

An aerial photograph of a rocky coastline. The water is clear and shallow, revealing numerous dark, rounded rocks of various sizes scattered across the seabed. The water's surface is textured with gentle ripples and reflects the light, creating a shimmering effect. The overall color palette is dominated by various shades of blue and green, with the rocks appearing in dark tones. The horizon line is visible in the upper third of the image, where the water meets a pale, overcast sky.

Financing Update for the Comprehensive Wastewater Management Plan

Town of Barnstable, MA

February 1, 2024

Five Year CWMP Capital Program Requests

* Project is listed on Department of Environmental Protection's (DEP) 2024 Intended Use Plan.

PROJECT TITLE	2025	2026	2027	2028	2029	TOTALS
Long Beach Sewer Expansion	750,000	9,000,000				9,750,000
Rt. 28 West Sewer Expansion *	59,650,000					59,650,000
Nitrogen Removal & Headworks Improvements *	109,330,000		63,399,000			172,729,000
Phinney's Lane Sewer Expansion *		40,000,000				40,000,000
Mill Pond Dredging		5,000,000	150,000			5,150,000
Great Marsh Rd Sewer Expansion		2,500,000		38,000,000		40,500,000
South County Rd Sewer Expansion		600,000	1,500,000		21,000,000	23,100,000
Long Pond Area Sewer Expansion			38,000,000			38,000,000
Prince Cove Sewer Expansion			750,000	1,500,000	25,000,000	27,250,000
Huckins Neck Rd Sewer Expansion			300,000	700,000		1,000,000
Osterville woods Sewer Expansion				600,000	1,400,000	2,000,000
Old Yarmouth Rd Sewer Expansion				12,750,000		12,750,000
TOTAL	\$169,730,000	\$57,100,000	\$104,099,000	\$53,550,000	\$47,400,000	\$431,879,000

Funded with cash reserves	\$ 750,000	\$ 3,100,000	\$ 2,700,000	\$ 2,800,000	\$ 1,400,000	\$ 10,750,000
Finance with loan from MCWT or GOB	\$ 168,980,000	\$ 54,000,000	\$ 101,399,000	\$ 50,750,000	\$ 46,000,000	\$ 421,129,000
Total	\$ 169,730,000	\$ 57,100,000	\$ 104,099,000	\$ 53,550,000	\$ 47,400,000	\$ 431,879,000

Financing Construction Costs

- Two sources for loan financing of construction costs:
 1. Mass Clean Water Trust (MCWT)
 - Must be included on DEP's Intended Use Plan (IUP) to finance with MCWT
 - If listed on the IUP it is eligible for Cape & Islands Water Protection Fund principal subsidy; currently estimated at 12%
 - Tier 1 Disadvantaged Community designation provides additional 3.3% principal subsidy
 - Housing Choice Communities qualify for a 1.5% interest rate for up to 20 years; higher interest rates apply to loans in excess of 20 years
 - Annual Financing Cap of \$50 million; subject to waiver by DEP
 2. General Obligation Bond (GOB)
 - Package CWMP construction costs with other town capital projects for annual bid
 - Current borrowing rates in the municipal bond market are estimated at 4%
- Operating budget includes the annual loan payments on borrowings conducted through the MCWT and GOB

Timeline –
Appropriation
to First Loan
Payment

Rt 28 East - Actual Timeline				
Jun 2021	Jun 2022	Sep 2022	Nov 2023	Jul 2024
Appropriation (FY 2021)	Construction contract signed (FY 2022)	Construction begins & interim loan with MCWT signed (FY 2023)	Interim loan converted to long-term loan with MCWT (FY 2024)	First loan payment (FY 2025)
Nitrogen Removal & Headworks Improvements - Projected Timeline for 1st Loan				
Apr 2024	Jun 2025	Sep 2025	Nov 2026	Jul 2027
Appropriation (FY 2024)	Construction contract signed (FY 2025)	Construction begins & interim loan with MCWT signed (FY 2026)	Interim loan converted to long-term loan with MCWT (FY 2027)	First loan payment (FY 2028)

Projected CWMP Commitments (stated in millions)

\$ Financed is the amount after anticipated subsidy is applied

	CIP Year	\$ Financed	Source	2025	2026	2027	2028	2029	2030	
1	Project Management			\$ 2.62	\$ 2.70	\$ 2.77	\$ 2.85	\$ 2.93	\$ 3.02	
2	Cash Funded Projects			0.75	3.10	2.70	2.80	1.40	-	
3	Authorized & Issued Debt			1.73	1.67	1.67	1.66	1.66	1.65	
4	Future Debt (Est. annual loan payment):									
4a	Authorized & Unissued Debt	2023 - 24	\$ 15.02	GOB	1.11	1.11	1.11	1.11	1.11	
4b	Centerville Sewer Expansion	2024	23.18	MCWT	-	-	0.99	0.99	0.99	
4c	Nitrogen Removal & Headworks 1	2025	42.35	MCWT	-	-	-	1.81	1.81	
4d	Rt. 28 West 1	2025	29.83	GOB	-	-	-	1.72	1.72	
4e	Nitrogen Removal & Headworks 2	2025	42.35	MCWT	-	-	-	1.81	1.81	
4f	Rt. 28 West 2	2025	29.83	GOB	-	-	-	1.72	1.72	
4g	Phinneys Lane Neighborhoods 1	2026	20.00	GOB	-	-	-	1.16	1.16	
4h	Mill Pond dredge	2026	5.00	GOB	-	-	-	0.37	0.37	
4i	Long Beach	2026	9.00	GOB	-	-	-	0.52	0.52	
4k	Nitrogen Removal & Headworks 3	2025	9.33	GOB	-	-	-	-	0.54	
4l	Phinneys Lane Neighborhoods 2	2026	20.00	GOB	-	-	-	-	1.16	
5	Total Commitments		\$ 245.88		\$ 6.21	\$ 8.57	\$ 9.24	\$ 12.95	\$ 17.21	\$ 17.59

Funding Sources (stated in millions)

Commitments only include the loan payments for projects listed in the 2025 and 2026 capital requests.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Short-term rental tax	\$ 1.90	\$ 1.92	\$ 1.95	\$ 1.97	\$ 2.00	\$ 2.02	\$ 2.05	\$ 2.07	\$ 2.10	\$ 2.12
Traditional lodging tax	1.21	1.23	1.24	1.26	1.28	1.29	1.31	1.32	1.34	1.36
Meals tax	2.07	2.09	2.12	2.15	2.17	2.20	2.23	2.26	2.28	2.31
General Fund	4.25	5.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Assessments	0.12	0.14	0.13	0.22	0.61	1.03	1.55	1.93	1.93	1.86
User charges	0.03	0.07	0.08	0.13	0.21	0.33	0.48	0.74	1.00	1.21
Fund income	0.82	1.01	1.09	1.19	1.18	1.06	0.94	0.84	0.76	0.69
Total Resources	\$ 10.40	\$ 11.45	\$ 12.37	\$ 12.66	\$ 13.20	\$ 13.68	\$ 14.31	\$ 14.91	\$ 15.16	\$ 15.30
Total Commitments	\$ (6.21)	\$ (8.57)	\$ (9.24)	\$ (12.95)	\$ (17.21)	\$ (17.59)	\$ (17.67)	\$ (17.56)	\$ (17.65)	\$ (17.44)
Excess Resources (Commitments)	\$ 4.19	\$ 2.88	\$ 3.13	\$ (0.29)	\$ (4.01)	\$ (3.91)	\$ (3.36)	\$ (2.65)	\$ (2.49)	\$ (2.13)
Remaining Dedicated Resources	\$ 33.56	\$ 36.44	\$ 39.57	\$ 39.28	\$ 35.26	\$ 31.36	\$ 27.99	\$ 25.34	\$ 22.85	\$ 20.72

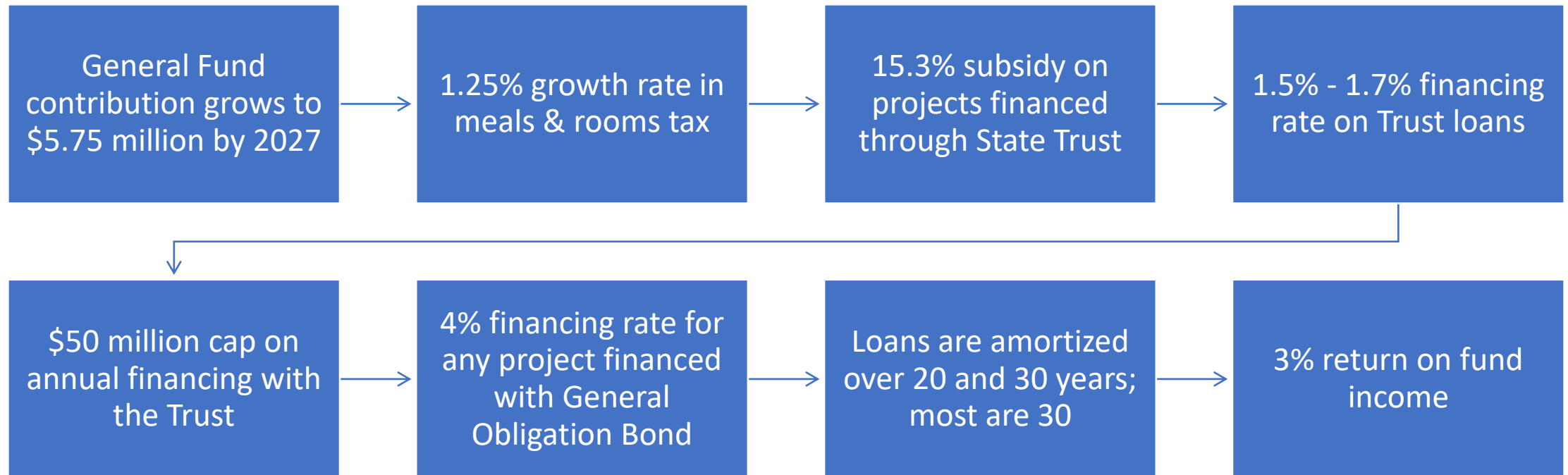
Impact on Town's Debt Load (stated in millions)

Debt capacity limitation per state law:

- Barnstable's Equalized Valuation (EQV) as of 2022 per Department of Revenue is \$18.2 Billion
- Debt limit is equal to 5% of EQV or \$911 million; projected to increase to \$1.25 billion when 2024 EQV is released

Fiscal Year	2023	2024	2025	2026	2027	2028	2029	2030
Outstanding June 30	\$ 112.05	\$ 112.05	\$ 130.34	\$ 142.58	\$ 218.61	\$ 301.24	\$ 435.64	\$ 458.62
New issues:								
General Fund		14.60	16.00	16.00	16.00	16.00	16.00	
Enterprise Funds			9.32	50.86	12.33	32.73	3.42	3.50
CWMP		15.02		23.18	72.18	106.18	29.33	
Retired debt:								
General Fund		(5.83)	(6.04)	(6.78)	(7.34)	(8.10)	(9.05)	(10.08)
Enterprise Funds		(4.99)	(5.14)	(5.31)	(7.82)	(7.26)	(8.03)	(8.17)
CWMP		(0.51)	(1.90)	(1.92)	(2.71)	(5.14)	(8.70)	(9.70)
Total	\$112.05	\$130.34	\$142.58	\$218.61	\$301.24	\$435.64	\$458.62	\$434.17

Major Financial Assumptions



Recap

- Projects listed on the Capital Plan for 2025 and 2026 can be provided for with existing resources
- Projects listed in 2027 through 2029 will require the identification of additional resources
 - Estimated annual financing costs for 2027 projects - \$5.9 million
 - Estimated annual financing costs for 2028 projects - \$2.9 million
 - Estimated annual financing costs for 2029 projects - \$2.7 million
 - Total recurring loan costs for 2027 – 2029 projects - \$11.5 million

Potential Additional Resources

Proposed Municipal Empowerment Act (all require local acceptance – Town Council)

- Increases local meals tax from 0.75% to 1% - additional \$670,000 per year
- Increases local rooms tax from 6% to 7% - additional \$500,000 per year
- 5% Surcharge on motor vehicle excise – additional \$450,000 per year
- Total could fund \$30 million in additional borrowing

Water Infrastructure Investment Fund (requires ballot question)

- 3% surcharge on real estate tax bill; similar to Community Preservation Fund
- Could generate \$5 million per year; funding \$85 million in additional borrowing

Debt Exclusion Override (requires ballot question)

- Every additional \$245,000 on the tax levy adds \$0.01 to current tax rate
- \$11.5 million excluded loan payment would increase current tax rate by \$0.47
- Median tax bill impact is \$23 per month

Reduce services and redirect funding towards more loan payments

Combination of some or all