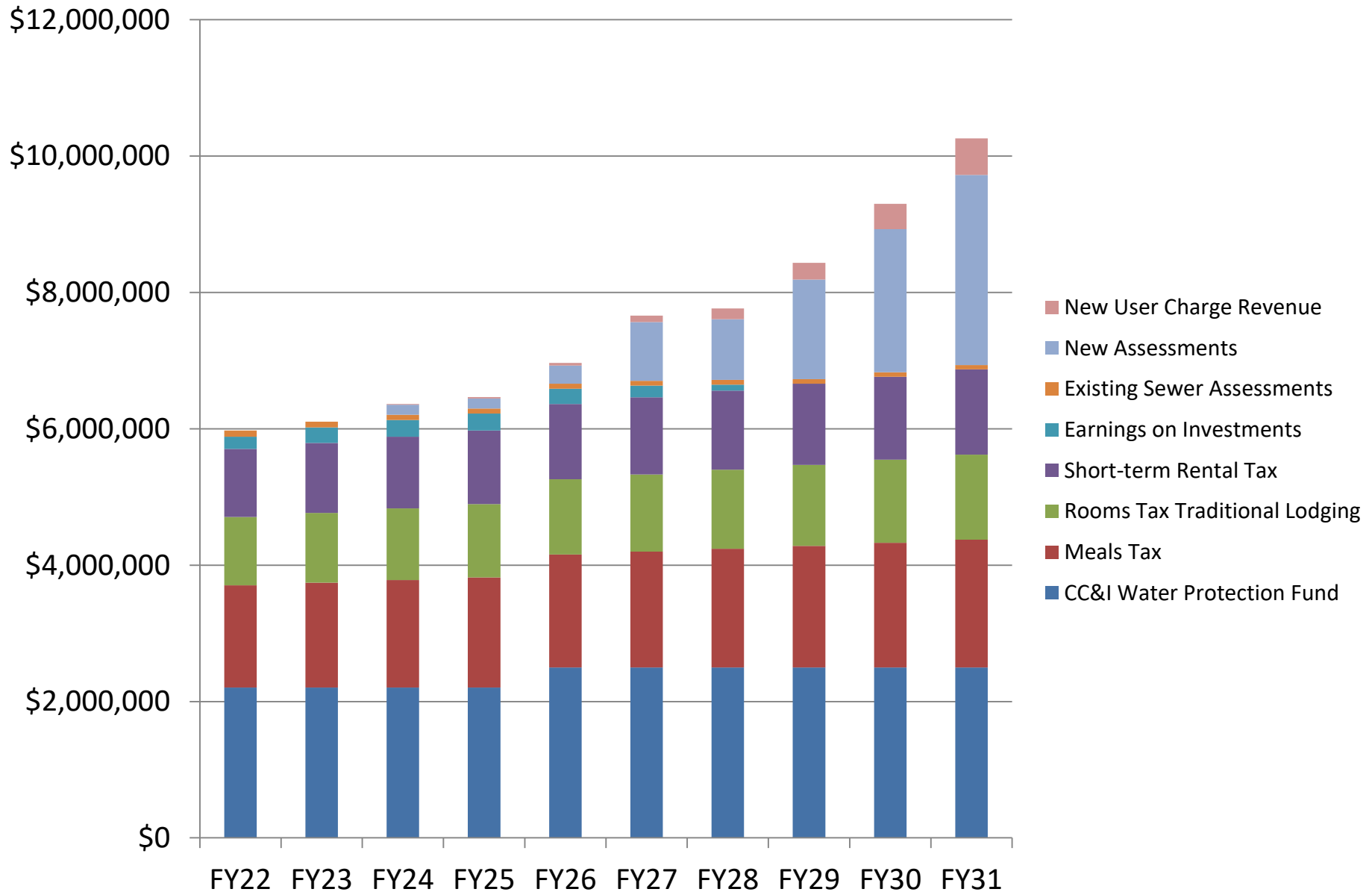
- The Fiscal Policy under review by Town Council
  - Commenced the fiscal policy discussion at a Special Town Council meeting held on October 29, 2020 followed by a second meeting on April 29, 2021
  - Fiscal policy under consideration would establish how to equitably distribute the cost of the Comprehensive Wastewater Management Plan (CWMP)
    - The Town had established significant revenue sources in the last decade to offset more than one-half of the estimated cost of the CWMP
    - The policy under discussion is how to pay for the remaining costs
    - Town Manager's proposal to Town Council included the following:
      - First, review and approve a Sewer Assessment Ordinance which includes a sewer assessment to each individual property receiving the planned sewer (Approved 7/1/2021); and
      - Second discuss the use of general funds to pay for the remaining portion of cost associated with proceeding with the CWMP

# “Implementation of an Adaptive and Changing Plan”

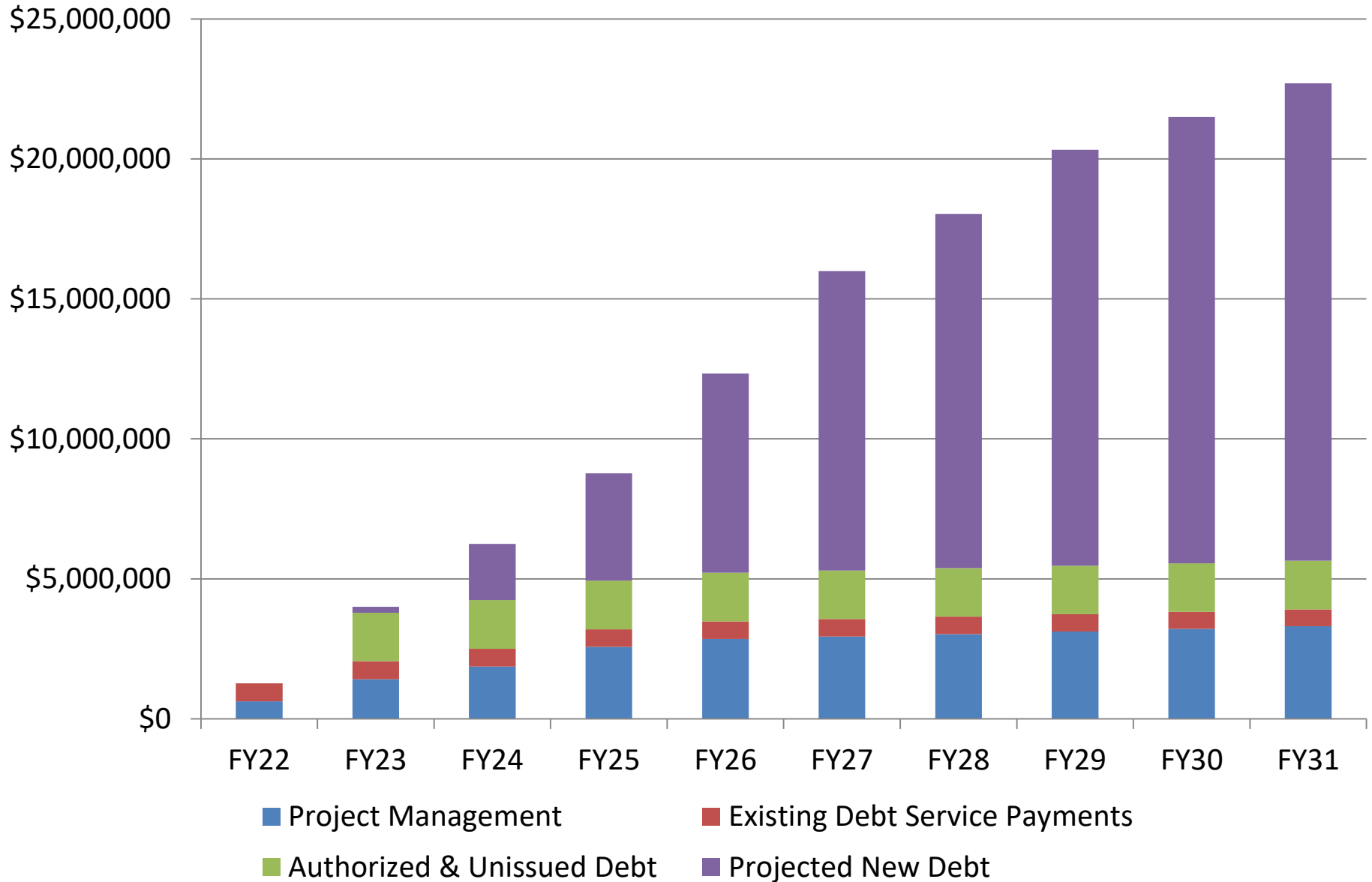
The CWMP needs to be adaptive to change

- Flexible
  - Led by in-house staff using consultants to augment where needed
  - Able to adapt to changes in technology, regulation, finance and of our community
    - Received approval from State and County for CWMP
    - Town Council approved the Sewer Assessment Ordinance
    - Commenced discussions with Board of Health
      - Connection of properties to existing sewers
      - Working with residents in areas to be sewerred that need to address their Title 5 system prior to extending the sewer
      - Innovative/Alternative Technologies
      - Designations of nitrogen sensitive areas beyond the areas to be sewerred in the CWMP
      - Pending litigation with CLF
    - Created a lakes & Ponds team to focus on freshwater systems
    - Continue to lead the discussion of Emerging Contaminants in the Commonwealth
  - This is a 30 year plan and reviewed in 5 year increments to allow for such adaptation
  - We have proceeded with both traditional and non-traditional projects in our CWMP with capital project approvals by Town Council of approximately \$65M
  - The approval in FY 2022 of an operating section staffed and budgeted for implementation of the CWMP

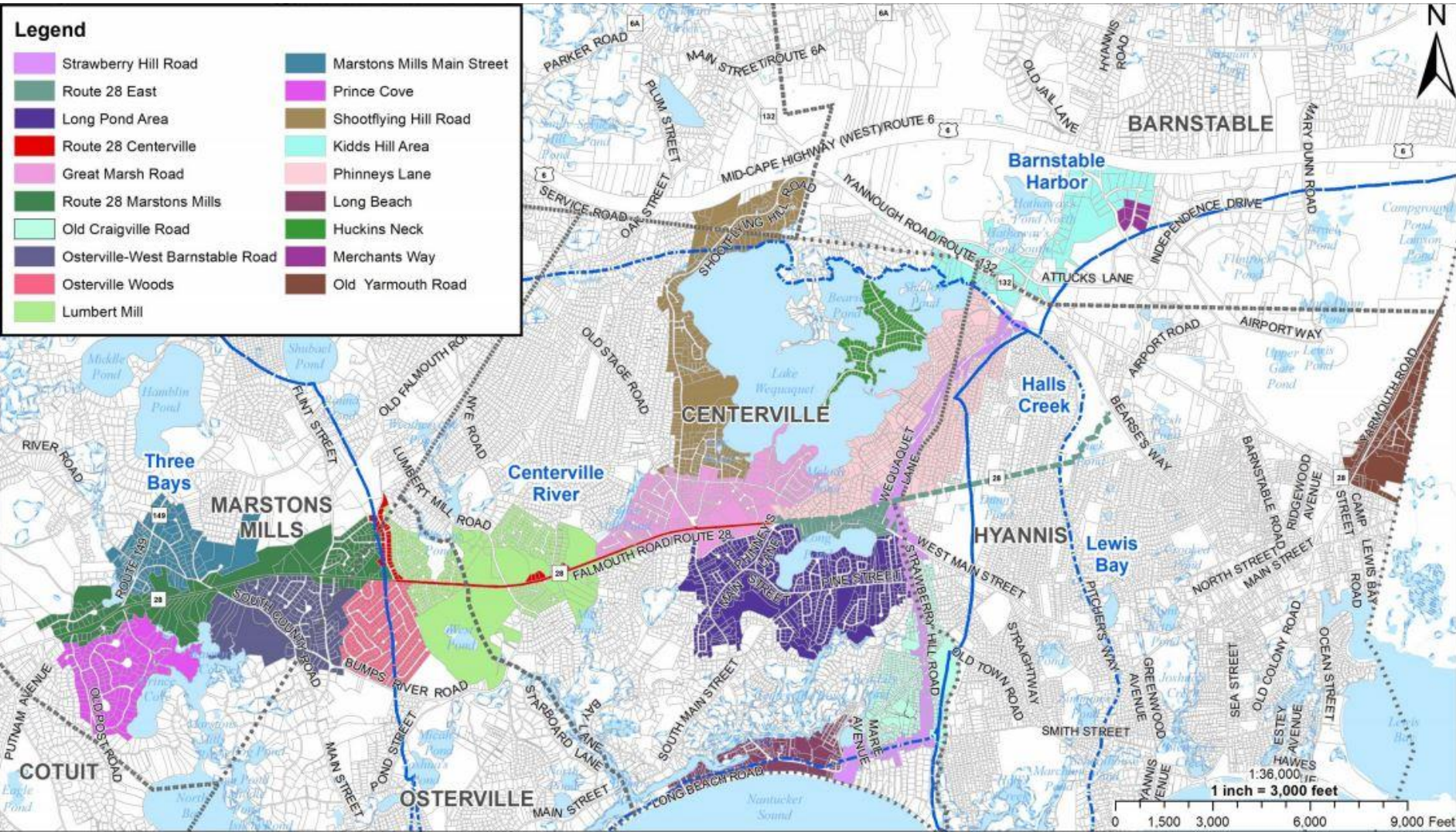
# Projected Existing Resources



# Projected Commitments



# Phase I Implementation Plan



# Phase I Project Cost Estimates

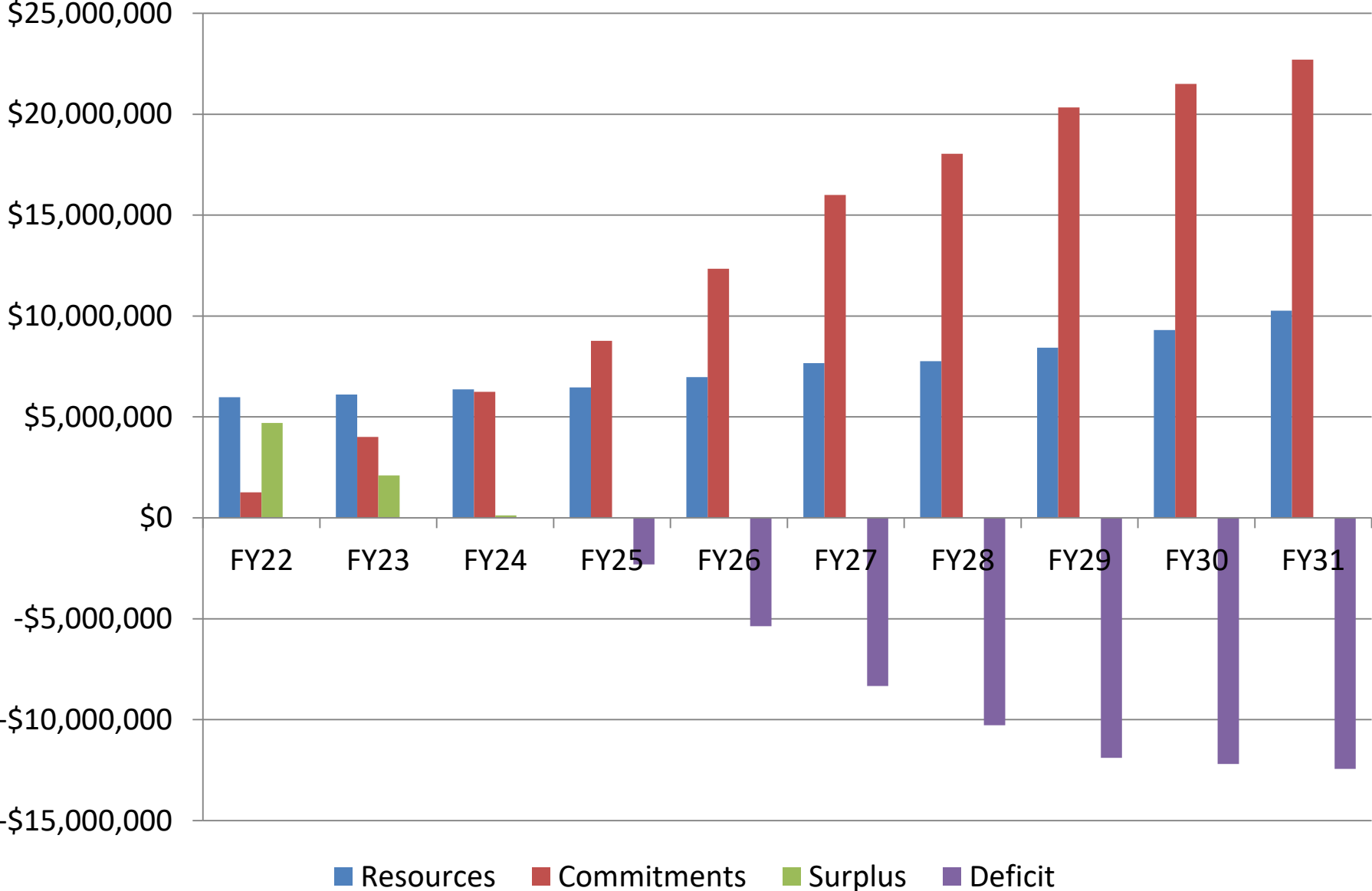
Sewer Expansion Collection System Projects - Phase 1											
Project	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	TOTAL
Merchants Way											\$600,000
Strawberry Hill Road											\$9,335,000
Route 28 East	\$12,000,000										\$12,800,000
Old Yarmouth Road		\$6,000,000									\$7,350,000
Phinneys Lane		\$20,000,000									\$21,050,000
Long Beach	\$300,000	\$750,000		\$7,500,000							\$8,550,000
Route 28 Centerville			\$14,000,000								\$15,912,000
Huckins Neck		\$250,000	\$600,000		\$5,000,000						\$5,850,000
Long Pond Area				\$28,000,000							\$29,340,000
Great Marsh Road	\$550,000		\$1,250,000		\$15,500,000						\$17,300,000
Old Craigville Road		\$500,000		\$1,000,000		\$15,000,000					\$16,500,000
Route 28 Marstons Mills						\$13,500,000					\$15,300,000
Osterville Woods				\$450,000	\$1,050,000		\$13,500,000				\$15,000,000
Shootflying Hill Road			\$600,000		\$1,350,000		\$17,500,000				\$19,450,000
Lumbert Mill					\$450,000	\$1,050,000		\$13,500,000			\$15,000,000
Osterville-West Barnstable Road & South County Road						\$300,000	\$675,000		\$8,700,000		\$9,675,000
Marstons Mills Main Street					\$300,000		\$650,000		\$6,000,000		\$6,950,000
Prince Cove						\$350,000		\$650,000		\$8,000,000	\$9,000,000
Attucks Lane / Kidds Hill Area							\$300,000	\$650,000		\$8,500,000	\$9,550,000
<b>TOTAL COSTS - COLLECTION SYSTEM</b>	<b>\$12,850,000</b>	<b>\$27,500,000</b>	<b>\$16,450,000</b>	<b>\$36,950,000</b>	<b>\$23,650,000</b>	<b>\$30,200,000</b>	<b>\$32,625,000</b>	<b>\$14,800,000</b>	<b>\$14,700,000</b>	<b>\$16,500,000</b>	<b>\$244,512,000</b>
<b>NEW PARCELS CONNECTED</b>	<b>240</b>	<b>0</b>	<b>180</b>	<b>856</b>	<b>41</b>	<b>754</b>	<b>803</b>	<b>833</b>	<b>357</b>	<b>542</b>	<b>4,613</b>
<b>COMBINED FLOW (GPD)</b>	<b>1,717,000</b>	<b>1,717,000</b>	<b>1,749,000</b>	<b>1,881,000</b>	<b>1,887,000</b>	<b>2,023,000</b>	<b>2,144,000</b>	<b>2,292,000</b>	<b>2,345,000</b>	<b>2,452,000</b>	<b>782,000</b>

# Phase I Project Cost Estimates

WPCF Sewer Expansion Related Upgrades - Phase 1											
Phase 1											
Project	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	TOTAL
Aeration Upgrades		\$5,500,000									\$5,700,000
Effluent Flow Meter (Permit Requirement)											\$600,000
Denitrification		\$600,000		\$5,500,000							\$6,315,000
BWPCF Effluent Disposal Capacity											\$195,000
Effluent Disposal Location		\$3,500,000			\$35,000,000						\$39,650,000
Future Pipes for Potential Yarmouth Connection											\$1,300,000
Solids Handling											\$8,000,000
BWPCF Facility Study (Permit Requirement)	\$150,000										\$150,000
Headworks Modifications		\$250,000									\$250,000
Main Switch B Generator			\$550,000								\$550,000
Secondary Clarifier Upgrades								\$300,000		\$800,000	\$1,100,000
<b>TOTAL COSTS - WPCF UPGRADES</b>	<b>\$150,000</b>	<b>\$9,850,000</b>	<b>\$550,000</b>	<b>\$5,500,000</b>	<b>\$35,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$800,000</b>	<b>\$61,550,000</b>



# Funding Gap



# Strategies to Close the Gap

- Wait until FY25 to begin providing general fund support
  - Preserve current service levels
  - More time to identify the form of the General Fund support
  - More time to scrutinize the impacts of reduced or eliminate services
- Begin general fund support immediately to smooth the investment needed and avoid a sudden large contribution
  - May impact current services but to a lesser degree

# Options to Close Gap

- Redirect existing property tax levy from other areas of the budget to the CWMP
- Increase in the property tax levy with a debt exclusion override
- Water Infrastructure Investment Fund (WIIF)
- Special legislation authorizing a real estate transfer tax
- Combination

# General Fund Contribution

- Debt Exclusion Option
  - Adds the principal and interest payments on loans for specific projects to the tax levy for as long as the loans are outstanding
  - Does not increase the town's levy limit nor become part of the base for calculating future years' levy limits
  - May be presented to and approved by the voters before or after the related debt is authorized or issued
  - Multiple borrowings may be included within a single question

# Debt Exclusion Election Procedures

- A 2/3 vote of the Town Council is required to present a question to the electorate
- May be placed on a regular or special municipal election ballot or on state biennial election ballot
- Town Clerk must receive written notice of the question being placed on the ballot at least 35 days before the date of the election
- If added to state ballot, Secretary of State must be notified by the first Wednesday in August

# Future Eligible Election Dates

- November 2, 2021 Town Election
- November 8, 2022 State Election
- November 7, 2023 Town Election all precincts
- A special town election could be scheduled

# Debt Exclusion Form of Question

- The exact language must be used to properly place a question before the voters
- The borrowing purpose in an exclusion question must describe the particular project(s) being funded by the question; e.g. the CWMP
- A debt exclusion covers debt service on the amount of borrowing authorized or contemplated for the stated purpose at the time of the election

# Sample Ballot Question

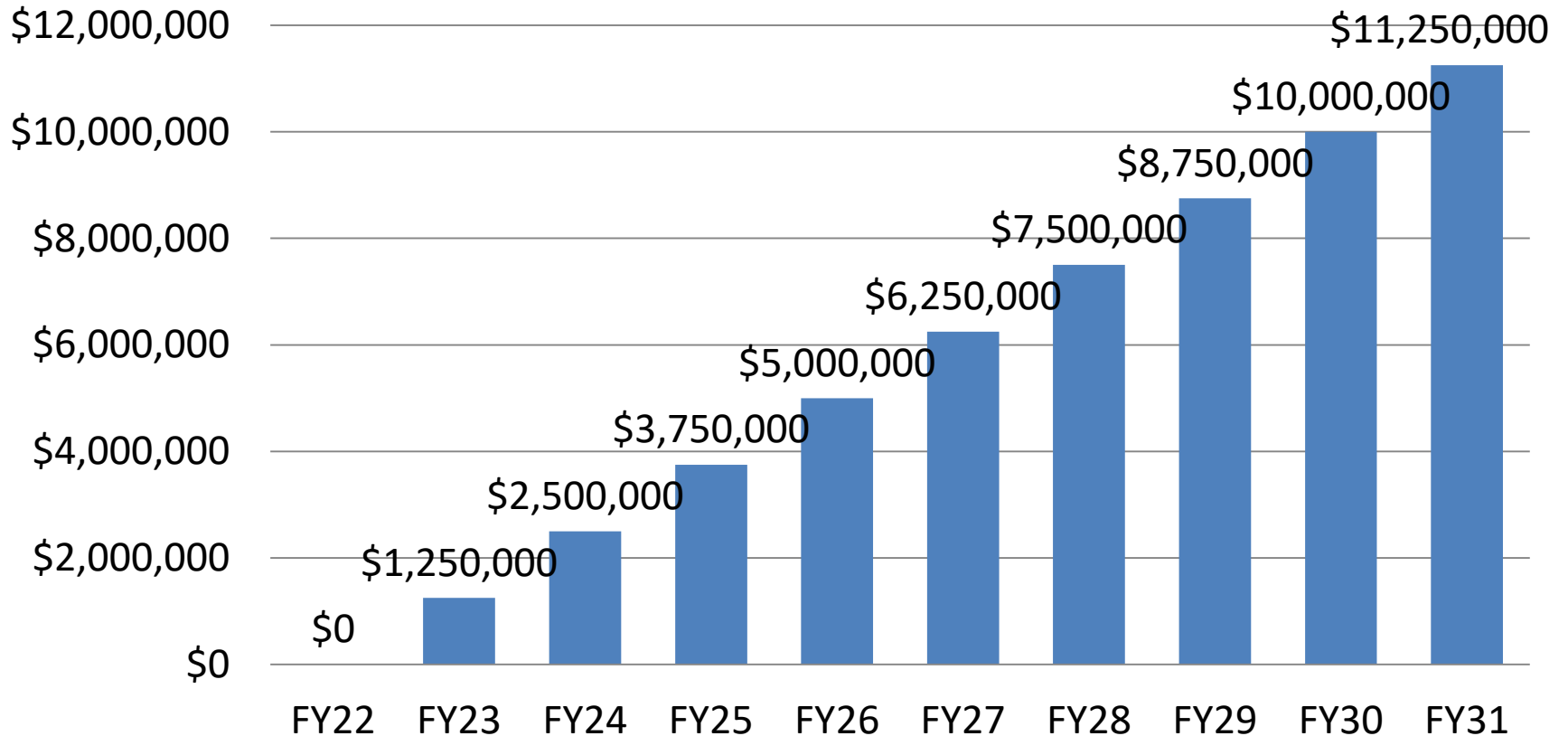
- “Shall the Town of Barnstable of be allowed to exempt from the provisions of proposition two and one-half, so-called, the amounts required to pay for the principal and related interest on bonds issued in an aggregate principal amount of \$\_\_\_\_\_ in order to design and construct the expansion of a public sewer system as outlined in the Town’s Comprehensive Wastewater Management Plan?”

Yes \_\_\_\_\_ No \_\_\_\_\_



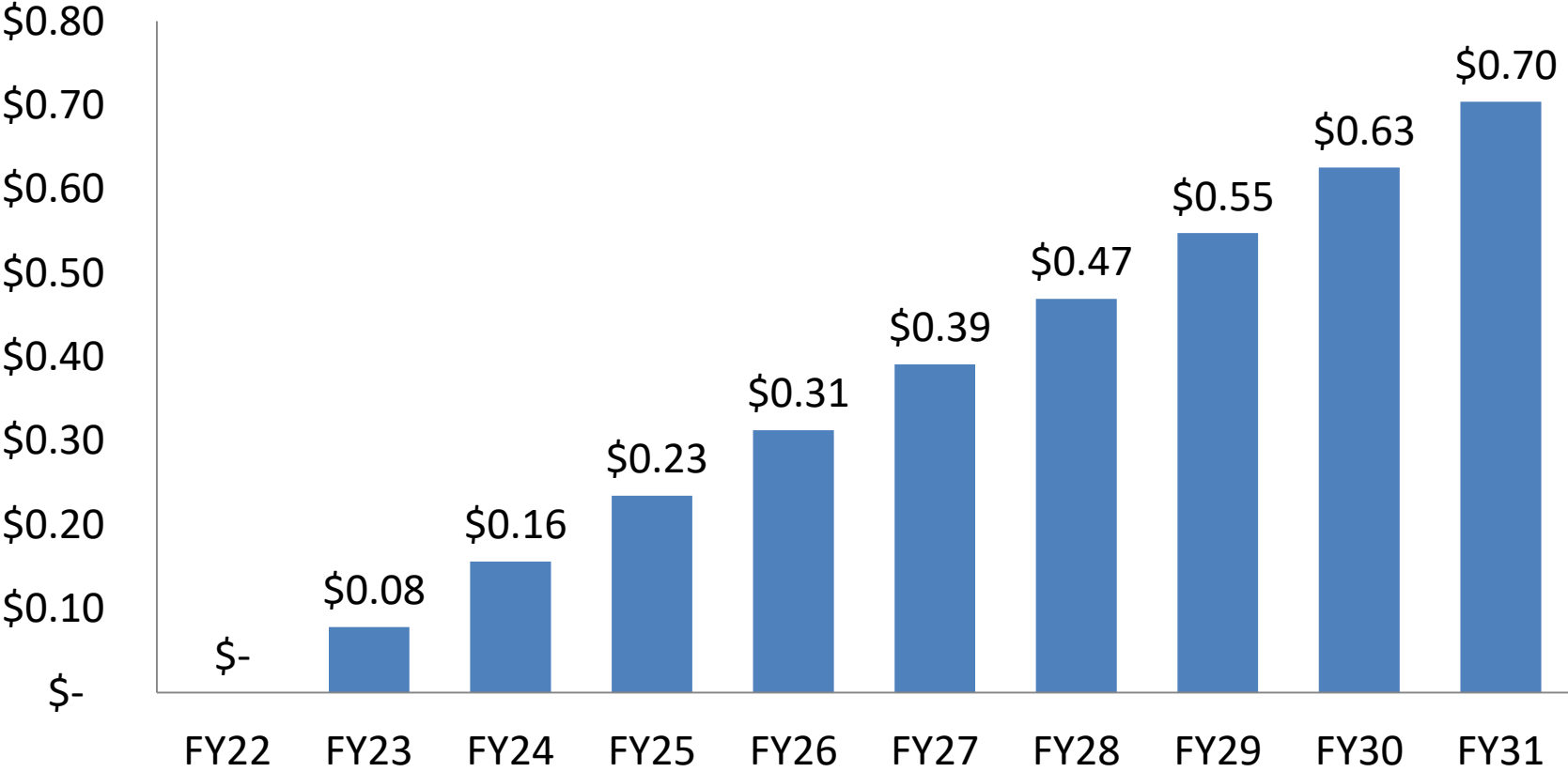
# Debt Exclusion Option

## Debt Added to Tax Levy



Would need to exempt the principal and interest payments on \$110 million of loans to allow for up to \$5 million to be added to tax levy over the next 5 years.

# Debt Exclusion Tax Rate Impact



Approximately every \$160,000 of additional taxing add \$0.01 to the tax rate.

# Tax Bill Impact

Fiscal Year	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Tax Rate Impact	\$0.00	\$0.08	\$0.16	\$0.23	\$0.31	\$0.39	\$0.47	\$0.55	\$0.63	\$0.70
Assessed Value	Annual Tax Bill Impact - Property Qualifies for Residential Exemption									
\$100,000	\$0.00	\$0.80	\$1.60	\$2.30	\$3.10	\$3.90	\$4.70	\$5.50	\$6.30	\$7.00
\$200,000	\$0.00	\$7.33	\$14.65	\$21.06	\$28.39	\$35.72	\$43.04	\$50.37	\$57.70	\$64.11
\$300,000	\$0.00	\$15.33	\$30.65	\$44.06	\$59.39	\$74.72	\$90.04	\$105.37	\$120.70	\$134.11
<b>\$388,500</b>	<b>\$0.00</b>	<b>\$22.41</b>	<b>\$44.81</b>	<b>\$64.42</b>	<b>\$86.83</b>	<b>\$109.23</b>	<b>\$131.64</b>	<b>\$154.05</b>	<b>\$176.45</b>	<b>\$196.06</b>
\$400,000	\$0.00	\$23.33	\$46.65	\$67.06	\$90.39	\$113.72	\$137.04	\$160.37	\$183.70	\$204.11
\$500,000	\$0.00	\$31.33	\$62.65	\$90.06	\$121.39	\$152.72	\$184.04	\$215.37	\$246.70	\$274.11
\$600,000	\$0.00	\$39.33	\$78.65	\$113.06	\$152.39	\$191.72	\$231.04	\$270.37	\$309.70	\$344.11
\$700,000	\$0.00	\$47.33	\$94.65	\$136.06	\$183.39	\$230.72	\$278.04	\$325.37	\$372.70	\$414.11
\$800,000	\$0.00	\$55.33	\$110.65	\$159.06	\$214.39	\$269.72	\$325.04	\$380.37	\$435.70	\$484.11
\$900,000	\$0.00	\$63.33	\$126.65	\$182.06	\$245.39	\$308.72	\$372.04	\$435.37	\$498.70	\$554.11
\$1,000,000	\$0.00	\$71.33	\$142.65	\$205.06	\$276.39	\$347.72	\$419.04	\$490.37	\$561.70	\$624.11
Fiscal Year	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Tax Rate Impact	\$0.00	\$0.08	\$0.16	\$0.23	\$0.31	\$0.39	\$0.47	\$0.55	\$0.63	\$0.70
Assessed Value	Annual Tax Bill Impact - Property Not Qualifying for Residential Exemption									
\$100,000	\$0.00	\$8.00	\$16.00	\$23.00	\$31.00	\$39.00	\$47.00	\$55.00	\$63.00	\$70.00
\$200,000	\$0.00	\$16.00	\$32.00	\$46.00	\$62.00	\$78.00	\$94.00	\$110.00	\$126.00	\$140.00
\$300,000	\$0.00	\$24.00	\$48.00	\$69.00	\$93.00	\$117.00	\$141.00	\$165.00	\$189.00	\$210.00
<b>\$388,500</b>	<b>\$0.00</b>	<b>\$31.08</b>	<b>\$62.16</b>	<b>\$89.36</b>	<b>\$120.44</b>	<b>\$151.52</b>	<b>\$182.60</b>	<b>\$213.68</b>	<b>\$244.76</b>	<b>\$271.95</b>
\$400,000	\$0.00	\$32.00	\$64.00	\$92.00	\$124.00	\$156.00	\$188.00	\$220.00	\$252.00	\$280.00
\$500,000	\$0.00	\$40.00	\$80.00	\$115.00	\$155.00	\$195.00	\$235.00	\$275.00	\$315.00	\$350.00
\$600,000	\$0.00	\$48.00	\$96.00	\$138.00	\$186.00	\$234.00	\$282.00	\$330.00	\$378.00	\$420.00
\$700,000	\$0.00	\$56.00	\$112.00	\$161.00	\$217.00	\$273.00	\$329.00	\$385.00	\$441.00	\$490.00
\$800,000	\$0.00	\$64.00	\$128.00	\$184.00	\$248.00	\$312.00	\$376.00	\$440.00	\$504.00	\$560.00
\$900,000	\$0.00	\$72.00	\$144.00	\$207.00	\$279.00	\$351.00	\$423.00	\$495.00	\$567.00	\$630.00
\$1,000,000	\$0.00	\$80.00	\$160.00	\$230.00	\$310.00	\$390.00	\$470.00	\$550.00	\$630.00	\$700.00

\* FY21 Median Residential Assessed Value

# Water Infrastructure Investment Fund (WIIF)

- Up to 3% surtax on taxable real estate similar to CPA
- Requires majority approval of Town Council and voters
- Could be placed on a regular municipal or state election ballot
- Can be used for drinking water, wastewater and stormwater
- Could be implemented as early as July 1, 2022
- Must stay in place a minimum of 3 years
- Certain eligible taxpayers are exempt
- Could generate approximately \$3.5 - \$4 million per year

# Sample Town Council Agenda

**Ordered:** that the Town Council accept General Laws Chapter 40, Section 39M, which establishes a special “Municipal Water Infrastructure Investment Fund” that may be appropriated and spent for maintenance, improvements and investments to municipal drinking, wastewater and stormwater infrastructure assets, and will approve a property tax surcharge in an amount not to exceed \_\_\_\_\_ percent of the taxes assessed annually on real property, which will be dedicated to the fund, the surcharge to be imposed starting with taxes assessed for fiscal year \_\_\_\_\_ beginning on July 1, \_\_\_\_\_ or take any other action relative thereto.

# WIIF Ballot Procedures

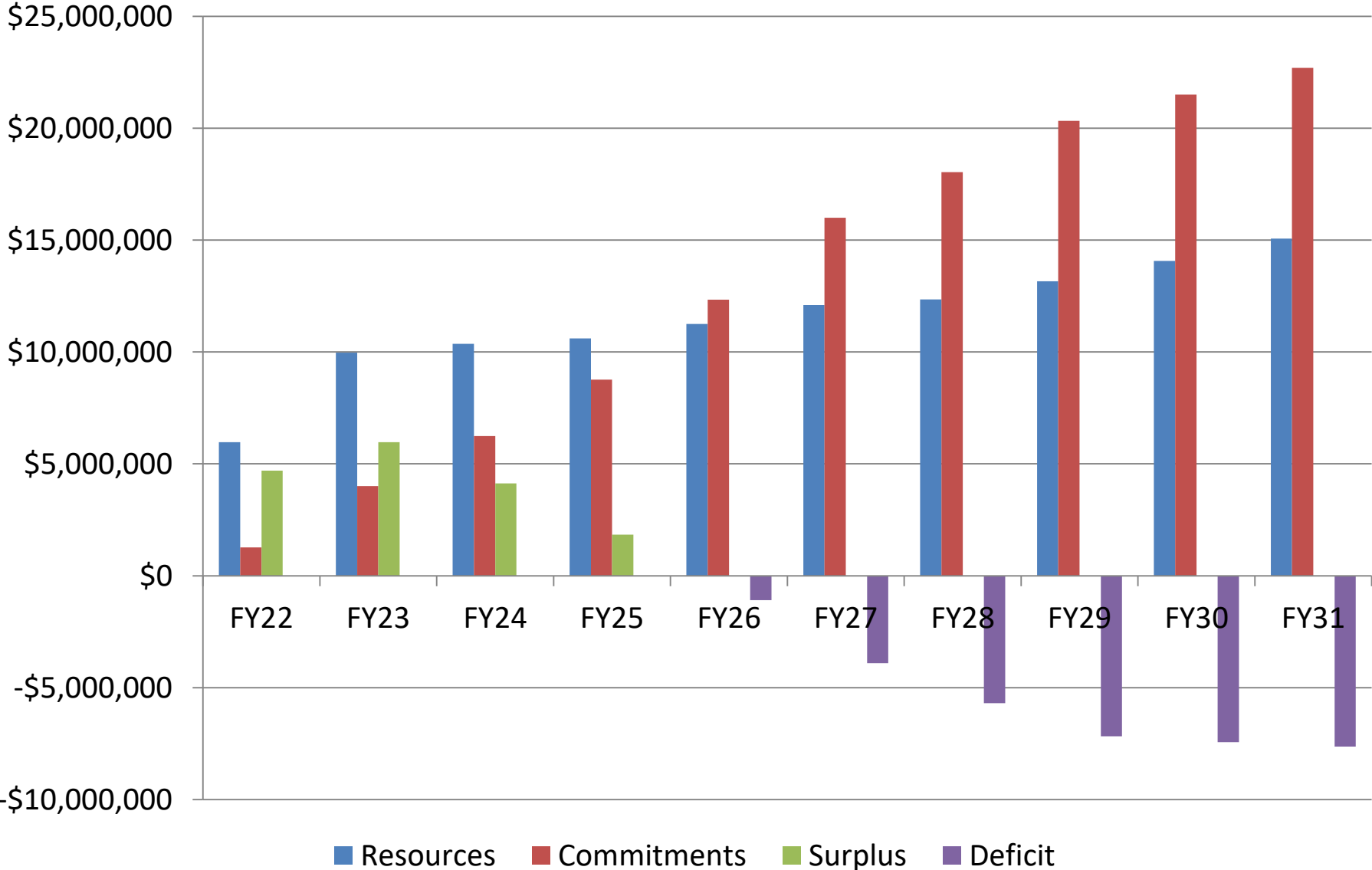
- After the Town Council accepts the law and approves the amount of the surcharge, the acceptance question must be placed before the voters at the next regularly scheduled municipal or state election
- If municipal election, Town Clerk must be notified at least 35 days in advance
- If state election, Secretary of State must receive 60 days advance notice

# Sample Ballot Question

Shall the Town of Barnstable accept the provisions of section 39M of chapter 40 of the General Laws, a fair and concise summary of which appears below?

Yes \_\_\_\_\_ No \_\_\_\_\_

# Funding Gap With WIIF





# WIIF Tax Bill Impact

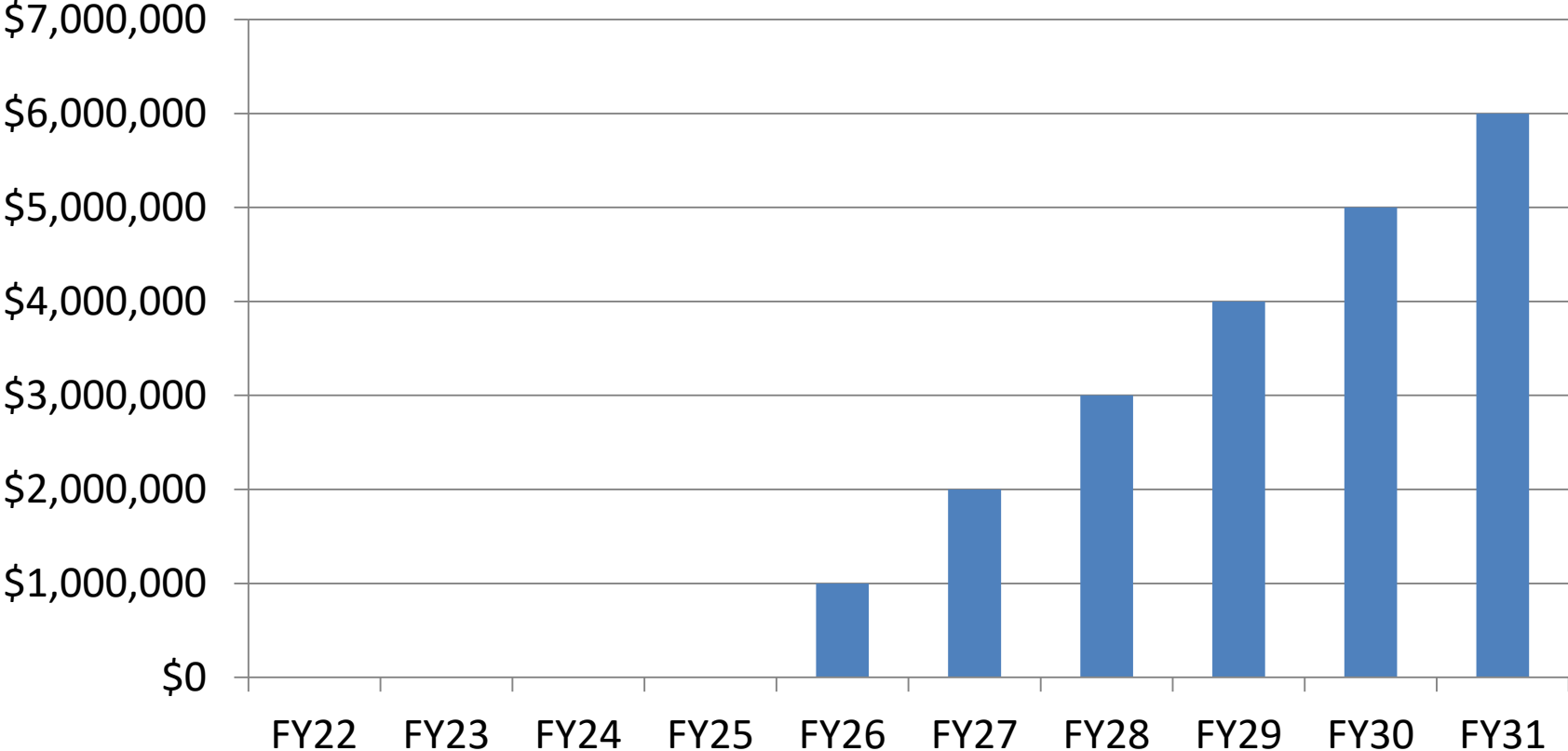
Fiscal Year	FY23
WIIF Surcharge	3%
FY21 Residential Tax Rate	\$9.10

Taxable Value	W/O R.E.	With R.E.
\$100,000	\$27.30	\$2.73
\$200,000	\$54.60	\$25.00
\$300,000	\$81.90	\$52.30
<b>\$388,500</b>	<b>\$106.06</b>	<b>\$76.46</b>
\$400,000	\$109.20	\$79.60
\$500,000	\$136.50	\$106.90
\$600,000	\$163.80	\$134.20
\$700,000	\$191.10	\$161.50
\$800,000	\$218.40	\$188.80
\$900,000	\$245.70	\$216.10
\$1,000,000	\$273.00	\$243.40

\* FY21 Median Residential Assessed Value

# Debt Exclusion with WIIF

## Debt Added to Tax Levy



Would need to exempt the principal and interest payments on \$25 million of loans to allow for up to \$1 million to be added to tax levy over the next 5 years.

# Tax Rate Impact With WIIF

