

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, from deep blues in the shadows to bright greens where the sun hits the water.

Financing Update for the Comprehensive Wastewater Management Plan (CWMP)

Town of Barnstable, MA

July 18, 2024

Appropriations to Date (\$275MM) – Includes FY25 Capital Plan



SEWER EXPANSION PROJECTS -
\$145 MILLION



WATER POLLUTION CONTROL
FACILITY PROJECTS - \$129 MILLION



NON-TRADITIONAL PROJECTS -
\$762,000

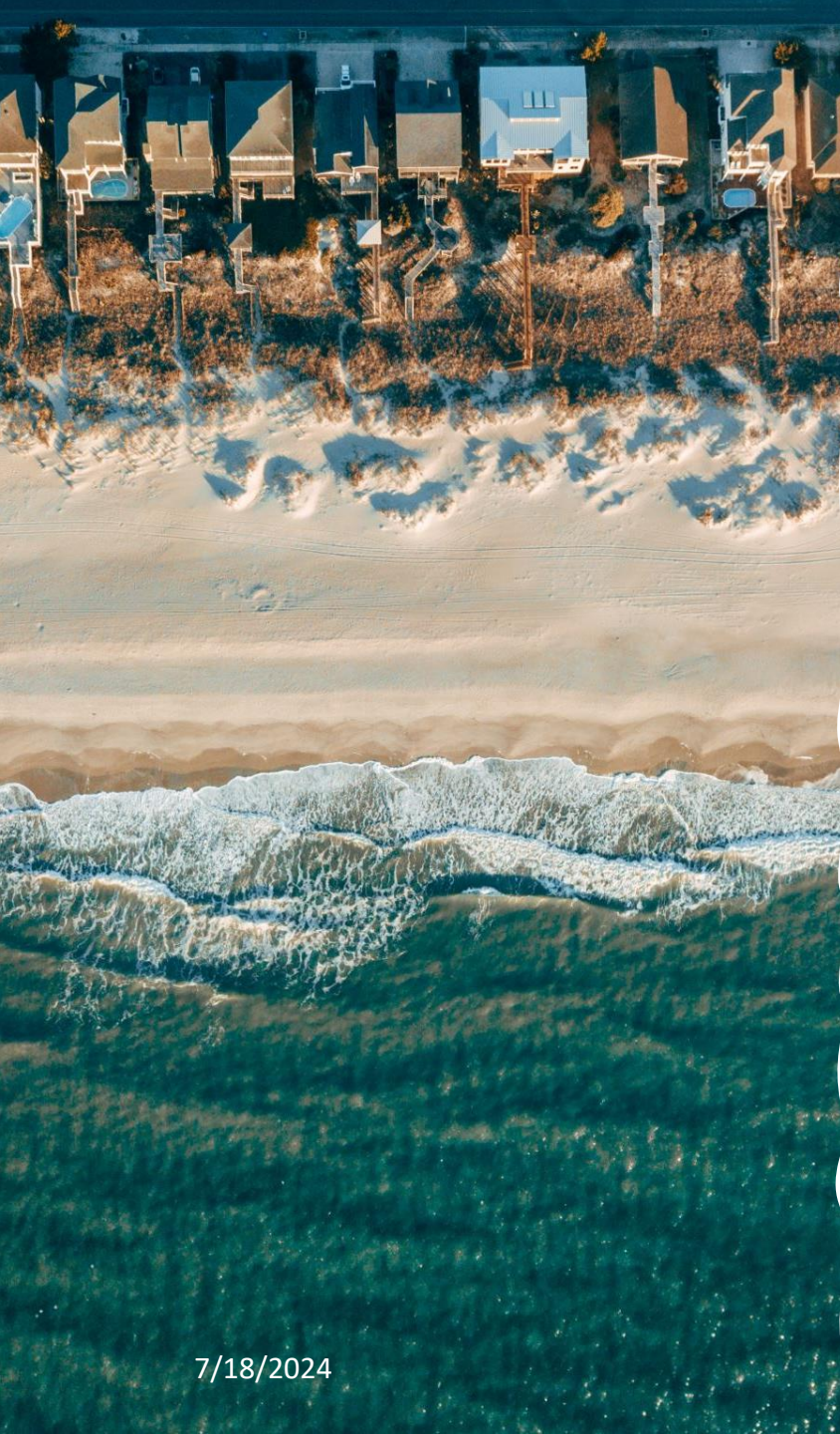
Five Year CWMP Capital Program Requests

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

PROJECT TITLE	FY25	FY26	FY27	FY28	FY29	TOTALS
Nitrogen Removal & Headworks Improvements *	109,330,000		69,897,398			179,227,398
Rt. 28 West Sewer Expansion *	59,650,000					59,650,000
Long Beach Sewer Expansion	750,000		9,922,500			10,672,500
Great Marsh Road Sewer Expansion		2,625,000		43,989,750		46,614,750
Mill Pond Dredging		5,250,000	165,375			5,415,375
South County Rd Sewer Expansion		630,000	1,653,750		25,525,631	27,809,381
Phinney's Lane Neighborhoods Sewer Expansion *		42,000,000				42,000,000
Prince Cove Sewer Expansion			826,875	1,736,438	30,387,656	32,950,969
Huckins Neck Rd Sewer Expansion			330,750	810,338		1,141,088
Long Pond Area Sewer Expansion			41,895,000			41,895,000
Old Yarmouth Rd Sewer Expansion				14,759,719		14,759,719
Osterville Woods Sewer Expansion - Design and Survey				694,575	1,701,709	2,396,284
TOTAL COMPREHENSIVE WASTEWATER MANAGEMENT	\$ 169,730,000	\$ 50,505,000	\$ 124,691,648	\$ 61,990,819	\$ 57,614,996	\$ 464,532,463
Financed with cash	750,000	3,255,000	2,976,750	3,241,350	1,701,709	11,924,809
Financed with loan from MCWT or GOB	168,980,000	47,250,000	121,714,898	58,749,469	55,913,288	452,607,654
Total	169,730,000	50,505,000	124,691,648	61,990,819	57,614,996	464,532,463

Financing Construction Costs

- Two sources of 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 subsidy
 - 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 3.7%
- Operating budget includes the annual loan payments on borrowings conducted through the MCWT and GOB



Funding Sources for CWMP Program

- Rooms tax on traditional lodging – FY24 \$1,068,398
- Meals tax – FY24 \$2,127,906
- Tax on vacation rentals – FY24 \$2,461,605
- General Fund contribution – FY25 \$4,250,000
 - Commitment to grow to \$5,750,000 by FY27
- Sewer assessments – will begin collecting in FY25
- Sewer utility charge revenue from new customers
- Investment earnings
- Cape Cod & Islands Water Protection Fund subsidies
- **Potential New Source - \$16 Million Park City Wind payment due in full at time of project's financial close**

Major Assumptions for Program Financials

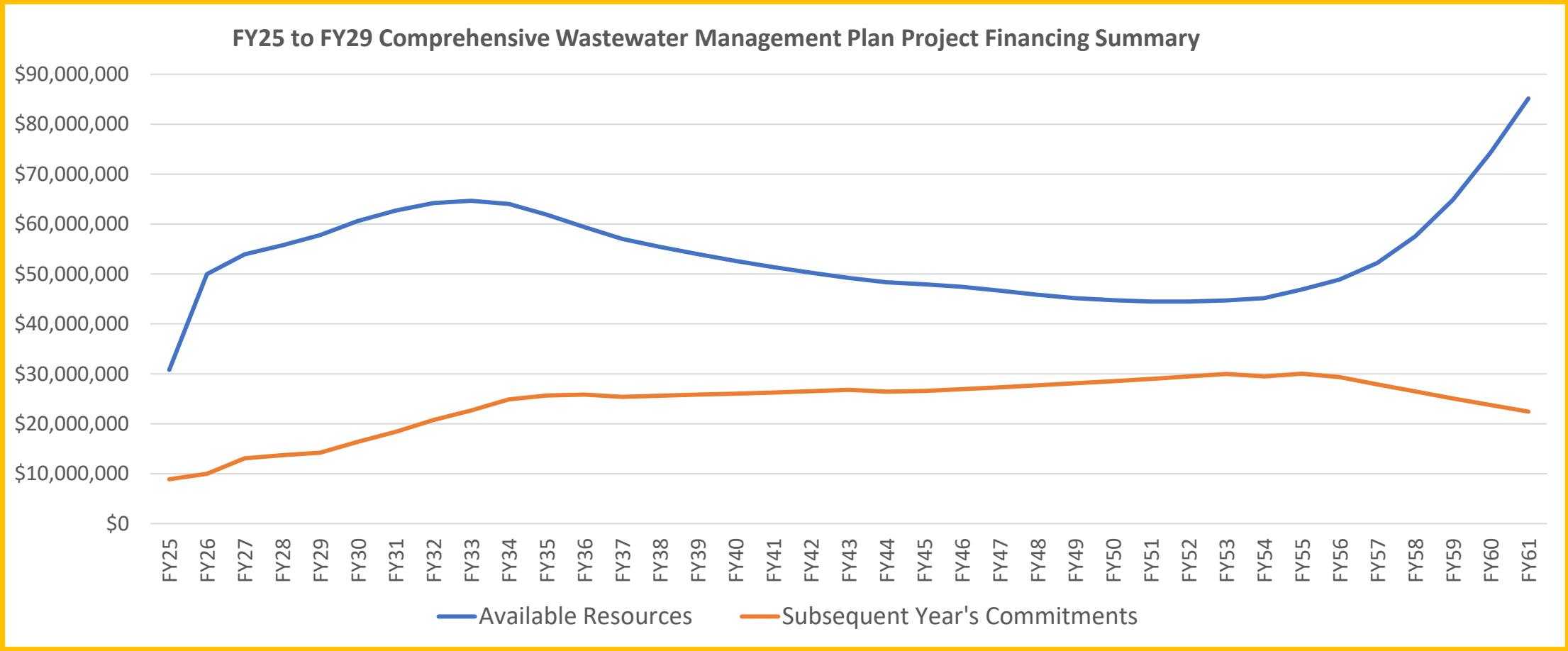
Assumptions	
Investment Rate of Return	2.50%
Percentage Increase on Traditional Lodging Tax	1.25%
Percentage Increase on Meals Tax	4.50%
Percentage Increase on Vacation Rental Tax	3.50%
Annual Increase in General Fund Contribution - Beyond FY27	\$100,000
Year General Fund Contribution Increase Ends	FY32
Annual Salary Increase	5.00%
Annual Health Insurance Increase	7.50%
Annual Retirement Increase	5.30%
Annual Increase in Operating Expenses	2.00%
General Obligation Bond Rate	3.70%
Mass Clean Water Trust Borrowing Rate	1.70%
Annual Design & Construction Cost Inflation	5.00%
Annual Sewer Utility Rate Increase	5.00%
% of new Sewer Utility Revenue Allocated to CWMP	50.00%
Average No. of Years for Sewer Assessment Amortization	15
Cape Cod & Islands Water Protection Fund Subsidy	25.00%
New England Wind 1 (Park City Wind) Contribution	\$16,000,000



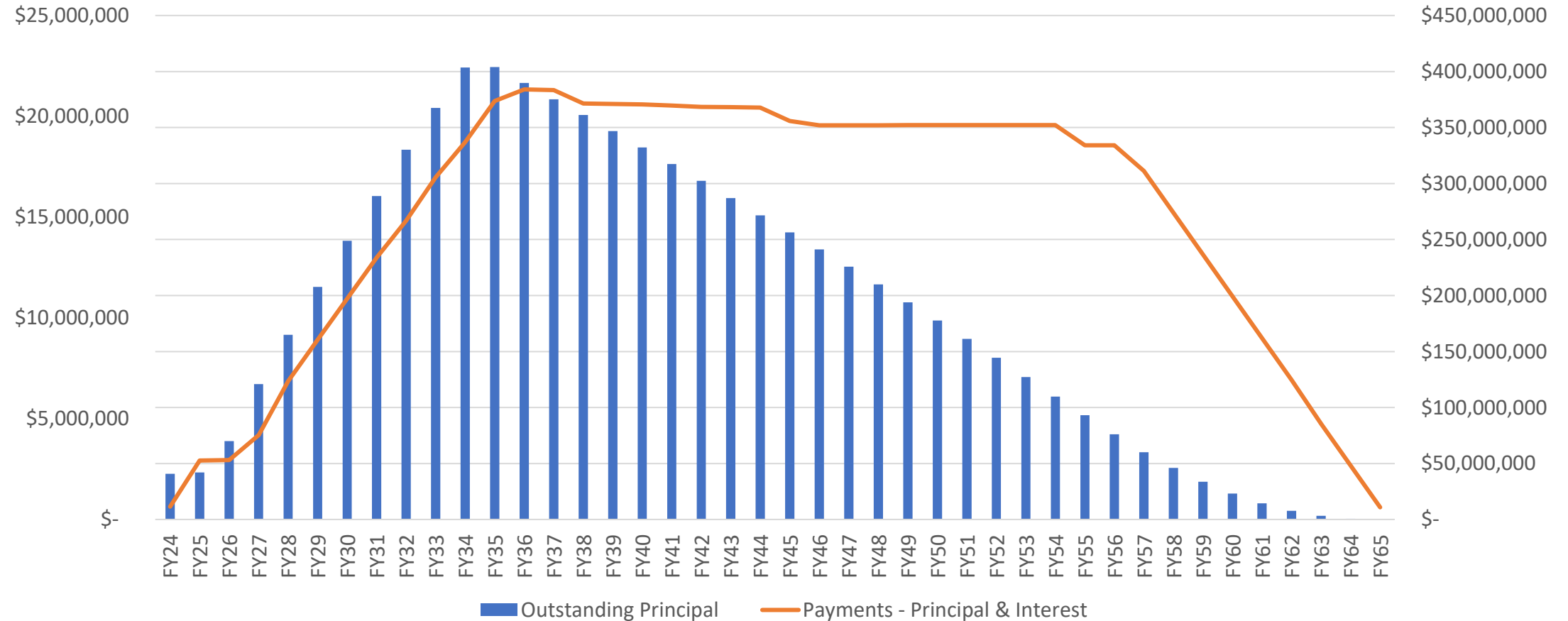
Changes to Assumptions

- Increase in CC&IWPF subsidy from 12% to 25%
- Interest Rate on MCWT borrowings decreased from 1.9% to 1.7%
- Decrease in General Obligation Bond borrowing rate from 4% to 3.7%
- Increase in meals and rooms tax growth rates from 1.25% to 1.5% - 4.5%
- More projects financed through the MCWT
- Park City Wind payment could be dedicated to the program

Resources and Commitments



Outstanding Debt Balance & Debt Payments



Legal debt limit using the FY24 Equalized Valuation as proposed by the Department of Revenue is \$1.314 Billion.

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
- Every \$1 million of excluded loan payments would increase current tax rate by \$0.04
- Median tax bill impact is \$2 per month

Reduce services and redirect funding towards more loan payments

Combination of some or all

Recap and Next Step

- If all the updated assumptions hold true, the projects listed on the Capital Plan for FY25 through FY29 can be provided for with existing resources
- No debt exclusion is needed to finance the projects listed in the FY25 to FY29 Capital Improvement Plan
- If current assumptions are negatively impacted, additional resources can be pursued including:
 - Municipal Empowerment Act (if passed by Legislature)
 - Debt exclusion
 - Water Infrastructure Investment Fund
 - Reallocation of operating budget dollars
- Review financial model with the Comprehensive Financial Advisory Committee