

Town of Barnstable

FY2025 Capital Improvement Plan

CFAC's Review and Advice

Prepared by:



Cover Page and Report Highlights

**Largest CIP in Town's history
is fully funded for FY2025**



Town Manager's CIP Recommendations

(\$ in millions)

	FY2025	FY2024
CWMP	\$169.7	\$33.6
Enterprise Fund	\$49.6	\$21.7
General Fund	\$22.8	\$12.3
Total Town CIP	\$242.1	\$67.6
Referred to Others*	\$5.9	\$13.5
Sum	\$248.0	\$81.1

* Projects recommended for funding by CPC (Community Preservation Committee), by State Chapter 90 highway funds, etc.

**CIP requests for FY2026 and
beyond will force trade-offs**



CFAC Advice

1. Update adaptive CWMP plan now.
2. Plan now for funding sources or reductions to CIP requests in 2026 and beyond.
3. Make minor revision to CIP process.
4. Consider new policy to lower capital repair costs.

Note: An explanation of each advice item starts on page 4.

Approved: March 15, 2024

Town of Barnstable
FY2025 Capital Improvement Plan
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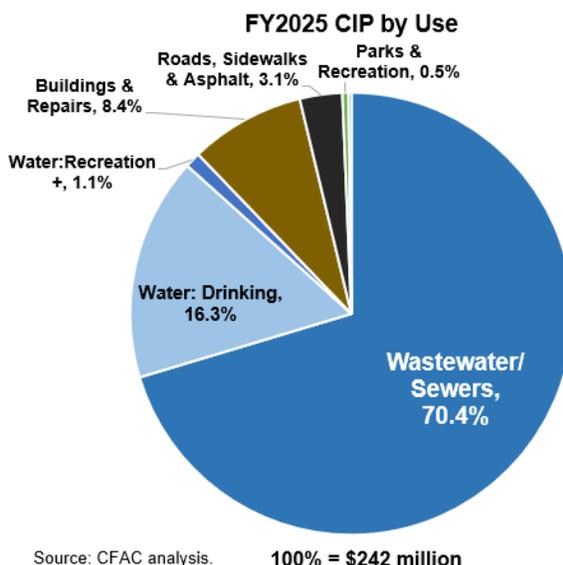
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CIP: The Big Picture View

The Town Manager’s Fiscal Year 2025 (FY2025) Capital Improvement Plan (CIP) recommendation of \$242 million is the largest CIP in Town history – triple any prior year.

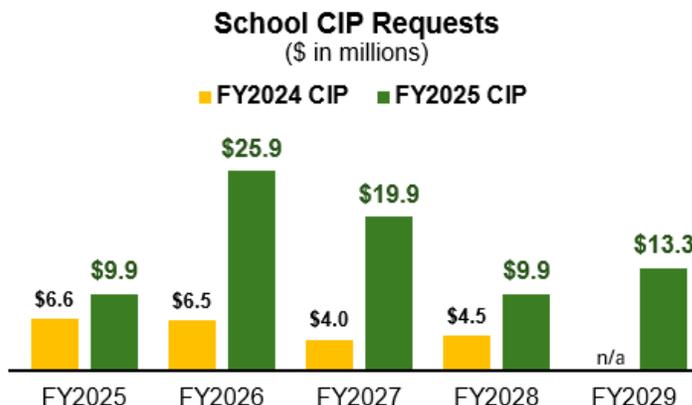
Most (88%) of the recommended CIP FY2025 budget funds water-related projects, especially the CWMP treatment plant and its associated sewers plus the Straightway water filtration plant.



Note: “Water: Drinking” CIP includes only Hyannis and not the COMM, Cotuit, Barnstable village or West Barnstable water districts.

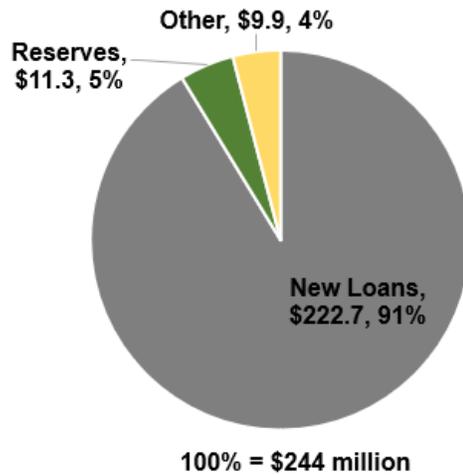
CWMP costs continue to increase at double-digit rates. The FY2025 cost is recommended to be \$169 million, up 25% from the FY2024 CIP. FY2024’s cost of \$135 million was up 39% from FY2023’s CIP. For the four years FY2025 through FY2028, CWMP capital requests are \$385 million, up \$125 million (48%) from the same four years in the last CIP. The Town has always known CWMP would need an adaptive CWMP plan because of possible changes and new, unforeseen events. The large cost increases seen over the past two years are an example of one such situation.

The School’s recent Facilities Condition Assessment caused a major increase in its FY2025 and beyond capital requests. The new request for FY2025 through FY2028 is \$66 million, triple the School’s prior CIP request of \$22 million.



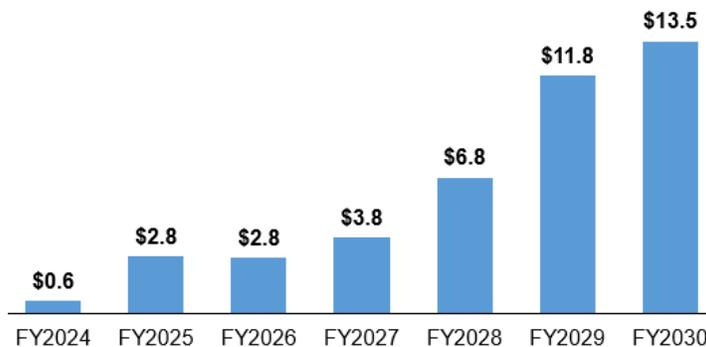
The vast majority of capital requested for FY 2025 must be financed with loans. The loans will come from both special State water programs and the municipal bond market. The Town plan is to use lower-cost State loans as much as possible. When State loan limits are reached, the Town will go to the general obligation municipal bond market.

Sources of CIP Investment Monies
(\$ in millions)



For the last decade, total Town debt remained at around \$115 million. The loans for FY2025 – FY2029 will cause debt to quadruple to \$459 million by FY2029. Most of the loans will be to pay for the capital investment in CWMP, School, and Water Supply (Hyannis). The debt level itself is not an issue, as it does not bring the Town anywhere close to its state-mandated debt limit. But the added debt will dramatically raise the Town’s annual debt service – the yearly, required payments of interest and principal. CWMP debt service which the Operating Budget will need to fund will rise from \$0.6 million per year in FY2024 to \$13.5 million per year in FY2030. This increase is before adding the additional debt service that the latest CIP requests to fund CWMP projects in 2027, 2028, and 2029.

CWMP Debt Service
excluding loans needed in 2027 and beyond*
(\$ in million)



* This projection only includes existing CWMP loans and those expected to be taken out in 2025 and 2026.

A large increase in CWMP debt service costs has been anticipated. Several new taxes to help pay these costs have been instituted including a new tax on meals, on traditional hotel and motel rooms, and a short-term rental tax. The goal was to have these new taxes pay for about 50% of the increase in debt service.

How the other 50% will be solved requires decisions and trade-offs:

- Pending legislative approval, which taxes could Barnstable increase? Meals taxes, local room taxes, motor vehicle excise taxes?
- Will the Town hold a voter referendum to create a Water Infrastructure Investment Fund or to put in place a CWMP debt exclusion?
- Will the Town only approve a portion of CWMP’s CIP requests? If it does, will the lower investments slow the pace of CWMP and complicate maintaining a MassDEP watershed permit?
- Will the Town decide to reduce services and the Operating Budget allocated to departments so funds can be directed from the Operating Budget to CWMP?

Or what combination of the above might provide a CWMP solution?

Beyond the CWMP riddle, the School’s capital request for 2026-2029 has tripled to \$79 million. To fund this amount requires similar trade-offs to be considered: should the School CIP requests be reduced and repairs delayed or does the Town propose a debt exclusion for the Schools, too? Or does the Town shift money from Municipal services to School debt service? (The School’s \$9.9 million capital request for FY2025 is recommended by the Town Manager. It has funding in place. The requested funds for FY2026 and beyond are the challenge.)

CFAC Advice: Explained

Based on CFAC’s review of the CIP submissions from all departments and the Town Manager’s recommendations, CFAC offers the Town Council and Administration advice in four areas:

1. **Update adaptive CWMP Plan Now:** Because so much has changed since the original plan was approved, the Town should begin an update of all CWMP plans (project phasing, procurement, technologies, expected yearly TMDLs by watershed, costs, financing) now instead of waiting for five years to submit its approved Adaptive Management Plan to the Cape Cod Commission. This is because a lot has changed since the original plan was approved. The chart below shows that in the last two years, FY2025 CWMP costs increased about \$35 million each year and sewer assessment revenues and connections are down.

Changes to CWMP over time: Illustrative Examples

<u>CWMP Costs Up</u>		<u>Revenues Down</u>		<u>Sewer Connects Down</u>	
(\$ in millions)		(Assessment \$ per parcel)		(by end of Phase 1)	
CIP 2023	\$98	Original Plan	\$18,000	CIP 2024	4,039
CIP 2024	\$135	Now	\$10,000	CIP 2025	3,534
CIP 2025	\$170				

A list of additional plan assumption changes is in Appendix 1.

The CWMP update should identify options that will enable both funding and progress toward CWMP's strategic goals. The update should also answer some key questions to help the Town make decisions:

Key Questions: CWMP

- What was learned in the first three years of Phase 1? What are the implications, and how will they influence future decisions?
- How might options make CWMP more affordable?
 - Technologies used for wastewater sewers, treatment, and effluent disposal?
 - Different procurement approaches?
 - Changes in the treatment plant and sewer capacity timing?
 - Policies and incentives related to decentralized nitrogen reduction?
 - Alternative financing including efforts to expand State/Federal aid?
- Which options are proposed, and how do they compare with each other?
- Originally proposed as a 60-year program, CWMP was reduced to 30 years under the threat of a lawsuit by the Conservation Law Foundation. Are there now options to extend beyond 30 years, which may allow better technologies or changes in State/Federal funding to become available?

2. Plan now for funding sources or reductions to CIP requests in FY2026+

As the Big Picture section stated, large, post-FY2025 CIP requests from CWMP and School require the Town to either raise more revenue, divert funds from Town services, or decide what requests to reduce and/or push out into the future.

A decision to raise revenue via a debt exclusion that the Town Council and then taxpayers must approve may take the longest time to design and execute. Communicating to the public why it is being proposed and how it benefits them will take time. And if a debt exclusion is chosen to fund CWMP, any taxpayer vote would need to take place in calendar 2025. A School debt exclusion would follow a similar timeline if that option were a choice.

Debt exclusion votes can be complicated. They often do not pass (see list of votes since 1999 in Appendix 2). Thus, the Town Council may wish to consider some questions related to the trade-offs and planning.

Key Questions Related to a Debt Exclusion

- What are Town's priorities, especially for CWMP, School vs. other Town services?
- How would different scenarios of higher taxes, one of more debt exclusions, reduced CIP, slowed CWMP, delayed School repairs, moving monies from the Municipal Operating Budget to CWMP and/or School play out? What are the pluses and minuses of each scenario?
- Given that CWMP continues for another 25+ years, how many debt exclusion votes might be required to fund it? How big might each one need to be, especially as felt by taxpayers in their property tax bills?

- If debt exclusions are part of a solution, how should the need for higher taxes be communicated to the public, and on what schedule? When should the vote be scheduled?
- What happens if a proposed debt exclusion referendum is defeated?

CFAC stresses the need to address these questions sooner than later since any solution involving a debt exclusion or override, or increasing taxes by adding a Water Infrastructure Investment Fund (WIIF) will require a Town referendum, probably in calendar 2025.

3. **Make minor revision to CIP Process:** A supplemental financial analysis would benefit the current CIP process, as shown in Appendix 3. The analysis will help reduce the large year-to-year variations in CIP amounts. The latest year-to-year CIP totals varied by as much as 118% in a single year and by 39% for the four years of 2025 through 2028.

CIP Recommendations: This Year vs. Last Year
(\$ in millions)

	FY2025	FY2026	FY2027	FY2028	Four Year Total
FY2025 CIP Submission	\$269	\$161	\$247	\$107	\$783
FY2024 CIP Submission	\$285	\$91	\$113	\$75	\$564
FY2025 (Higher) / Lower FY2024	\$16	(\$70)	(\$134)	(\$32)	(\$219)
	6 %	(77)%	(118)%	(42)%	(39)%

Sources: CIP reports, CFAC analysis

CFAC believes that this recommended financial analysis submission by each department will reduce the large variation in year-to-year department CIP requests. In the last CIP, the year-to-year department changes averaged almost ±50%. Greater year-to-year consistency in plans is possible.

4. **Consider new Policy to Lower Capital Repair Costs:** The Town may benefit from creating a policy for capital assets (e.g.: buildings, roads, parks.) to help decide what the Town should acquire or divest based upon the capital maintenance required. Every year General Fund CIP requests to repair capital assets far outstrip what the Town can afford. Many requests are not recommended each year, so maintenance is deferred. For some assets, this has happened year after year, and those assets continue to deteriorate.

The Town may be able to lower its capital needs by establishing a policy to determine when not to acquire new capital assets, when to divest assets, or move assets to other organizations that would be responsible for maintaining them without Town resources.

The report sections that follow provide information on the above and additional CIP topics.

CWMP: Financial Highlights

As the Town of Barnstable’s most far-reaching and expensive project, the Comprehensive Wastewater Management Plan is currently in Phase I of its 30-year sewer construction implementation. As was expected since the CWMP Plan was approved in 2021, the project has had to modify its initial plan and schedule as circumstances have changed. Despite the

necessary changes, DPW has made timely plan adjustments, shifted resources when needed, and maintained steady progress. After Phase I, the projected number of new sewer connections and the number of gallons of wastewater being sewerred to the treatment plant are within 13% of prior estimates.

However, initial project cost assumptions have turned out to have been overly optimistic. The original 2021 estimated 30-year cost for the three phases of CWMP was \$863 million. Since then, costs have increased dramatically. Based on the latest CIP estimate, the first 10 years of CWMP (Phase 1) alone will cost around \$500 million. Cost projections for years 11-30 have not yet been updated.

48% CWMP Cost Increase Since Prior CIP

The latest CWMP CIP submission for FY2025 - FY2028 is up \$124.6 million from the prior CIP submission. That is 48% higher than last year's CIP.

The FY2025-FY2028 costs would have increased by another \$38 million except that two sewer installations with major costs were pushed out beyond this four-year timeframe. If their timeframe had not been moved the 48% increase in cost would have been about 63%.

CWMP Cost for FY 2025 Up 74% in 2 Years

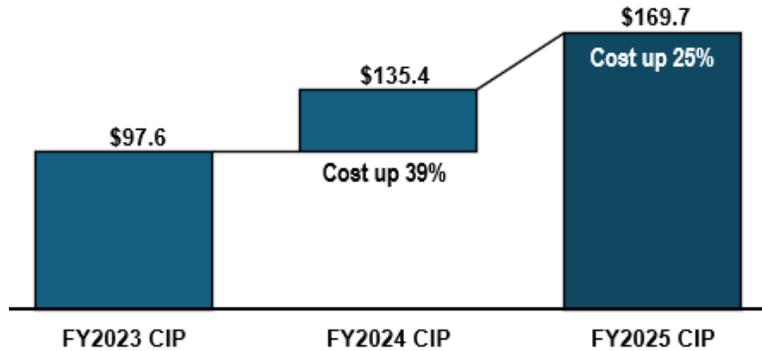
CWMP CIP Submission: FY2025 (\$ in millions)

PROJECT TITLE	FY 2025 CIP					FY2025 (H)/L FY2024 CIP
	FY2025	FY2026	FY2027	FY2028	TOTAL	
Nitrogen Removal Improvements and WPC Facility Upgrade	109.3	-	63.4	-	172.7	(106.9)
Rt. 28 West Sewer Expansion	59.7	-	-	-	59.7	(24.6)
Long Beach Sewer Expansion	0.8	9.0	-	-	9.8	(0.5)
Great Marsh Road & Shootingfly Sewer Expansion	-	2.5	-	38.0	40.5	(13.0)
Phinney's Lane Neighborhoods Sewer Expansion	-	40.0	-	-	40.0	(8.0)
Old Yarmouth Rd Sewer Expansion	-	-	-	12.8	12.8	(4.8)
Long Pond Area Sewer Expansion	-	-	38.0	-	38.0	(3.0)
South County Rd Sewer Expansion	-	0.6	1.5	-	2.1	(1.1)
Prince Cove Sewer Expansion	-	-	0.8	1.5	2.3	(0.9)
Mill Pond Dredging	-	5.0	0.2	-	5.2	0.0
Huckins Neck Rd Sewer Expansion	-	-	0.3	0.7	1.0	0.0
Old Craigville Rd Sewer Expansion	-	-	-	-	-	18.3
Osterville Woods Sewer Expansion - Design and Survey	-	-	-	0.6	0.6	19.9
Effluent Disposal Alternatives	-	TBD	-	TBD	-	--
Warren's cove Aquaculture Project - Design and Permitting	-	TBD	-	TBD	-	--
TOTAL COMPREHENSIVE WASTEWATER MANAGEMENT	169.7	57.1	104.1	53.6	384.5	(124.6)
FY'25 Submission (Higher) / Lower than FY'24 Submission	(34.3)	(14.5)	(58.0)	(17.9)	(124.6)	(48)%

Sources: CIP reports, CFAC Analysis.

Costs have grown from \$97.6 million in the FY2023 CIP, to \$135.4 million in the FY2024 CIP, to \$169.7 million in the FY2025 CIP.

**CWMP Request by Year of CIP
for single year of 2025**
(\$ in millions)



Sources: CIP reports, CFAC analysis.

Cost Is One Factor Among Many Changes

CWMP cost assumptions and projections have changed. Other important assumptions have also changed: inflation rates, treatment plant technology, and revenue drivers. A list of ten prior CWMP plan assumptions that have changed is shown in Appendix 1.

CFAC has supported CWMP and its implementation since its inception. It is critical to the entire Cape Cod economy and to residents to stop the nitrogen pollution that has seriously degraded our environment. However, the changes cited above have altered the original schedule and cost of implementation so much that CFAC believes that there is a need for a comprehensive, strategic analysis and plan update. Beyond updating the plan, the update process can help answer important questions such as those listed on page 6 of the Executive Summary. We recommend that the page 5 list be enhanced before the update starts.

General Fund: Financial Highlights

As is the case in most years, General Fund capital investment requests in FY2025 (\$39.2 million) exceeded expenditures recommended by the Town Manager (\$22.8 million). This process reflects the accountability and prudence inherent in the Town’s budgeting process. Building repairs account for the majority (\$10.8 million) of the \$16.4 million requested but not recommended by the Town Manager, as shown in the table below:

(\$ in millions)

	Submitted	Recommended	Difference
Total	\$39.2	\$22.8	(\$16.4)
Buildings & Repairs	\$23.1	\$12.3	(\$10.8)
Roads, Sidewalks & Asphalt	\$11.5	\$6.6	(\$4.9)
Water: Recreation+	\$3.0	\$3.0	\$0.0
Parks & Recreation	\$1.6	\$0.9	(\$0.7)
Other	\$0.1	\$0.0	(\$0.1)

Source: CFAC analysis.

General Fund Capital Projects: In FY2025, Town departments have outlined a comprehensive plan for General Fund capital projects, aimed at preserving and enhancing critical infrastructure and community assets. This report provides an overview of the allocated budget, project categories, and the rationale behind the prioritization of these projects.

Budget Overview: The total budget allocated for FY2025 General Fund capital projects amounts to \$22.8 million. This funding is distributed across various departments and project categories to address diverse municipal needs.

Department Funding: The FY2025 Departmental General Fund capital projects funds are as follows:

• Administrative Services:	\$0.17 million (0.7%)
• Police:	\$0.37 million (1.6%)
• Marine & Environmental Affairs:	\$3.1 million (13.6%)
• Community Services:	\$5.7 million (25.1%)
• Public Works:	\$3.6 million (15.4%)
• Schools:	\$9.9 million (43.6%)
TOTAL:	<u>\$22.8 million</u>

Recommendations and Funding Allocation: Of the 70 identified and submitted projects, 39 have been recommended by the Town Manager for FY2025, with a total cost of \$22.8 million.

Rationale for General Fund Projects: The prioritization of General Fund projects underscores Barnstable's commitment to preserving its assets, which play a pivotal role in supporting the local economy, residents, and visitors. The Town's infrastructure, including roads, schools, buildings, natural resources, beaches, waterfronts, and recreational areas, serves as a cornerstone for economic activity and community well-being. Failure to invest in these assets would lead to their deterioration, posing a significant risk to the local economy and quality of life.

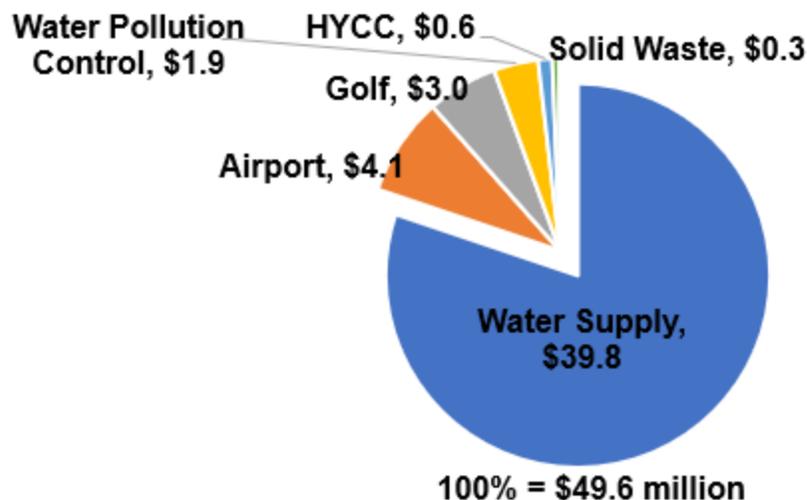
Impact on Economic Development: While none of the General Fund projects directly target economic development, their indirect impact is substantial. By maintaining and enhancing critical infrastructure and amenities, Barnstable bolsters its attractiveness as a commercial hub and tourist destination. A decline in infrastructure quality would compromise the Town's competitive edge, hindering economic growth and prosperity.

Summary: The need for continual assessment of School funding while concurrently addressing CWMP projects required by MassDEP, is essential for ensuring the well-being and prosperity of the community.

Enterprise Funds: Financial Highlights

CFAC's review finds the recommended CIP investments for the Enterprise Fund operations (including the Airport and Water Supply funds) to be reasonable. The loans and debt service for Enterprise operations tend to be financed by the service fees charged to users. Almost all operations are self-funding.

Capital spending proposals for the Town of Barnstable's six Enterprise Funds for FY2025 are summarized in this section. Following are a few key points:



Source: CIP reports and Finance discussion.

- Nature of Enterprise Funds:** These funds are self-sufficient and generate revenue from service fees charged to users. Each fund's revenues and expenditures are separate from other Town activities.
- FY2025 Capital Spending Proposal:** The Town Manager proposes \$49.6 million in capital spending for 19 recommended projects within the Enterprise Funds. This amount remains consistent with the previous fiscal year.
- Future Capital Expenditures:** The Town projects an additional \$107.2 million in capital expenditures for FY2026 - FY2029, primarily for Airport upgrades (\$44 million), Pump Station Upgrades (\$14 million), and Mary Dunn Filtration Plants accounting for (\$26 million) of CIP projections.
- Funding Sources for FY2025 Projects:** Projects will be financed through a combination of grants, Enterprise surplus funds, and bond issues.
- Examples of Projects and Funding Sources:**
 - Airport: \$2.5 million grant for Terminal & Facility upgrades
 - Water Supply: \$39.6 million from Enterprise borrowing
 - HYCC: \$0.6 million from General Fund Reserves
- Airport Expenditures:** The Airport's projects will be funded by a combination of reserves and contributions from the FAA and the MassDOT Aeronautics Division.
- Water Supply and Water Pollution Control:** These two areas have the largest proposed budgets, with projects focusing on maintaining water supply and safety.

Overall, the focus of the Town's capital spending in these self-funding accounts is on maintaining and upgrading infrastructure within the Enterprise Funds while ensuring financial

sustainability. As highlighted in the table below, the increase in spending from the FY2024 to the FY2025 Five-Year Plan seems reasonable given today’s inflationary climate.

Five-Year Plan Comparison			
FY2024-2028	FY2025-2029	\$ Difference	% Difference
\$153,297,740	\$158,569,977	\$5,272,237	3%

During CFAC’s review of FY2025-FY2029 Enterprise Fund CIP projects with staff, it was clear that departmental submissions were well thought-out with funding for all projects having been identified.

Five-Year Plan: Changes

Each CIP submission includes a five-year forecast of each department’s capital projects and funding needs. The Town Manager reviews and only recommends the projects and funding for the first year of the five years. The data for the succeeding four years helps the Town anticipate future capital needs.

The FY2025 five-year CIP data presents:

- 39% increase in capital requests since last year.** The total of the FY2025-2028 capital requests increased by \$218 million since last year’s CIP, growing from \$564 million in the FY2024 CIP to \$781 million in the FY2025 CIP. This is after the FY2024 CIP increased by \$83 million from its level in the FY2023.
- 46% change in departments’ year-to-year capital requests.** The five-year capital requests from many departments change dramatically from year to year. FY2025’s situation is not a one-year event. The magnitude of change makes planning for the Town’s future capital needs problematic and CFAC believes this can be at least somewhat mitigated, as described below and in Appendix 3.

(1) 39% increase in requested capital funds since last year.

The FY2025-2028 portion of the five-year CIP forecasts that the Town needs \$781 million to pay for currently identified projects. That forecast is an increase of \$218 million (39%) from the prior CIP, primarily due to much higher requests from CWMP and School.

Comparison: FY2025 vs. FY2024 CIP Submission

	(\$ in millions)				
	FY2025	FY2026	FY2027	FY2028	Total
FY2025 Submission	\$279.7	\$186.3	\$213.2	\$102.1	\$781.3
FY2024 Submission	\$284.9	\$90.6	\$113.1	\$75.0	\$563.6
FY2025 (H) / L FY2024	\$5.2	(\$95.7)	(\$100.1)	(\$27.1)	(\$217.7)
% Change	2 %	(106)%	(89)%	(36)%	(39)%

Currently, the Town does not have enough resources for capital project expenditures of this magnitude and scale. A possible solution is one or more debt exclusion referenda. The

alternative is to decrease Town services and operations. Even if the large capital requests are spread out over time, CFAC believes the circumstances and factors causing these big capital request increases should be examined to try to reduce them in the future. In addition to identifying the reasons for increased requests, the Town may also wish to (1) investigate strategies to reduce the double-digit increases in capital requests and (2) consider options to raise more revenues to help cover those cost increases.

(2) 46% change in departments’ year-to-year capital requests

Large capital request changes are not unique to this year’s CIP. Changes are usually expected to occur each year but large changes to the upcoming year make borrowing and debt service levels more reactionary than is optimal. The FY 2025 CIP requests by the departments for FY2025 changed an average of 46% from the FY2024 CIP to the FY2025 CIP (see table).

To reduce the magnitude of these changes CFAC advises supplementing the current CIP Process by adding an “Explanation of Changes” financial table to each department’s submission as shown in Appendix 3. CFAC believes that this analysis will help departments to become more consistent year-to-year.

**Capital Submission Comparison
FY2025 Submission vs. Last Year's**

(\$ in millions)

	FY2025 (single year) Capital Submission		Now (H)/L Prior	
	FY2025 Submission	FY2024 Submission	in \$ mm	Absolute % Change
General Fund				
Police	\$2.6	\$2.6	-	0%
Marine & Enviro, Affairs	\$3.9	\$10.5	\$6.6	63%
Community Services	\$7.1	\$13.7	\$6.7	48%
Public Works	\$26.3	\$54.5	\$28.2	52%
School	\$9.9	\$6.6	(\$3.4)	51%
Total General Fund	\$49.7	\$87.8	\$38.1	
CWMP				
Total CWMP	\$169.7	\$135.4	(\$34.3)	25%
Enterprise				
Airport	\$3.6	\$10.5	\$6.9	66%
Marina	\$9.2	\$9.8	\$0.6	6%
Sandy Neck	\$0.0	\$4.3	\$4.3	100%
HYCC	\$2.7	\$3.4	\$0.7	20%
Golf	\$2.8	\$0.0	(\$2.8)	∞
Water Pollution Control	\$1.9	\$3.1	\$1.3	40%
Water Supply	\$39.8	\$27.7	(\$12.1)	44%
Solid Waste	\$0.3	\$3.0	\$2.6	89%
Total Enterprise Fund	\$56.7	\$51.2	(\$5.5)	
All Capital	\$276.2	\$274.5	(\$1.7)	
Sum of Absolute Changes			\$110.4	
Average Change				46%

Debt and Debt Service: Increases

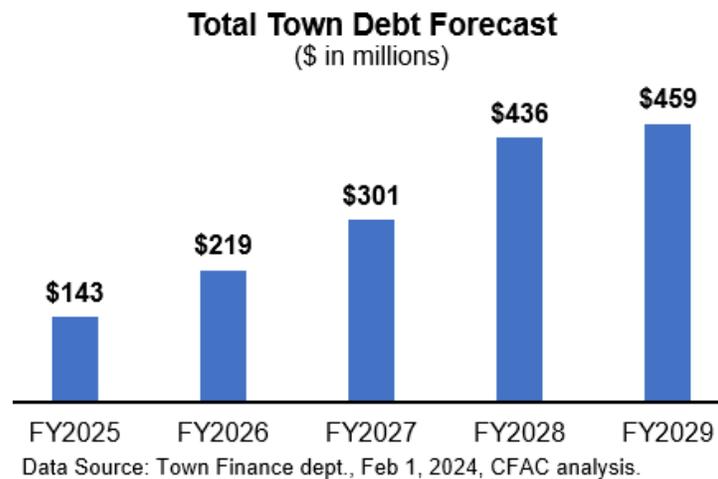
Most of CWMP’s capital costs are funded by 20 or 30-year loans obtained from State agencies at below-market rates. When spending exceeds the State program borrowing limits, financing is obtained from the municipal bond market. Both these loan types add to the Town’s debt load.

For many years the Town has carried a debt load of about \$115 million which is low for a municipality of Barnstable’s size. This, and the Town’s favorable economic factors, have contributed to the Town’s AAA bond ratings, which in turn have provided the Town with low-interest rates on its general obligation bonds.

Note that State law (G.L.c 44, §7) limits total Town debt to 5% of the most recent equalized valuation. Even with the large increase in debt shown below, the Town is well below that limit.

Town Debt

To finance CWMP’s capital-intensive projects, Barnstable’s long-term debt is projected to triple in the next four years.

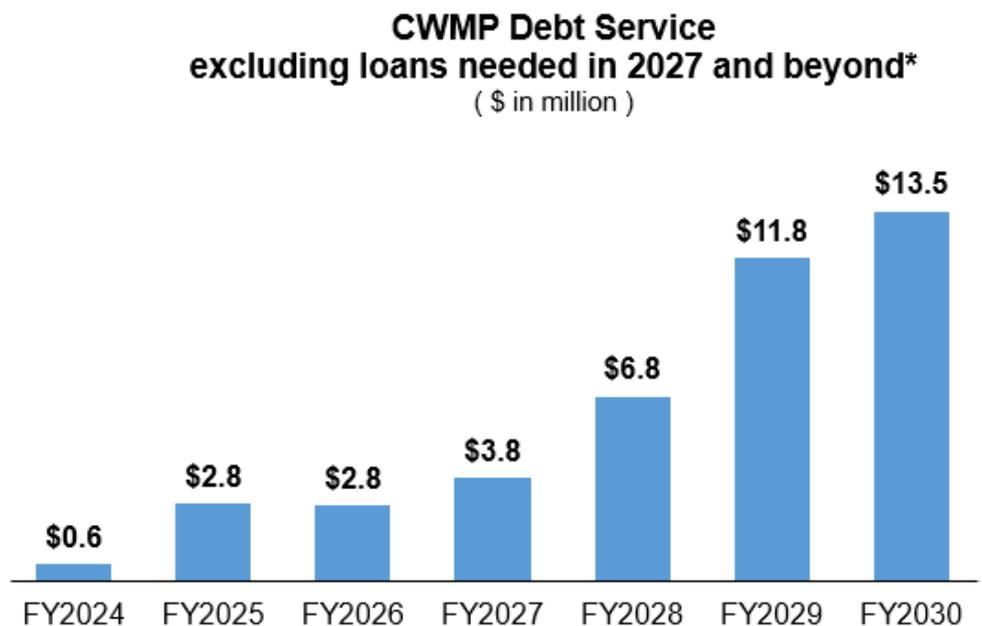


Debt Service Payments

The higher debt load is not in itself a problem and should not impact the Town’s AAA bond rating. The debt load, however, increases the Town’s debt service (annual payments of principal and interest). The challenge will be having adequate resources to pay the debt service. Several years ago, the Town added new taxes such as room taxes and meals taxes that were directed to CWMP. They may pay for an estimated 50% of near-term CWMP debt service. These resources alone will be insufficient to pay for all the mounting debt service. It is currently estimated that new sewer assessment and sewer usage fees will eventually provide revenues to help cover CWMP debt service but not in the next five years.

Finance’s forecast of the annual debt service for the CWMP loans indicates a dramatic acceleration beginning in FY2025. Debt service for the loans accumulated through 2026 will increase Barnstable’s annual CWMP-related debt service from \$0.6 million in FY2024 to \$13.5 million in FY2030 as shown in the chart to the right.

Note that loans required in 2027 and after are not in the chart and they will further increase the required annual debt service starting in 2028 and beyond.



* This projection only includes existing CWMP loans and those expected to be taken out in 2025 and 2026.

CFAC thanks Mark Milne, Town Finance Director, and Gareth Markwell, Town Deputy Finance Director of Municipal Operations, for their guidance and the time they spent providing data to CFAC. Their input and expertise were invaluable to CFAC and critical to the development of this report. We would also like to thank all the Town department personnel who met with us including Daniel Santos and Griffin Beaudoin from DPW and Sara Ahern from the Schools. Explanation of their plans greatly helped our evaluation of CIP.

CFAC is available to answer questions and to discuss this report.

- CFAC's Town Staff liaison is Director Mark Milne.
- CFAC's Town Council liaison is Vice President Craig Tamash.
- CFAC's email address is: CFAC@town.barnstable.ma.us

Appendix 1
CWMP Plans and Assumptions Changes Over Time
(Illustrative, incomplete list)

<u>Plan or Assumption</u>	<u>Previously</u>	<u>Currently</u>
<u>Costs</u>		
➤ Phase 1	\$863 million for <u>30</u> years (Phases 1, 2, and 3)	\$500 million for <u>10</u> years (Phase 1, only)
➤ Single Year of 2025	\$98 million in FY 2023 CIP	\$170 million
➤ FY 2025-2028	\$260 million (in FY 2024 CIP)	\$385 million
<u>Underlying Inflation</u>		
	2% (Assumed for project)	6% to 10% (2021–2023 actual industry rates – which are lower than CWMP rates)
<u>Town Revenue-related</u>		
➤ Sewer Assessment	\$18,000 per parcel (then reduced to \$17,000)	\$10,000 per parcel
<u>Technology</u>		
➤ Filter Treatment	Granular Activated Carbon	Added Reverse Osmosis (\$63 mm added cost)
➤ Effluent Disposal	Potentially piped to JBCC	JBCC is no longer seen as a viable option
<u>Wastewater Collection</u>		
➤ Sewer Connections	4,039 by the end of Phase 1 (in FY2024 CIP)	3,534 by the end of Phase 1 (in FY2025 CIP)
➤ Wastewater Volumes (millions of gallons per day)	2.39 by the end of Phase 1 (in FY2024 CIP)	2.33 by the end of Phase 1 (in FY2025 CIP)

Sources: Barnstable Comprehensive Wastewater Plan, Jan. 2020; multiple years' CWMP annual reports and Town Manager CIP documents; multiple interviews and documents from DPW.

Appendix 2
Barnstable Proposition 2½ Voting History since the year 1999

Prop. 2½ Debt Exclusion Votes (data on amounts not provided)

Vote Date	Description	Department	Result	Yes	No
9/19/2017	Bond To Construct New School At Cape Cod Rths**	School	Approved	1,749	890

Prop. 2½ Stabilization Fund Override Votes

Vote Date	Description	Department	Result	Yes	No
11/2/2010	\$3 mm to Take of Private Ways As Town Ways	DPW	Disapproved	3,469	15,612
11/2/2010	\$0.75 mm to Fund Sewer System Stabilization Fund	DPW	Disapproved	5,235	13,862

Prop. 2½ Override Votes

Vote Date	Description	Department	Result	Yes	No
5/25/1999	\$3 mm for Education Costs	School	Disapproved	3,315	6,055
11/4/2003	\$7.2 mm for Municipal And School Budget	General Government	Disapproved	5,903	9,461

* Data Source: Mass DLS, Dept. of Revenue, Data Analytics and Resources Bureau.

** News report said the bond would cost each tax payer \$23 per year.

Appendix 3
Recommended CIP Process Improvement:
“Explanation of Change” analysis to be provided by each department

Illustrative Example

Dept: CWMP - Explanation of Change in FY2025 CIP vs. FY2024 Submission
(\$ in millions)

Summary: Many projects have seen large cost increases as bidders prices are higher than last estimates.
A new \$63.4MM reverse osmosis / ultraviolet water purification plant was added to plan in 2027.
Two sewer projects and approx 500 sewer connections have been moved out beyond 2028

	FY2025	FY2026	FY2027	FY2028	Total
Current, FY 2025 Capital Submission	\$170	\$57	\$104	\$54	\$384
Prior FY 2024 Capital Submission	\$135	\$43	\$46	\$36	\$260
FY 2025 (Higher) / Lower FY2024	(\$34)	(\$15)	(\$58)	(\$18)	(\$125)
(Higher) / Lower Prior %	(25)%	(34)%	(126)%	(50)%	(48)%
<i>Explanation of Changes:</i>					
- N removal and WPC facility upgrade cost increases	(\$43.5)				(\$44)
- New activity adding reverse osmosis and UV to waste treatment operations			(\$63.4)		(\$63)
- Cost up for Rt. 28 sewer project	(\$24.7)				(\$25)
- Costs up for Great March, Long Pond, Long Beach, Prince Cove sewers	\$0.3	(\$1.8)	(\$3.4)	(\$23.0)	(\$28)
- Phinney's Lane sewer move out one year and cost is up	\$32.0	(\$40.0)			(\$8)
- Old Yarmouth sewer moved from 2026 to 2028 and cost is up		\$8.0		(\$12.8)	(\$5)
- Two sewer project installations moved out in time past FY'28	\$1.5	\$19.7	\$9.6	\$17.9	\$49
- All other changes	\$0.1	(\$0.3)	(\$0.8)	\$0.0	(\$1)
Current Submission (Higher) / Lower Prior	(\$34.3)	(\$14.5)	(\$58.0)	(\$17.9)	(\$125)

Note: CFAC could assist Town departments in performing these analyses, if requested.