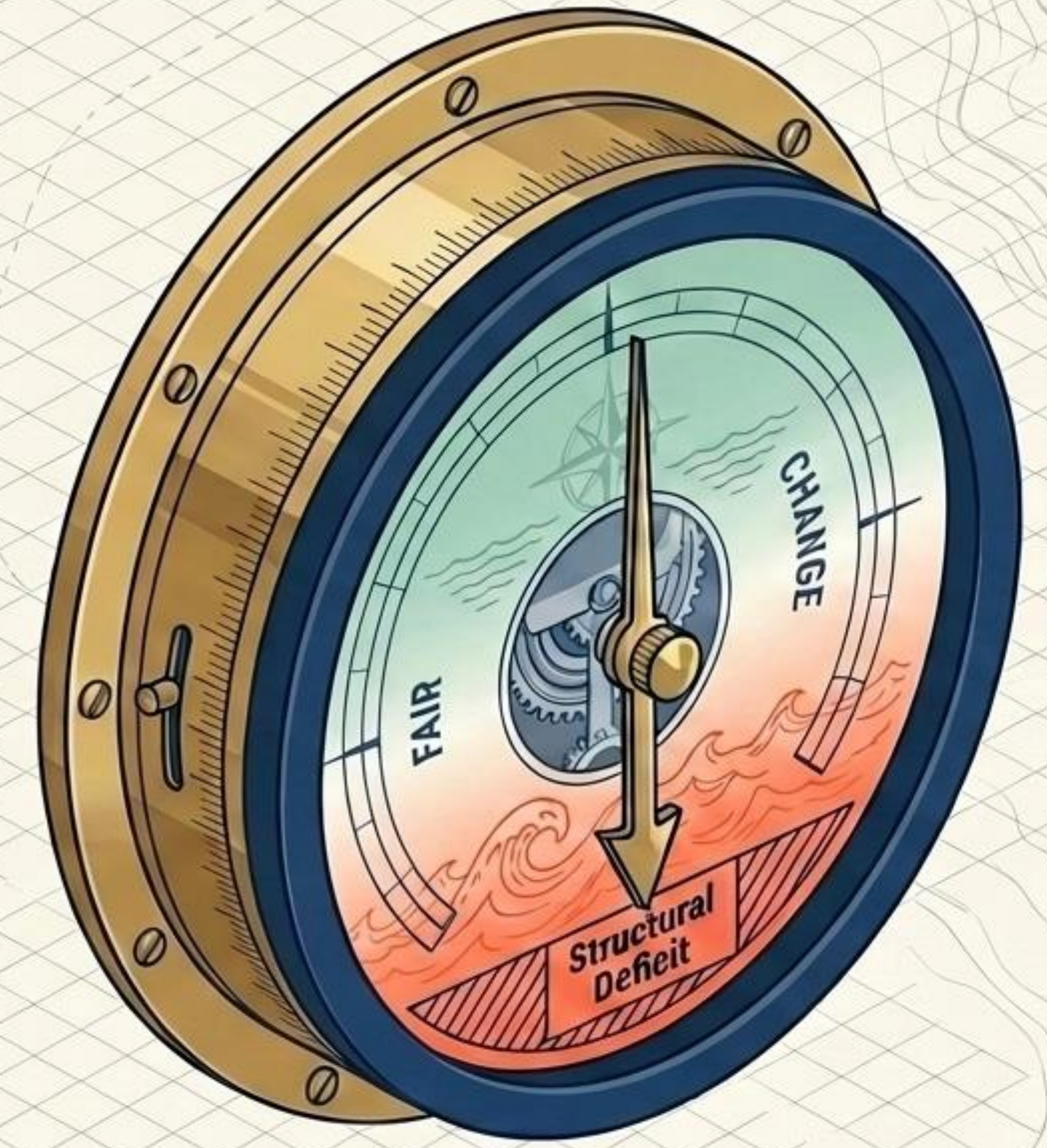
Navigating the Challenge

A Strategic Blueprint for Barnstable's Fiscal Future

Town of Barnstable, MA | Fiscal Policy Review



FISCAL PRESSURE GAUGE - MASSACHUSETTS COMMUNITIES.

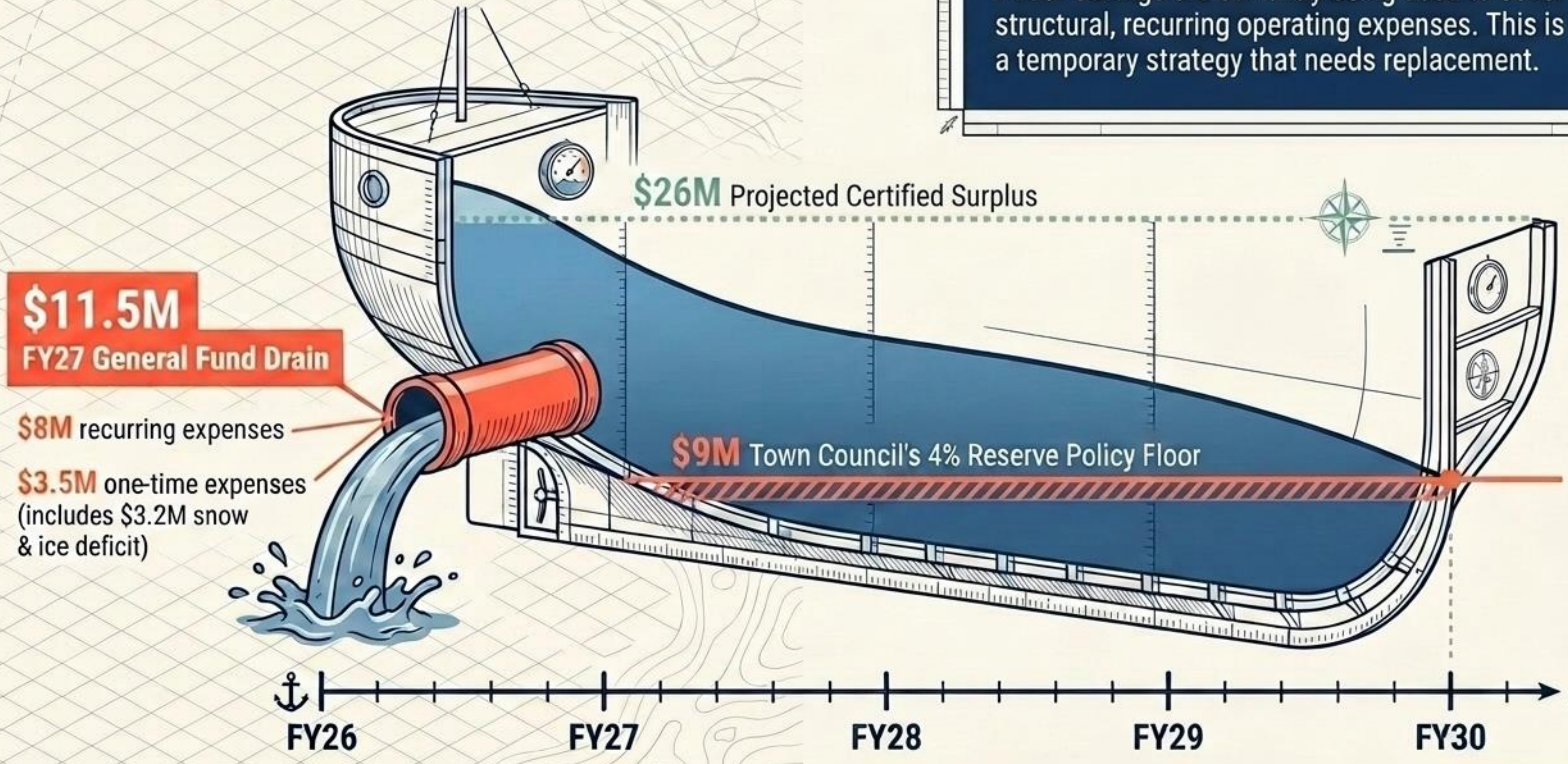
The Growing Challenge

Massachusetts communities are reaching a fiscal breaking point. According to recent Mass Municipal Association (MMA) reports, statewide pressures have created a "perfect storm."

Barnstable is structurally sound today, but navigating the next five years requires deliberate course corrections. We cannot rely on temporary measures to weather permanent changes in municipal finance.

The Reserve Depletion Curve

Available reserves will be entirely depleted by FY30. Savings are currently being used to cover structural, recurring operating expenses. This is a temporary strategy that needs replacement.



The Prop 2 ½ Educational Engine

Revenue growth averages ~$7M/year (FY28-FY31)

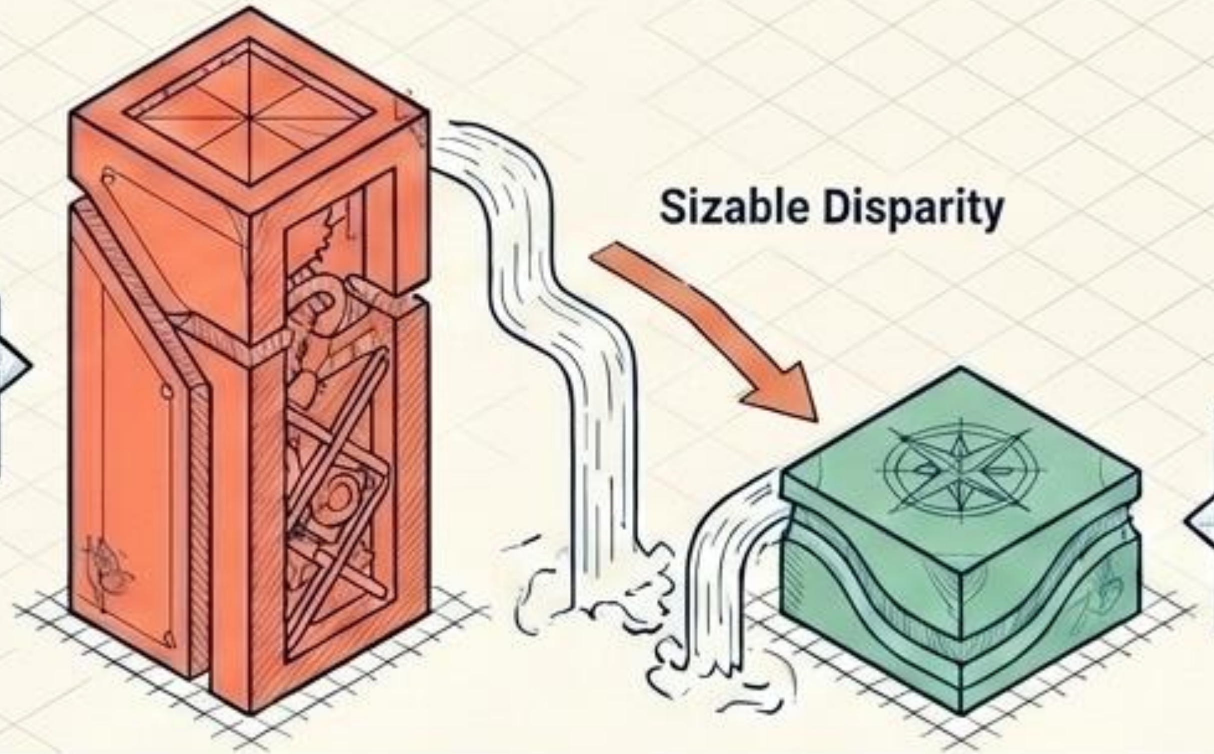
Expenditure growth outpaces revenue by over $1M per year

Creates a compounding structural deficit projected to reach in excess of $8M

To sustain level service under current restrictions, new property tax growth needs to double our current and projected amounts of $1M to $1.3M per year.

The Capital Shortfall Waterfall

Total 5-Year Submissions: **$649 Million**



Total Available Capacity: **$162 Million**

Comprehensive Wastewater Management Plan (CWMP)

	FY27	FY28	FY29	FY30	FY31
Submissions	$51M	$72M	$79M	$80M	$23M
Available Funding	$51M	$0	$0	$0	$0
Shortfall	$0	($72M)	($79M)	($80M)	($23M)

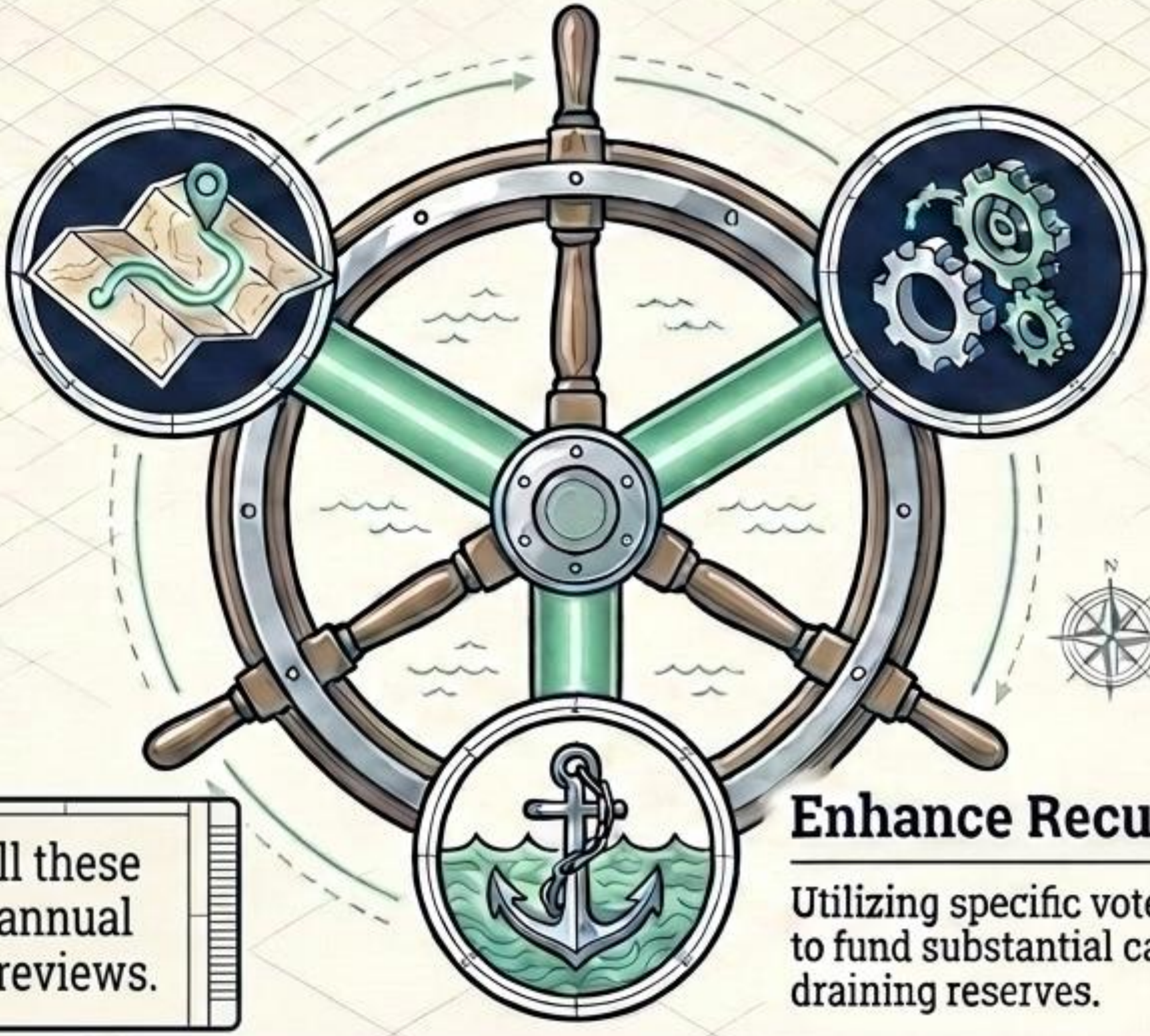
General Fund Capital

	FY27	FY28	FY29	FY30	FY31
Submissions	$110M	$70M	$98M	$33M	$33M
Available Funding	$40M	$18M	$18M	$18M	$18M
Shortfall	($70M)	($52M)	($80M)	($15M)	($15M)

Punding caps at $18M/year ($18M botrowing + $3M cash)

Note: Any policy change to begin accepting private ways is not included here and will only increase this deficit and the operating budget deficit

The Three-Point Turnaround Strategy



Shrink the Footprint

Systematically reducing service footprints and divesting unneeded assets.

Stop Subsidizing

Transitioning to 100% cost-of-service recovery to protect the operating budget.

Enhance Recurring Revenue

Utilizing specific voter-approved mechanisms to fund substantial capital needs without draining reserves.

CFAC has recommended all these strategies as part of their annual operating and capital plan reviews.

The $8M deficit and capital shortfall are considerable, but mathematically solvable if we act on these **three pillars simultaneously**.

Enhance Revenue: Near Term Capital Funding Mechanisms

	Water Infrastructure Investment Fund (WIIF)	Debt Exclusion Override
Application	Sewer (CWMP), drinking water, stormwater.	Specific large capital projects (CWMP or General).
Financial Impact	Up to a 3% surcharge on real estate tax bills. (Every 1% generates **$1,520,000**). Excludes personal property/fire district taxes.	Debt service is temporarily added to the tax levy until the loan is paid off.
Enactment	Vote at regular municipal or state election. Begins July 1 after acceptance.	Vote at regular/special municipal or state election. Begins first year repayment is required.

Proposed Action 1: Securing Capital Funding

1

Support Debt Exclusions for the CWMP

Proceed with a debt exclusion override specifically for the FY28 through FY31 CWMP projects.

2

Provide Immediate FY27 Relief

Add the FY27 Phinney's Lane project to the debt exclusion package. This frees up critical resources and provides immediate operating budget relief.

3

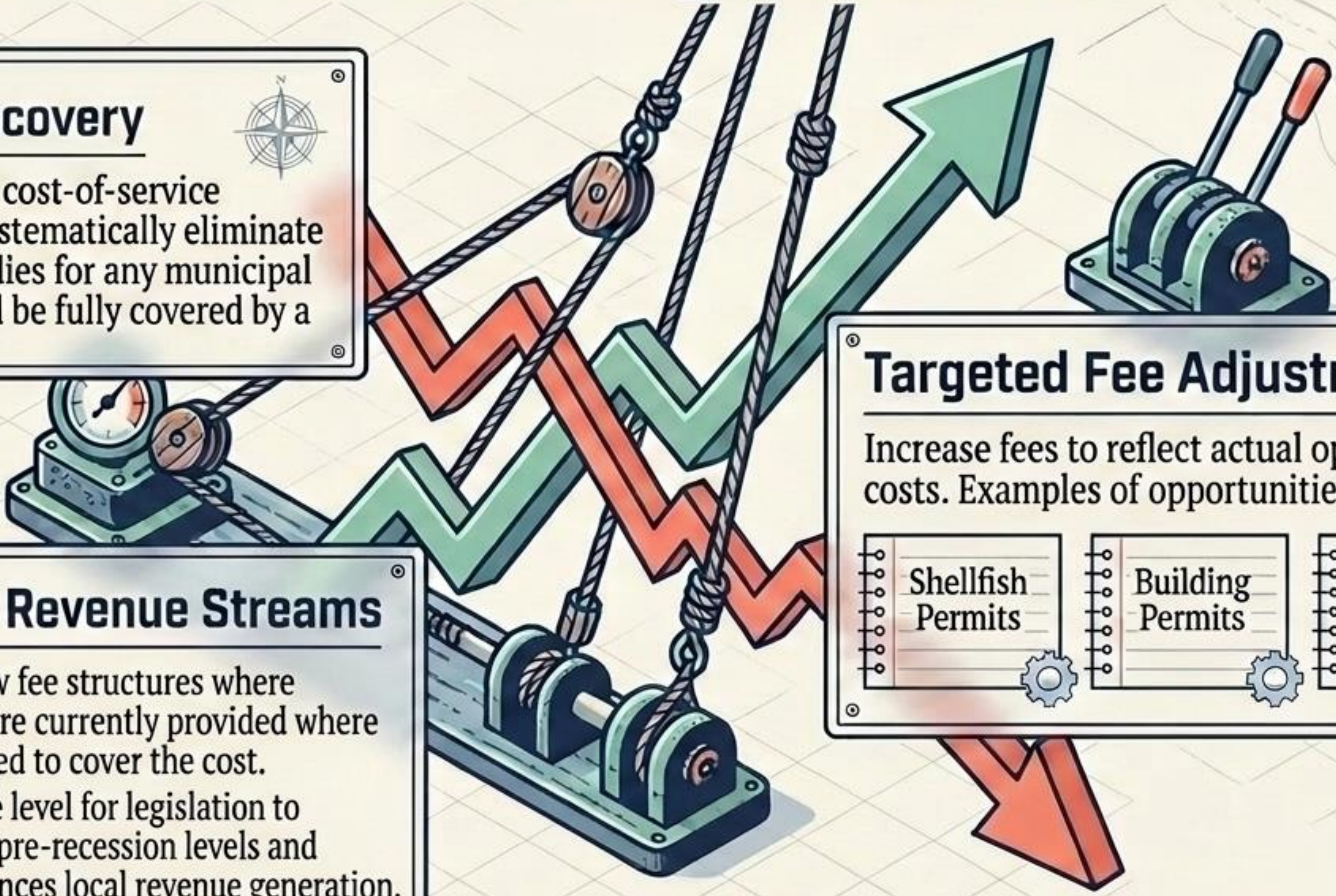
Set a New Threshold for General Capital

Moving forward, any capital project request of $5 million or more (and all proposed new assets) are recommended to be financed with a debt exclusion, rather than relying on standard operating revenues.

Proposed Action 2: Reducing Subsidies

100% Cost Recovery

Transition to a full cost-of-service recovery model. Systematically eliminate property tax subsidies for any municipal program that could be fully covered by a fee.



Identify New Revenue Streams

Propose entirely new fee structures where municipal services are currently provided where a fee could be charged to cover the cost.

Advocate at the state level for legislation to increase local aid to pre-recession levels and legislation that enhances local revenue generation.

Targeted Fee Adjustments

Increase fees to reflect actual operational costs. Examples of opportunities include:

- Shellfish Permits
- Building Permits
- Summer Leisure Programs

Proposed Action 3: Shrinking the Footprint

Systematic Service Reductions

Implement calculated, systematic reductions in municipal services. Current reserve levels afford the town a 2-3 year window to execute this smoothly without shock.

Incentivize New Growth

Adjust land use policies to incentivize new property tax growth (which is currently projected to decline).

Divest Unneeded Assets

Proceed immediately with identifying and divesting town-owned assets that no longer serve a core municipal purpose.

Explore P3s

Establish a dedicated committee to explore Public/Private Partnerships to offset municipal burdens.

The Navigation Timeline

FY26 | FY27 | FY28 | FY29 | FY30 | FY31

Immediate

- Cap capital spending.
- Add Phinney's Lane to debt exclusion to relieve the FY27 operating budget.
- Begin fee adjustments for shellfish/building permits.

Near-Term

- Secure Debt Exclusions for CWMP.
- Execute systematic service reductions (utilizing the final buffer of reserves).
- Form P3 Committee.
- Divest first round of assets.

Long-Term Goal

- Achieve 100% cost-of-service recovery.
- Reserves stabilize above the 4% ($9M) mandate.
- Advocate for increased local aid and local revenue enhancement tools

The reserves give us until FY30. The time to trim the sails is now.