

Fiscal Policy and Revenue Strategy

Town of Barnstable, MA

Financing the Comprehensive Wastewater Management Plan

Next Steps – From January 2026 Meeting

- Conduct a workshop on the election procedures for ballot initiatives
- Request Comprehensive Financial Advisory Committee to report back on the recommended fiscal policy strategy by July 2026
 - CIP Subcommittee has recommended that we initiate procedures to bring a revenue enhancing tool to a vote no later than the Spring of 2027
- Town Council could vote in July/August to place a question on a ballot
- Hold a special election ballot question in the spring of 2027

Framing the Issue

- We have created a problem – nitrogen from our bodies is polluting our water
- Septic systems are not designed to remove nitrogen
- State requires us to address nitrogen pollution from septic systems
- Modeling proves out sewerage – the only approved solution
- The CWMP has been approved and is the roadmap to comply with regulated TMDL's
- Shared responsibility – we all contribute to the problem and all benefit from the solution
- Failure to proceed will have financial, regulatory and community-wide implications
- The CWMP has to happen and a recommendation to continue financing the program is the main topic of discussion tonight

Investment to Date

- \$391 Million appropriated for 25 projects including the FY27 capital budget
- Annual debt service costs grow to over \$12 million by 2033
- Program management costs grow to \$4 million by 2033
- Existing resources committed to program are \$16 million by 2033
 - Property taxes \$5.8M
 - Meals and Rooms Taxes \$5.9M
 - Sewer assessments \$1.2M
 - Subsidies and other revenue \$3.1M
- Need more resources to continue the implementation

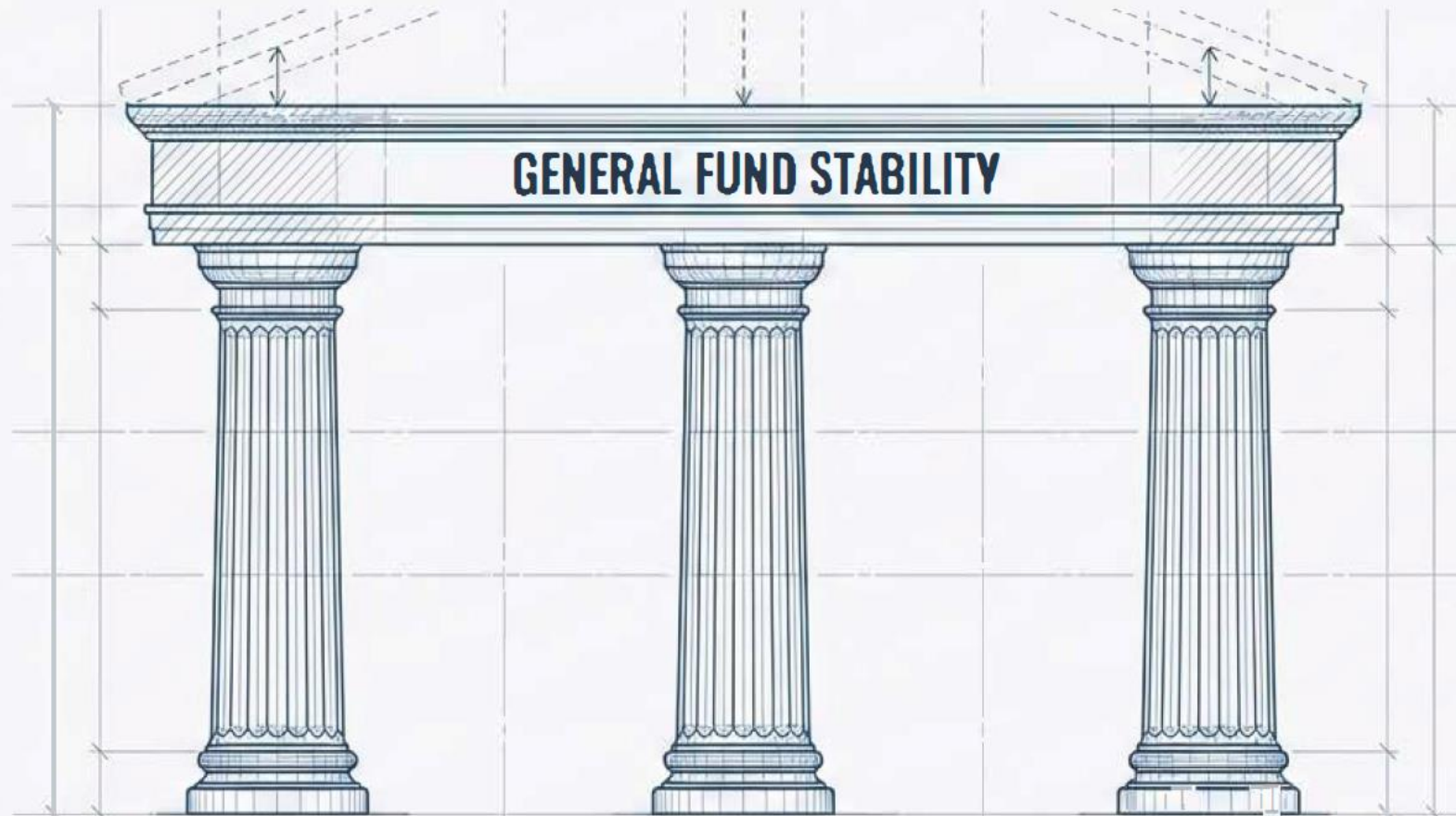
Next Round of Investments – Total \$321M

Project	FY 2028	FY 2029	FY 2030	FY 2031
Bearse's Way Construction	\$14,175,000			
Effluent Disposal Alternatives	\$1,575,000			
Great Marsh Rd. Construction	\$42,525,000			
Huckins Neck Rd. Construction		\$16,592,625		
Long Beach Construction			\$19,824,328	
Mill Pond Dredging		\$17,557,313		
Old Craigville Rd. Construction			\$33,686,888	
Old Yarmouth Rd. Construction	\$15,435,000			
Osterville Woods Design & Const.	\$1,260,000		\$22,573,688	
Prince Cove Construction		\$49,833,000		
Warren's Cove Aquaculture Project	\$315,000			
WPCF Reverse Osmosis Project		\$6,615,000		\$79,007,906
Total	\$75,285,000	\$90,597,938	\$76,084,904	\$79,007,906

Amounts include a 5% factor for inflation.

THE FOUNDATION: THREE REVENUE PILLARS

Creating New Capacity. Not Redirecting Property Taxes From Programs and Services.



DEBT EXCLUSION

Temporary tax increase.
Dedicated strictly to CWMP projects.
Sunsets upon debt retirement.



WATER INFRASTRUCTURE FUND (WIIF)

Dedicated surcharge (up to 3%).
Locked box for water assets.



STABILIZATION OVERRIDE

Multipurpose capacity.
Requires annual Council approval for deployment.

RECOMMENDATION:
Strategic Revenue Options for
Committee Consideration

Recommendation – Debt Exclusion Override

- Guarantees a funding source for all projects listed in the Capital Plan for Fiscal Year 2028 through Fiscal Year 2031
- Additional taxing only takes place if project costs are appropriated and borrowing authorization is made by Town Council
- Additional taxing expires at the completion of loan payments
- Gradual increase in the tax levy as loans are issued; other 2 options require a one-time significant increase
- Spreads cost across all taxpayers – real and personal property

Tax Bill Impact on Median Residential Value

Fiscal Year	Estimated Debt Excluded (millions)	Tax Rate Impact	Quarterly Tax Bill Impact
2033	\$0.64	\$0.02	\$3.87
2034	\$1.97	\$0.08	\$11.88
2035	\$3.30	\$0.13	\$19.89
2036	\$4.68	\$0.18	\$28.20
2037	\$6.01	\$0.23	\$36.21
2038	\$7.34	\$0.28	\$44.22
2039	\$8.28	\$0.32	\$49.87

First Year for excluded debt service is estimated to occur in FY33.

Excluded debt is estimated to peak by FY39 at \$8.3 million and last until FY62.

Debt amount excluded is net of estimated CC&IWPF subsidies.

This is for a residential property qualifying for the residential exemption.

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 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 preceding the election

Form of Question for a Debt Exclusion

- Exclusion questions require a statement of purpose or purposes for which the monies from the debt issue will be used
- The purpose must be described in a manner that enables voters to determine the debt obligation(s) covered by the question
- Exclusion questions are designed to fund specific capital projects
- Therefore, the borrowing or spending purpose in an exclusion question must describe the particular project(s) being funded by the question

Form of Question for a Debt Exclusion

- The purpose cannot be used to provide voters with information on the impact of an unsuccessful vote on the question or the underlying events or circumstances that may cause budget difficulties
- Nor may it be used to promote or advocate for the exclusion
- The Town may place as many questions on a regular or special municipal election ballot as it chooses

Debt Exclusion Relationship to Appropriations

- Does not authorize or require spending for the purpose(s) in the question(s)
- The spending decisions made by the Town Council determine if any or all of this additional taxing authority is actually used
- These dollars are considered "earmarked" because they cannot be raised in the tax levy unless the Town Council appropriates them for the purpose stated in the question

Use of Additional Taxing Authority

- A debt exclusion covers debt service on the amount of borrowing authorized for the stated purpose at the time of the election
- Debt service includes payments of principal and interest on loans
- Debt service on any additional borrowing above the amount fixed at the time of election is not covered unless
 - (1) it is a modest amount attributable to inflation, new regulatory requirements or minor project changes, or
 - (2) another debt exclusion is approved by the voters
- Additional taxing authority expires when loan(s) are paid off

Application of Additional Tax Authority

- Debt exclusion applies to every taxpayer including residential, commercial, industrial and personal property
- If multiple projects are included in the vote, the additional taxing authority is gradually added to the tax levy as appropriations are made and loans are issued
- Taxes assessed by water and fire districts within the town, are not subject to the debt exclusion

Sample Ballot Question Form – Debt Exclusion

“Shall the Town of Barnstable 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 \$321,000,000 in order to (list the purposes for which the monies will be used)?”

Yes _____ No _____

- A majority vote of the voters voting is needed to pass

Future Eligible Election Dates for a Debt Exclusion or WIIF

- November 3, 2026 State Election
- November 2, 2027 Town Election
- A special town election could be scheduled – recommendation would be in the spring of 2027
 - Approximate cost for an election is \$40,000

Ballot Question Restrictions and Guidance

- Promoting or opposing a ballot question is **election-related political activity**.
- The state campaign finance and conflict of interest laws govern such activity.
- Laws typically triggered once the Town Council decides to place a question on the ballot but may be sooner if a ballot question is “anticipated.” Conservative approach is to assume the laws apply now.

IMPORTANT TO NOTE: All public employees can engage in political activity in their personal capacity on their own time (but there are still certain restrictions that apply, e.g., paid appointed employees cannot fundraise or serve as treasurer of a political campaign committee). **The conflict of interest and campaign finance laws govern what public employees can say and do in their official capacities and using public resources.**

Public resources:

- anything paid for by the taxpayer, including staff time, Town email, supplies, letterhead, equipment, the use of one’s official position, including one’s title
- **may never be used for advocacy purposes**, i.e., to persuade voters to support or oppose a ballot question, but they may be used to inform

The general rule is that public resources may not be used for political purposes. However, because **elected officials and appointed (non-elected) policy-making employees** are expected to inform and guide public debate on public issues, they have more leeway to discuss and take action regarding ballot questions.

Elected officials (fewest restrictions):

- **Can advocate.** In their **individual** capacities, elected officials may advocate that voters vote a certain way and may use their official titles in doing so. May not use any public resource, other than one's title, to advocate.
- **Can take a position.** "I support this ballot question (BQ) because ..."
- **Can speak about a ballot question** even if not within their area of responsibility
- **Cannot advocate as a board but can vote as a board to take a position** on a BQ even if the BQ is not within their scope of responsibility

Appointed policy-making employees:

Who are they? Chief executives, Town Managers and department heads (if the BQ relates to a matter within the scope of their authority) are presumed to be appointed policy-making officials. **Appointed board members** are typically in this category if the BQ relates to a matter within the scope of their authority. Depending on the subject matter of the BQ, there may be a few other employees who fall within this category.

Appointed policy-making employees:

- **Cannot use their titles or position or public resources to advocate** that a voter vote a particular way
- Can take a position on and discuss a BQ during work hours or in their official capacity, and use their titles in doing so, but **ONLY** if the ballot question relates to a matter within the scope of their responsibilities
- Can discuss a BQ at informational forums or meetings of private groups
- Can provide information and recommendations on a BQ to the Town Council, including advocating for a particular vote by the Council
- Can speak to the press
- Can use public resources to inform, e.g., post objective information on a government website
- Can prepare an analysis of the impact of a BQ, as long as no advocacy

Appointed boards:

- **Cannot advocate, individually or as a board**

Can vote to take a position as a board **ONLY** if the BQ is within their area of responsibility

The following activities are **NOT** permitted:

- Cannot use a government website, Town email, or any other public resource to advocate for or against a ballot question.
- Cannot use official letterhead to support or oppose a ballot question.
- Cannot use public funds to distribute ballot question information unsolicited to voters. This is true even if the info is objective and factual.
 - *Example:* Can post objective info on the Town website but cannot mail or distribute that same information in a newsletter.
- Cannot use public resources to support, create or announce a ballot question committee.