



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)
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CFAC Committee:

Chair:

John Schoenherr

Members:

Robert Ciolek
Ralph Krau
Lillian Woo
Joseph Mladinich
Allen Fullerton
Hector Guenther

Staff Liaison:

Mark Milne
Nathan Empey

Councilor Liaison:

Paula Schnepf

MEETING MINUTES

09.10.18

6:00 PM

Planning & Development Conference Room

Roll Call:

- CFAC Members Present: John Schoenherr, Hector Guenther, Robert Ciolek, Allen Fullerton, Ralph Krau, and Joseph Mladinich
- CFAC Members Absent: Lillian Woo
- Councilors Present: Paula Schnepf
- Staff Present: Mark Milne, Director of Finance, Nathan Empey, Budget Analyst
- Other Present: None

Call to Order:

John Schoenherr called the CFAC meeting to order at 6:00 PM in the Growth Management Conference Room of Town Hall.

Act on Minutes:

The following minutes were approved by unanimous vote:

08.20.18

Old Business:

None

New Business:

Mark M. reviewed the capital and sewer trust funds funding capacity with the committee and noted we use a base line projection to begin the budget process.

The first table illustrates the Capital Trust Fund (CTF) current resources and commitments, and includes annual future estimated assumptions such as, investment earnings at 1.1%, general fund contributions at 2.5%, and \$200,000 of new growth. Mark M. noted based on current assumptions and existing commitments the CTF balance will grow without any new projects. This indicates the CTF has the capacity to absorb new projects. The second table illustrates the CTF maximum capacity to fund new projects based on various assumptions. Mark M. noted the maximum annual debt service costs are \$1.16 million and totals \$10.2 million over ten years. The debt service cost is based on a 4% coupon rate. The analysis also includes a 2.5% growth rate in the annual public roads program to keep with inflation. Mark M. noted there are various scenarios to consider, and that we need to make judgements on how aggressive we want to be.

Bob C. asked between the fiscal year 2010 to now, how flexible has the capital program been? Mark M. responded previous fiscal years haven't been as good as this, but we purposely direct more resources to the CTF.

Bob C. noted it would be interesting to see what the comprehensive wastewater project costs would eat up. Mark M. responded there are about \$30 million worth of sewer projects in the capital improvements program. The Sewer Construction & Private Way Maintenance and Improvements Fund projection assumes the town will continue with the town ordinance and assess a 50% better on these projects. Based on these capital projects the fund could still absorb more projects. Bob C. asked have you started running models that show probable borrowing needs to fund the wastewater plan? Mark M. responded no we haven't. Mark M. noted Public Works just provided a comprehensive wastewater plan, which is anticipated to cost \$100's of millions of dollars, but we may not choose this plan. Some projects in the plan need to be flushed out with more engineering figures before doing a funding model analysis. Bob C. responded Public Works took two projects from phase I and one project from phase II of the comprehensive plan, which indicates Public Works has a plan. John S. asked any idea on when these projects will commence? Mark M. responded preliminary funds have been provided and that construction phased in 2021. Bob C. commented that the town's strategy will be a gradual move into the wastewater program, but questions will be raised when 200 to 300 property owners receive assessments. John S. asked are the short-term rentals included in the capacity analysis? Mark M. responded not until it becomes law. This may be an opportunity to increase funding, but it doesn't guarantee these new resources would go into this fund without an ordinance. Bob C. commented that the sewer trust fund had recently been amended? Mark M. responded the amendment has added new language to allow for any means of comprehensive wastewater management. Bob C. responded the trust fund was created to soften the blow to taxpayers, and that dredging projects do not. Mark M. responded that dredging projects could increase water quality and lower nitrogen levels; it will create an interesting discussion.

Bob C. asked what has the actual return on investment been in these funds? Mark M. responded returns have been in line with our assumptions, but new growth is a new resource. John S. asked how did you come up with the \$200,000 number? Mark M. responded we generate about a \$1 million annually in new growth, and that there may be room for \$200,000. Bob C. asked if federal or state grants are included? Mark M. responded these resources are not included because we don't know what they are. However, we should be shovel ready with projects to receive grants.

Mark M. also noted we are starting to see the same indicators from last recession, but it's difficult to predict when the next recession will be in these projections.

Paula S. asked does the CTF include debt service cost from the regional high school project? Mark M. responded that those debt service cost are outside this fund, which is being funded through a debt exclusion.

John S. asked who else reviews these projections? Mark M. responded that managers, council members, and the public receive this. The tables are also provided in the capital and operating booklets. John S. asked do outside auditors review the projections? Mark M. responded auditors don't get involved in budgets, only actual results.

Paula S. commented does the Open Budget include many projects? Mark M. responded we carry active projects on Open Budget for the past five fiscal years. John S. asked does the website get a lot of traffic? Mark M. responded we still have a good bounce rate according to industry users, new, and continuing users. Some of our elected officials and managers use the site.

Joseph M. asked are there any software programs to promote process improvements? Mark M. responded I think all managers look into that, last year we eliminated two positions in the assessing department.

Bob C. asked would the town ever consider eating the cost of the credit card charges when paying property taxes to improve collections? Mark M. responded collections are not a problem, but absorbing credit card charges could affect the budget by hundreds of thousands of dollars.

John S. asked has the vacant lots sales been implemented? Mark M. responded yes, and that we generated over \$400,000. We are now looking into the second group of foreclosures. Ralph K. asked do we track the buyers of these foreclosed properties? Mark M. responded yes. Ralph K. asked who keeps a running list of tax foreclosures purchased? Mark M. responded the Director of Asset Management, David Anthony.

Matters not reasonably anticipated by the chair:

None

Discussion of topics for the next meeting:

Mark M. suggested for the next meeting topic we could invite the town assessor back in to discuss tax-exempt properties? The committee could put together a list of specific questions to ask the assessor. Bob C. responded we could ask what the assessor sees for growth over the next few years. Paula S. asked do we get many abatement challenges annually? Mark M. responded we haven't had many. John S. noted we could ask if it is possible to track changes in tax-exempt properties annually? Bob C. noted what is the Airbnb impact on the value of neighboring properties?

Adjournment:

CFAC's next meeting will be Monday September 24, 2018 at 6:00pm.

List of documents handed out

1. 9.10.18 minutes
2. Capital Trust Fund Current Summary Projections
3. Capital Trust Fund Maximum Capacity Projections
4. Sewer Construction & Private Way Improvement Fund Projections