



Chair:
Christopher Lauzon

Members:
Chris King
Rimas Puskorius
Jeremy Shea
James Sproul
Frank Ward
Lillian Woo

Staff Liaison:
Mark Milne

Councilor Liaison:
Betty Ludtke

The Town of Barnstable

Comprehensive Financial Advisory Committee

[CFAC]

367 Main Street, Village of Hyannis, MA 02601
v. 508.862.4660 • f. 508.862.4717
www.town.barnstable.ma.us

CFAC Report: Capital Improvement Plan FY27 – FY31

In accordance with the Town of Barnstable Charter (Part VI, Section 6-5) and Administrative Code (Chapter 241-18), the Comprehensive Financial Advisory Committee (CFAC) provides this independent review of the Fiscal Year 2027 Capital Budget and the FY27–FY31 Capital Improvement Plan (CIP).

The Town's website provides easy access to current financial information about the Town's capital commitments and needs. More information, this can be found at:

[FY 27 – FY31 Capital Improvement Plan](#)

Prepared by:
CFAC CIP Subcommittee

Rimas Puskorius
Jeremy Shea
James Sproul-Chair

Approved: March 3, 3026

A STRATEGIC VISION FOR BARNSTABLE'S CAPITAL FUTURE
(FY27-FY31)

I. INTRODUCTION AND METHODOLOGY

In accordance with the Town of Barnstable Charter (Part VI, Section 6-5) and Administrative Code (Chapter 241-18), the Comprehensive Financial Advisory Committee (CFAC) provides this independent review of the Fiscal Year 2027 Capital Budget and the FY27–FY31 Capital Improvement Plan (CIP).

This year's analysis includes a specific examination of the Town Manager's CIP proposals. In place of our traditional detailed discussions of individual CIP categories, this report intentionally focuses on funding options for the CWMP during FY27–FY31. These options—spanning technically vetted revenue pillars and Private Sector Participation (PSP), are proposed to ensure the long-term fiscal stability of the Town and its residents.

II. THE CONTEXT: THE 50-YEAR MACHINE AND THE CURRENT "WRENCH"

Fifty years ago, in 1976, the Town was frustrated by "unpleasant surprises" in capital costs. In 1977, this committee was formed with a mission: to convince Town government to think at least six years ahead. For decades, that era of savvy planning worked, maintaining our AAA bond rating.

However, the current operating model concentrates 100% of financing, construction, operation, and compliance risk on the Town and its taxpayers. The \$589 million funding gap, driven primarily by the CWMP, is a "massive wrench" in that 50-year-old machine. We can no longer rely solely on "pay-as-you-go" or traditional borrowing; the magnitude of the wastewater mandate requires a fundamental shift in our financial strategy.

While CIP General Fund projects come from Town revenue and the Capital Trust Fund and Enterprise Fund projects are financed through their reserves, the primary future financial issue is the funding of CWMP.

III. CONVENTIONAL REVENUE TOOLS (THE THREE PILLARS)

CFAC proposes three ballot options to continue the funding and implementation of the CWMP for FY27–FY31.

1. Debt Exclusion This is a temporary tax increase dedicated specifically for CWMP projects. The tax will expire when the debt is retired.

- **Historical Context:** CFAC previously urged the use of the debt exclusion in its *February 8, 2021, CWMP Financial Management Plan Report*.
- **Strategic Alignment:** Finance Director Mark Milne included the debt exclusion option in his *January 8, 2026, Strategy Workshop* presentation to the Town Council.

2. Water Infrastructure Investment Fund (WIIF): This creates a dedicated property tax surcharge (up to 3%) to be used exclusively for maintenance and construction of water and sewer assets.

- **Historical Context:** CFAC first proposed the WIIF in our *FY2022 Operating Budget Report (May 24, 2021)*.

3. Multipurpose Stabilization Fund Override: This tool creates permanent taxing capacity that remains under the direct oversight of the Town Council.

- **Purpose & Control:** Unlike project-specific debt, this fund provides the "fiscal breathing room" necessary to manage long-term capital needs beyond just pipes, such as school modernization.
- **Accountability:** Use of these funds is not automatic; it requires a deliberate vote by the Town Council during the annual budget process to deploy specific amounts for capital needs. This ensures a transparent "check and balance" on how the additional capacity is utilized.

4. Recommendation: CFAC formally recommends that the Town Council and Town Manager initiate the required processes to bring these revenue tools to a formal vote no later than Spring 2027. This timeline is critical to securing the funding necessary to maintain the CWMP construction schedule and to address the projected \$589 million gap before it impacts the Town's broader capital requirements.

IV. THE FAIRNESS DOCTRINE: SEWER ASSESSMENT EQUITY

CFAC urges the Town Council to consider increasing the present maximum \$10,000 sewer assessment. This cap was established in 2021; since then, the costs of labor and materials have increased significantly. CFAC recommends the consideration of annual adjustments based on the Construction Cost Index (CCI).

This ensures that assessment costs remain equitable and are commensurate with actual construction costs at the time of a homeowner's connection.

V. ALTERNATIVE STRATEGIES (PRIVATE SECTOR PARTICIPATION)

Traditional taxation alone is unlikely to provide a sustainable solution to the Town's long-term capital needs. Private sector participation (PSP) is an alternative tool that can, when appropriately structured, enable the Town to access third party capital and allocate financial and operational risks. The Town also owns enterprise assets that benefit concentrated user groups. Alternative approaches to the services they provide or how they are managed could enhance the financial flexibility of the Town. In light of the Town's substantial capital investment needs, we recommend a review and measured expansion of Private Sector Participation (PSP) to:

- **Access Capital:** Utilizing models like "Design-Build-Operate" to access private capital for infrastructure.
- **Generate Non-Tax Revenue:** Evaluating non-tax revenues from Town assets, including land leases that generate General Fund property taxes.
- **Achieve Operational Efficiency:** Employing performance-based contracts to achieve cost savings, as seen in peer municipalities like Brockton and Taunton.

For a technical evaluation of these strategies—including references to peer-municipality programs, summary risk analysis, and specific policy questions for the Council—please refer to ATTACHMENT A: Alternative Approaches to Expand Funding Capacity Through Private Sector Participation.

VI. CONCLUSION: PROTECTING THE FUTURE OF ALL PUBLIC ASSETS

As the biggest expenditure in the history of the Town of Barnstable with a total cost expected to exceed \$1 billion over the course of 30 years, CWMP will span many economic cycles, many Town leaders, and generations of property owners. The proposed options for funding CWMP are imperative. Without alternative funding sources, our school buildings, public safety facilities and coastal infrastructure may face limited resources. The use of debt exclusion and private sector participation creates the “fiscal breathing room” necessary to ensure a student in 2076 learns in a state-of-the-art facility.

CFAC CIP Subcommittee Report
March 3, 2027

CFAC formally recommends that the Town Council and Town Manager initiate the required processes to bring these revenue tools to a formal vote no later than Spring 2027. This timeline is critical to securing the funding necessary to maintain the CWMP construction schedule and to address the projected \$589 million gap before it impacts the Town's broader capital requirements. CFAC additionally recommends the formation of a working group to inventory existing partnership and prioritize a phased pipeline of PSP initiatives. We are not just installing pipes; we are ensuring Barnstable's financial stability for the next century.

Acknowledgements: CFAC would like to thank Town Finance Director Mark Milne and his staff, School Superintendent Sara Ahern and her staff, DPW Director Dan Santos and his staff for their active participation in the development of this year's report.

Attachment (a.)

Alternative Approaches to Expand Funding Capacity Through Private Sector Participation

Considering the scale and duration of the Town's anticipated capital investment needs, particularly the CWMP, the Town should evaluate alternative approaches to strengthen its fiscal capacity and improve its ability to fund Town operations and meet its capital investment program in a sustainable manner.

Private sector participation (PSP) is an alternative tool that can, when appropriately structured, enable the Town to access private capital, leverage specialized expertise, and more efficiently allocate financial and operational risks. These approaches can generate new non-tax revenues, reduce lifecycle costs, and/or accelerate the delivery of critical infrastructure. PSP should be considered alongside other fiscal and operational strategies and as part of a broader effort to ensure the long-term sustainability, resilience, and effective stewardship of the Town's municipal and enterprise assets and delivery of public services.

The Town already successfully employs a wide range of PSP arrangements such as solar energy partnerships, operational service contracts, and revenue-generating agreements associated with municipal facilities. Expanding the strategic and disciplined use of these tools may enhance financial flexibility while preserving public ownership or control, protecting ratepayers, and maintaining accountability.

For Barnstable, private sector participation can be considered across three broad categories:

- *Capital Access: Leveraging Third-Party Capital* (e.g., Concessions or Design-Build-Operate Contracts): These models allow the Town to access private capital and transfer defined construction and operational risks to the private sector while preserving the ownership of the underlying infrastructure assets.
- *Revenue Generation: Monetizing Municipal Assets* (e.g., Leases, Joint Development Projects, Asset Monetization): These models can generate one-time or recurring revenues, providing general fund relief or supporting one-off significant capital expenditures. Examples include ground leases of un/underutilized land, joint-development of Town-owned parcels, and naming rights for select municipal assets, and targeted asset sales. This category would include the evaluation of the Town's enterprise fund

CFAC CIP Subcommittee Report
March 3, 2027

structures to determine whether alternative approaches could enhance overall municipal financial flexibility, consistent with applicable legal and regulatory requirements.

- *Operational Efficiency: Enhancing Cost Savings and Performance* (e.g., O&M Contracts, Facility Management Contracts, Energy/Performance Partnerships): For complex or capital-intensive facilities, these models use specialized private sector expertise and align incentives through performance-based contracts to achieve cost savings and/or operational efficiency.

PSP models are widely used by other municipalities across Massachusetts and throughout the United States. As a result, there is a substantial body of practical experience from which the Town can draw valuable lessons regarding contract structuring, risk allocation, oversight, and public accountability. For example, Fall River contracted with the private sector to upgrade and operate parts of their wastewater facilities. Similarly, the City of Lynn secured legislative approval to use a DBO contract for the modernization of its wastewater treatment plant. Comparable models have also been used in communities such as Taunton, New Bedford, and Brockton for water, wastewater, and energy infrastructure. These examples demonstrate that, when properly structured and overseen, PSP can serve as an effective tool to help municipalities meet complex infrastructure needs while preserving public ownership, policy control, transparency, and accountability.

Risk Analysis

Private sector participation introduces both opportunities and risks. The principal risks include:

- *Political and Public Trust*. Perceptions that public assets are being sold off or private profit takes precedence over public service can generate opposition and erode trust. These risks can be managed through transparent public engagement, clear contractual provisions preserving Town authority, and regular public reporting on performance outcomes.
- *Equity and Access*. PSP arrangements must not reduce public access, create affordability concerns, or disproportionately burden certain residents or neighborhoods. At the same time, Town should carefully balance the public service value of enterprise assets against their underlying economic value, ensuring that decisions regarding their ownership, use, or monetization reflect both community benefit and the

CFAC CIP Subcommittee Report
March 3, 2027

Town's overall long-term fiscal sustainability. Contracts should include explicit minimum service standards, non-discrimination protections, and safeguards against service reductions.

- *Fiscal Concerns.* Under the *status quo*, funding and cost overrun risk remain with the Town. Conversely, poorly structured PSP may create rigidity or unintended financial exposure. These risks can be managed through clearly defined contract terms with performance benchmarks, limits on municipal commitments and guarantees, step-in rights under specified circumstances, and financial transparency requirements. The Town should retain independent financial, technical, and legal advisors to structure and review complex transactions.
- *Operational or Service Quality.* While private sector participation may introduce efficiencies and expertise, misaligned incentives could compromise service quality, safety, or regulatory compliance. These risks can be addressed through performance-based contracts tied to measurable outcomes, robust audit and reporting requirements, and step-in provisions to ensure continuity of service.
- *Implementation/Capacity.* Structuring, negotiating, and overseeing PSP arrangements require specialized expertise. Capacity gaps can result in unfavorable terms or inadequate oversight. Retaining qualified external advisors and investing in staff training can strengthen the Town's ability to manage and monitor these arrangements effectively.
- *Legislative and Regulatory Risk.* Certain PSP options may require supplemental state or municipal enabling legislation to authorize specific transactions or governance structures. This introduces potential timing risk, political considerations, and structural constraints that should be assessed early in the feasibility process.

Strategic Policy Questions

1. What specific problem is the Town trying to solve? Is the primary to obtain access to alternative sources of capital, generate revenues, reduce risk, improve service quality, or a combination of these goals?
2. Which assets are good candidates for private sector participation? Are certain enterprise assets better suited due to financing needs, market demand, operational complexity, or revenue potential? Which characteristics would disqualify an asset from PSP consideration? How does the distribution of benefits between concentrated user groups and

CFAC CIP Subcommittee Report
March 3, 2027

- the broader community inform the ownership, operating, and funding model for these assets?
3. Which risks should remain with the Town and which can be transferred to the private sector? Are there risks currently assumed by the Town that could be managed more efficiently by private partners? Are there core public responsibilities which should not be transferred?
 4. What level of control is non-negotiable? Which decisions (e.g., rates, access, service standards) must remain under Town authority? Where can operational discretion be delegated while maintaining policy control?
 5. How will success be defined and measured? What financial, operational, and service performance metrics will be used to evaluate outcomes over time? What thresholds will trigger review, adjustment, or termination?
 6. How will the Town ensure adequate public engagement and transparency? When should public input be solicited? How will community concerns be incorporated? What ongoing public reporting will be required?

Summary

Maintaining the *status quo* carries meaningful risk for the Town of Barnstable and may constrain future service levels or investment capacity. Given the scale of anticipated capital investment needs and limitations of traditional sources of financing, a strategic and disciplined expansion of PSP tools can enhance the Town's fiscal resilience while safeguarding public ownership, policy control, accountability, and trust.