

TOWN OF DENNIS MASSACHUSETTS



PROPOSED ANNUAL BUDGET FISCAL YEAR 2026

Elizabeth Sullivan
Town Administrator

TOWN OF DENNIS

MASSACHUSETTS



PROPOSED ANNUAL BUDGET
FOR THE FISCAL YEAR
BEGINNING JULY 1, 2025 AND ENDING JUNE 30, 2026

SELECT BOARD

CHRISTOPHER LAMBTON, CHAIR

PAUL MCCORMICK, VICE CHAIR

JOHN TERRIO, CLERK

JAMES PLATH, LICENSING CHAIR

CARLYN CAREY, MEMBER

FINANCE COMMITTEE

CARL MONROE, CHAIR

PAT STONE, VICE CHAIR

BOB PRALL

RACHEL BARONI

MARK DELLNER

CHUCK CAREY

BRIAN CAREY

TOWN OF DENNIS

Community Profile

INCORPORATED: 1793

LAND AREA: 22 Sq. Miles

PUBLIC ROADS: 142 Miles

COUNTY: Barnstable

2024 POPULATION: 14,887

2024 LABOR FORCE: 6,837

FORM OF GOVERNMENT:
Five-member Select Board
Town Administrator
Open Town Meeting

**FY2024 TAX RATE PER
THOUSAND:** \$4.39

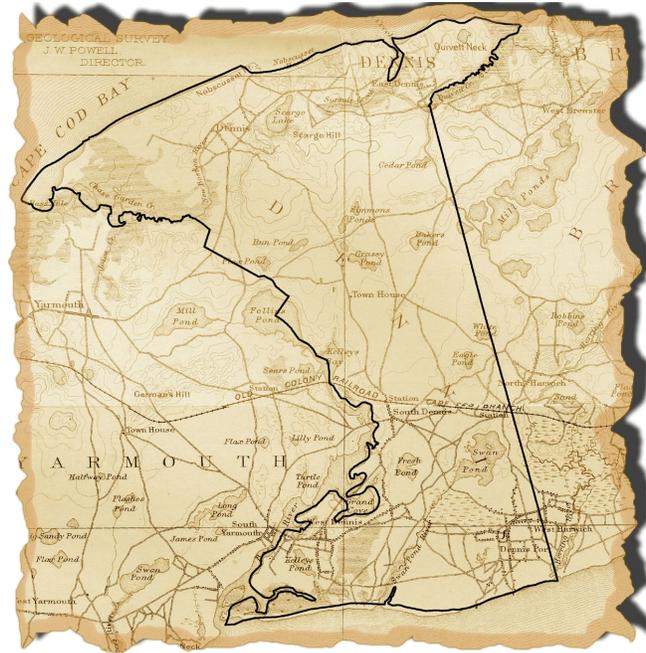
**2024 AVERAGE SINGLE FAMILY
HOME VALUE:** \$822,327

**2024 AVERAGE SINGLE FAMILY
TAX BILL:** \$3,610

**FY2025 Municipal Operating
Budget:** \$74,825,959

To find out more about Dennis'
municipal services, please visit:
www.town.dennis.ma.us

**DENNIS TOWN HALL
685 ROUTE 134
SOUTH DENNIS, MA 02660
Phone: (508) 394-8300
Fax: (508)394-8309**



Dennis, named an All American Town in 1978, combines its traditional New England heritage with modern day conveniences. The villages of East Dennis, Dennis and South Dennis feature scenic historic districts hailing back to whaling days, while tranquil tree-lined streets meander through Dennis Port and West Dennis. Sixteen inviting beaches lie on the warm waters of Nantucket Sound to the south and on the crisp refreshing waters of Cape Cod Bay to the north. Numerous recreation trails offer healthful relaxation, and well developed business districts throughout the villages provide ample goods and services.



TOWN OF DENNIS
685 ROUTE 134
SOUTH DENNIS, MA 02660

November 26, 2024

Dear Honorable Select Board;

INTRODUCTION

I am pleased to present the Fiscal Year 2026 Proposed Budget, which incorporates the latest information available regarding revenue projections and departmental expenditure requests. The FY2026 budget is based on conservative and achievable estimates of available revenues.

As you know, over the last several years our municipality along with the entire Country have been dealing with supply chain issues and inflation in nearly all costs of doing business. In addition, the market right now for the public sector remains extremely competitive for retaining talent. In some instances, this has created staffing shortages both with our seasonal employment as well as our full-time positions. Many tenured Department Heads have reached their maximum pension and are retiring, and some mid-level employees have been recruited to different municipalities.

In FY24 the results of said SEIU A&B (Service Employee International Union) study found that the minimum pay of current pay ranges should be adjusted to create pay ranges that align with and are competitive with the labor market, as well as improving the Town's ability to recruit and retain qualified staff. The Select Board supported an article at the Special Town Meeting in 2023 to adjust the compensation plan accordingly.

In FY25 the results of the compensation studies for AFSCME (American Federation of State County and Municipal Employees) and MLDC (Massachusetts Laborers District Council) unions were finalized by the Collins Center. The Select Board supported articles in 2024 to fund the compensation studies as well.

Over the last year, local receipt revenues have been adequate to justify a modest increase from Fiscal Year 2024 estimates. We will continue to monitor receipts and adjust accordingly.

BUDGET PROCESS

As you know, the FY2026 Budget planning process commenced in early October this year. Budget guidelines were distributed on October 3, 2024, for departments to begin building their budgets. All Town departments were asked to prepare level funded budgets and increases in mandated costs such as contractual and other fixed costs are built into the budget.

In early November, I met with the senior managers from each department to review their budgets. As you know, we will not receive the DY Regional School District assessment number until late January when the Governor releases the Chapter 70 State Aid budget. For budgeting purposes, I have budgeted consistent with the School Agreement, following a five-year foundation enrollment rolling average for the DY Regional School District. The figure used for the Cape Cod Regional Technical School was budgeted at an estimated per pupil amount.

In keeping with the budget schedule, the Select Board will review the Budget Message on December 3rd and review departmental budgets during the month of December. In late January, and February the Finance Committee will begin their review of the FY2026 Budget.

Enclosed in your budget books, you will find detailed documentation provided on the recommended budget for FY2026.

FISCAL YEAR 2026 BUDGET PROJECTIONS

The requested budget includes expenditures of \$76,862,425 balanced by non-tax levy revenues totaling \$19,524,938; an estimated tax levy of \$52,675,788 and debt exclusions for \$4,314,457 passed by referendum. It is shown within the budget as dedicated revenue that offsets expenditures shown in the debt service budget. The tax levy will increase by \$1,277,458 or 2.50%. A \$300,000 increase in the tax levy is attributed to new growth. In the projection 68.5% of all revenue used to fund Town services is raised through property tax. This is similar to the revenue split presented in the FY2024 budget. The residential tax base represents 94.41% of the FY2024 real estate levy.

The tax rate for FY2024 was approved at \$4.39 per \$1,000 of assessed valuation for residential and commercial property. The majority of the tax rate decrease is due to higher property values mainly in the residential class. A comprehensive revaluation update was completed per DOR requirements to reflect market conditions as of January 1, 2023. The total Fiscal Year 2024 Town valuation was \$12,074,704,370.

The average assessment for a single-family home in Dennis for FY2024 was \$822,327. The average assessment for a single-family home in Dennis for FY2025 is \$859,380. For FY2024, the average single-family tax bill is \$3,610 ($\$4.39/1000 \times \$822,327$). This compares to \$3,474 ($4.67/1000 \times \$743,855$) for FY2023. This is a net percent change of 3.9% and an average value projected tax dollar increase of \$232.

Revenue from sources other than the real estate tax can be identified in three broad categories: state aid, local receipts, and available funds. State aid, local receipts and available funds are combined together with revenue generated from the real estate tax to fund most municipal appropriations.

BUDGET GOALS

This budget is submitted consistent with several longstanding important objectives:

1. To submit a budget that complies with the statutory limitations of Proposition 2 ½;
2. To properly anticipate salary adjustments as per negotiated labor contracts and Town compensation policies;
3. To continue to reestablish the fiscal policies adopted by the Select Board. In 2024 the Town re-affirmed its long-term bond AAA rating. Factors cited were the Town's very strong management with robust financial policies and practices, solid budgetary performance, very respectable budgetary flexibility and liquidity, and very strong debt and contingent liability position as positive credit factors;
4. To continue the Town's commitment in pursuing a collaborative process with all standing committees to begin to evaluate all financial policies relating to budget management, funding, financial planning, and other related fiscal policies so that there is consensus among the various committees as to budget and financing approach for FY2026 and beyond;
5. To identify emerging operational, capital, and financial planning issues for future years;
6. To continue the Board's practice of not utilizing free cash as recurring revenue stream to supplement the budget;
7. To budget for school programs, consistent with the School Agreement that was amended and approved by Town Meeting in October of 2019, which includes a five-year foundation enrollment rolling average. To identify trends in the District School Budget Assessment so that the two Select Boards in Yarmouth and Dennis can develop timely and effective funding strategies that sustain and enhance District educational programs.

BUDGET ASSUMPTIONS

The following budget assumptions have been made:

- \$300,000 in new construction revenue
- 2.5% real estate tax revenue increases generating \$1,277,458
- Level funded State Aid at \$800,000
- Consistent with the Board's policy, no Free Cash is recommended to support the operating budget.
- With the Dennis Yarmouth Regional District school assessment figure unknown at this time, and per the recent amendment to the Regional School Agreement the allocation for the Dennis Yarmouth Regional School District will follow a five-year foundation enrollment rolling average budget projected at \$19,959,944. Debt service is \$1,420,782.

- Based on estimated enrollment projections, Cape Cod Regional Technical School is budgeted at tuition assessment of \$1,305,206 and debt service of \$595,853.

There are several items within the budget that should be noted including;

Salary & Wages: Are according to Collective Bargaining Agreements, Non-Union Personnel Policies or Employment Contracts.

Collective Bargaining Agreements for AFSCME-A, MLDC, SEIU-A, SEIU-B, and Non-Union personnel have been negotiated and will expire at the end of FY2026. Employment Contracts have also been negotiated.

Collective Bargaining Agreements for AFSCME-B, Police Patrol, Sergeants, and Superior Officers, and IAFF will expire at the end of FY2025 and will be entering negotiations this fall. Step adjustments should be carried in departmental budgets and calculated using the FY2025 Salary Schedules.

Step increases for all applicable units/departments are included in the budget line items.

Health Insurance – As of the writing of my budget message, the Health Insurance cost is unknown. The Cape Cod Municipal Health Group Board vote on the insurance rates for FY2026 is scheduled for February 2025. It is unknown at this time what the anticipated increase will be for FY2026. Employee benefits, especially health insurance represents one of the greatest challenges that the Town will face during the foreseeable future. It is expected that the health care industry will continue to recognize increases as experienced during recent years. As a result, it is expected that Health Insurance will be affected. At this time, we are budgeting an 8% increase as a placeholder.

Property & Liability Insurance (MIIA) – Over the last several years this budget has continued to increase. MIIA has suggested that we budget conservatively for a 10% increase we are budgeting 8.5%. We anticipate insurance costs to continue to escalate however, we will not receive the exact figure until sometime in March.

BUDGET CHALLENGES AND CONSIDERATIONS

In your deliberations regarding the Fiscal Year 2026 budget, there remains a number of items requiring careful consideration for this budget submission and beyond;

1. Wastewater –

From FY2020, FY2021, FY2022, FY2023, FY2024 FY2025, FY2026 Budget Messages with updates

✓ Wastewater Funding in place for Phase 1 collection and Water Resource Recovery Facility

Funding for the Phase 1 of Dennis' wastewater implementation plan was approved by Special Town Meeting on October 1, 2024. In addition, a debt exclusion passed by the voters of Dennis on October 8, 2024. This included funding for the construction of the Water Resource Recovery

Facility (WRRF) and constructing a sewer "spine" from the WRRF to the commercial planning district along Route 28. Sewering in residential areas adjacent to Bass River and East-West Dennis (Route 134) is also included. The current project costs are estimated at \$248,530,000.

The construction of the new WRRF and collection system in this phase will begin to address the nitrogen loading in the Bass River, Swan Pond, and Herring River watersheds. According to the Massachusetts Department of Environmental Protection (DEP) regulations, Dennis is required to perform a large reduction in nitrogen these watersheds. This will also help protect our municipal drinking water wells from contamination by reducing on-site septic systems. This solution is the culmination of over 23 years of planning resulting in our Comprehensive Wastewater Management Plan now being implemented.

In addition to the construction of the WRRF, the Phase 1 collection system will consist of:

- 12.5 miles of gravity sewers
- 4.5 miles of pressure sewers
- 8 pumping stations (three on private property)
- 3.4 miles of force main

Phase 1 will be constructed in four contracts. Contract 1 for the WRRF and Contracts 2-4 for the collection system. The State Revolving Fund (SRF) requires the project carry a 10% contingency. In addition, there will be several engineering contracts for oversight of the work and an Owner's Project Manager. The project must also carry allowances for additional treatment and conveyance that will be required by the DEP groundwater discharge permit, police details, easements, and other smaller costs.

Phase I Wastewater Cost Summary

	Bids/Values
Contract 1 – WRRF	\$83,380,028
Contract 2 – Collection System	\$29,766,113
Contract 3 – Collection System	\$14,686,139
Contract 4 – Collection System	\$20,262,727
Police Detail for Contracts 2, 3 and 4	\$5,200,000
Construction Phase Engineering - WRRF	\$9,862,000
Construction Phase Engineering Collection System	\$6,800,000
OPM WRRF	\$3,000,000
OPM Collection System	\$1,700,000
Grinder Pumps	\$4,300,000
Legal Needs (easements, bond counsel, etc)	\$900,000
Utility Allowance	\$150,000
Project Contingency (as required by SRF)	\$23,000,000
Permit required additional recharge	\$43,200,000
REQUEST	\$246,200,000

Contracts 1-4 in the table above are estimates. The contingency, legal services, police details and engineering for construction oversight are percentages of those estimates. Once the actual bids have been received these numbers will be adjusted to reflect the actual anticipated costs as well as the overall construction costs per contract for Town Meeting approval.

Dennis has done an amazing job preparing a financial plan for this project. A multitude of funding sources is being utilized to keep the costs down to our homeowners. The SRF program alone will save over \$100 million dollars through the interest free loans and principal forgiveness. As a result, the average homeowner will only be required to pay a little over \$400 per year in addition taxes. With the approval of this article at the Fall Town Meeting and subsequent referendum vote or we are finalizing the SRF funding application. This SRF savings opportunity has been described as not being seen in a generation.

✓ **Creation of an Enterprise Fund was completed at the Annual Town Meeting on May 7, 2024**

Now that the Town has established a Wastewater Enterprise Fund, we will present the FY2026 Wastewater budget as an enterprise fund appropriation. Although we do not yet have any revenue from wastewater operations, we may appropriate from the Wastewater Stabilization Fund an amount sufficient to cover the enterprise fund costs in FY2026, this will be through the wastewater enterprise fund annual budget article.

The Finance Director, DPW Director and I will be presenting a Wastewater Enterprise Budget for the Select Boards review after the preliminary General Fund Budget review likely in January. In addition, once the Board has provided any input there will be a corresponding Town Meeting Article prepared for the Boards review and consideration.

I am including the information the Select Board has already previously received in the back-up materials that you received in your considerations of the Article from the May 2024 Annual Town Meeting.

Enterprise Funds serve as a municipal finance and accounting tool for the operation of certain utilities, including solid waste, wastewater, and water, among others, and both the Department of Revenue and the Department of Environmental Protection encourage municipalities to adopt enterprise funds for major utility operations. Moreover, as indicated above, the DEP requires municipalities to adopt an enterprise fund for wastewater as a condition of receiving additional subsidies under the SRF program.

To adopt an enterprise fund, a vote of town meeting is required pursuant to G.L. c. 44, §53F ½. The enterprise fund commences in the next fiscal year after the vote unless the acceptance vote specifies a later fiscal year. Once adopted, all revenues derived from the operation of the enterprise, which consists mostly of user fees and grant funding must be deposited in the enterprise fund, and each year Town Meeting must vote to establish the operating budget for the enterprise by appropriating funds from anticipated revenue derived from the enterprise. After the appropriation vote of town meeting, the Department of Revenue certifies the enterprise fund balance and certifies retained earnings much in the same way as it certifies free cash for the general operating budget of the Town. Retained earnings are then available for appropriation to fund future expenses of the

enterprise and may accumulate over time to build up adequate reserves for both operating and capital needs of the enterprise. This is an especially useful tool for towns, that are facing significant costs in the future for the enterprise by allowing the town to stabilize rate user fees going forward.

The enterprise fund statutes recognizes that the operation of an enterprise may require a General Fund subsidy in the early years. As part of the annual enterprise budget, therefore, Town Meeting can raise and appropriate funds as a General Fund subsidy. Furthermore, should an enterprise fund operate at a deficit, the statute requires that town meeting appropriate in the next fiscal year sufficient funds to meet the deficit, and as mentioned previously, any excess revenue at the end of the fiscal year is certified as retained earnings. The other benefit of an enterprise fund is that the Town can identify General Fund indirect costs such as employee benefits and use enterprise fund revenue to pay those costs.

Included below a link to the Department of Revenue's Information Guidance Release on enterprise funds as well as some other information on enterprise funds. These publications explain in detail the benefits and requirements for enterprise funds. Of particular note is the last link, which is the Department of Environmental Protection's 2021 Intended Use Plan, which states that additional subsidies under the SRF program are only available to communities that have established an enterprise fund for wastewater. See page 9 of the IUP.

<https://www.bing.com/ck/a?!&&p=a05eaf286d67b17JmltdHM9MTcxMjAxNjAwMCZpZ3VpZD0wZmQzYzc3MC05ZTQzLTY2OWQtMTg4Yi1jOTM5OWZmNTY3ZTYmaW5zaWQ9NTIxNQ&ptn=3&ver=2&hsh=3&felid=0fd3c770-9e43-669d-188b-c9399ff567e6&psq=massachusetts+department+of+revenue+enterprise+fund+information+guidance+release&u=a1aHR0cHM6Ly93d3cubWFzcy5nb3YvZG9jL2VudGVycHJpc2UtZnVuZC1tYW51YWwvZG93bmxxvYWQ&ntb=1>

<https://www.mass.gov/doc/enterprise-funds/download>

<https://www.bing.com/ck/a?!&&p=9294a23a95987244JmltdHM9MTcxMjAxNjAwMCZpZ3VpZD0wZmQzYzc3MC05ZTQzLTY2OWQtMTg4Yi1jOTM5OWZmNTY3ZTYmaW5zaWQ9NTAxMA&ptn=3&ver=2&hsh=3&felid=0fd3c770-9e43-669d-188b-c9399ff567e6&u=a1aHR0cHM6Ly93d3cubWFzcy5nb3YvZG9jL2Jlc3QtcHJhY3RpY2VzLW9mLWVudGVycHJpc2UtZnVuZHMtbWN3dC9kb3dubG9hZA&ntb=1>

2024 DEP State Revolving Fund (SRF) Intended Use Plan (IUP) - listing Dennis

<https://www.mass.gov/doc/2024-final-clean-water-intended-use-plan/download>

✓ **Financial Model Completed**

The Town worked with The Abrahams Group to develop and complete a financial model the Report is attached as an addendum to my Budget Message.

✓ **WIIF increase from 1% to 3%**

At the October 1, 2024 Special Town Meeting under Article 7 voters approved an increase to the Water Infrastructure Investment Fund -WIIF surcharge from 1% to 3% which would generate additional revenue to assist in mitigating the costs for Phase 1. The WIIF surcharge allows towns

to impose a real estate tax surcharge of up to 3% to be set aside into a Municipal Water Infrastructure Investment Fund (WIIF), outside of Proposition 2½.

This requires a corresponding ballot question at the 2025 Annual Town Election which will occur in May.

This is a critical challenge that the Town has worked diligently towards over many years. In particular, over the last several years significant work has been completed to set up the preferred funding mechanisms which are outlined below. In order to take advantage of coordinating with critical MassDOT work along Route 28 as well as the opportunity for the municipality to seek funding through the Cape Cod and Islands Water Protection Fund. Sources of funds included the Wastewater Stabilization Fund, the Water Infrastructure Investment Fund (WIIF), the Solar Fund and free cash. However, funding options can always change or be modified; this is a community project and further ongoing conversations will be necessary as the Town plans for the phasing of this 40-year project.

The Town is facing a cost of over \$245 million over the next 40 years to implement the full Comprehensive Wastewater Management Plan approved in 2021. For any future economic development to occur in our commercially zoned areas, a wastewater solution needs to be implemented. We need to continue to move forward and implement our CWMP so that Federal and State government, along with the Conservation Law Foundation, do not step in and force Dennis residents to implement solutions at a far greater public and private cost than if we act promptly on our own. It has been a very successful and productive year planning for the implementation of wastewater infrastructure in Dennis!

Future Cost Items to be Addressed

The above reflects the Dennis recommended wastewater program capital costs to implement the eight-phase, 40-year implementation. Operation and maintenance (O&M) costs will also be incurred, and it is recommended the Board of Sewer Commissioners determine the amount to be recovered from users in the initial years and the amount to be recovered using the means presented above. The initial phases of implementation will not have sufficient sewer system users to support full recovery of O&M costs even though long-term that would be the recommended goal.

The Town will need to decide whether to operate and maintain our new wastewater facilities with added in-house staff or to procure contract operators for the collection, water resource recovery facility or both. The cost for the path selected will be reflected in the O&M costs noted above.

2. Housing Funding and the Dennis Housing Production Plan –

As you may know, the Cape Cod Commission is in the process of developing a regional housing strategy that will address housing supply, affordability, and availability issues facing Cape Cod by identifying appropriate areas for housing development as well as policies and strategies to tackle our housing challenges. At the beginning of the planning process the Commission met with each of the 15 towns to discuss local housing goals, challenges, priority near and long-term actions, and initial thoughts on tools and resources necessary to support local goals and priorities.

Dennis has done strong work in collaborating with organizations whose missions support housing and, in particular, setting aside municipal land for housing; Melpet Farms, forward at the Rock,

and more recently designating and moving forward with the VIC Hall property for affordable housing as well as municipal land on Bob Crowell Road are examples of actions to date.

Furthermore, two years ago the Select Board through its Board liaisons supported the Dennis Housing Affordable Trusts' initiative to hire a Housing Coordinator, utilizing a combination of funding the Trust had from previous CPC grants. The DAHT may have some further funding, however, at this time the funding for the Housing Coordinator position is not sustainable over-time as it is not supported by the Towns annual operating budget.

In the FY2026 Budget Message I am including excerpts from the Town of Dennis approved Housing Production Plan. It is the Planning Department and specifically the Housing Coordinator position that assists with the daily work of implementing the many recommendations of the Plan as well as maintains the SHI inventory. The Select Board should consider a permanent funding source for this vital position. Update – last year the Select board supported a CPC Grant to fund the Housing Coordinator position for 3 years. The CPC supported the Boards application and Town Meeting approved this funding.

Finally, there are funding mechanisms the Town may wish to explore in support of setting aside funding for Housing. Many of the strategies that have been implemented for wastewater can also be utilized for housing purposes such as setting aside rooms tax, or the adoption of a Community Impact Fee for housing purposes.

Community Impact Fee

Dennis adopted the local rooms occupancy excise tax “rooms tax” in 1986 at 4%. In 2020 after approval by Town Meeting the rooms tax was increased to the maximum amount of 6%.

If a city/town has adopted the local room occupancy excise under G.L. c. 64G, §3A, it may adopt a local option community impact fee of up to 3% of rent regarding transfers of occupancies of two categories of short-term rentals described below. G.L. c. 64G, § 3D. (St. 2018, c. 337, § 6.)

The Division of Local Services within the Department of Revenue outlines; the revenue from the local option community impact fee, however, is partially restricted. Thirty-five percent (35%) of the impact fee must be **dedicated to affordable housing or local infrastructure projects**. G.L. c. 64G, § 3D(c). As a result, thirty-five percent (35%) of the local option community impact fee revenue must be accounted for as a “receipts reserved for appropriation” account for affordable housing or local infrastructure projects. A legislative body vote will be required to appropriate these funds for either affordable housing or local infrastructure projects. The balance of the local option community impact fee, the remaining 65%, will be general fund revenue of the city/town and may be appropriated for any municipal purpose. However, under G.L. c. 64G, §3D(c), the city or town may, by legislative body vote, dedicate more than the required 35%, up to 100% of the local option community impact fees to affordable housing or local infrastructure projects. In that case, the increased percentage of the revenue from the impact fee will be credited to the receipts reserved for appropriation account. Any amount not so dedicated will be general fund revenue. A city or town's legislative body vote regarding a dedication in excess of the required 35% will be effective on the July 1 following the vote and apply until a subsequent legislative body vote changes the percentage which would then become effective the next following July 1 after that

vote. “A local infrastructure project” is a capital project for which a community could borrow. For example, the legislative body could appropriate from these receipts reserved for appropriation account to fund the acquisition of a fire truck or to fund road improvements, but not to fund the payment of debt service.

Dennis Housing Production Plan (Excerpt)

Dennis is a vibrant community known for its rich maritime history and beautiful natural landscape, divided into five distinct villages. Tourists flock to Dennis and other Cape Cod communities to enjoy the beach, historic village atmosphere, and unique culture. However, while the Town continues to attract droves of summer visitors, year-round residents are struggling to remain in their community. Dennis is facing a housing crisis: fewer and fewer households are able to afford to buy and rent in town as growth in housing prices outstrips income growth and full-time dwelling units are converted into seasonal second homes. The following quote from one of the focus groups conducted as part of this plan encapsulates the issue:

“A lot of people working multiple jobs...cannot afford to live here, don’t have time to work on a house. They need decent housing available at prices they can afford.”
– Focus Group Participant

A Housing Production Plan is a tool allowing Massachusetts towns to take a well-planned and proactive approach to meeting their affordable housing goals and community housing needs. Specifically, an HPP is intended to help communities reach the threshold prescribed by Massachusetts General Laws (MGL) Chapter 40B of ten percent of total year-round housing units deed-restricted to be affordable for low-income households. “Low-income” in this context is defined as a household making eighty percent or less of their region’s Area Median Income (AMI), calculated by the U.S. Department of Housing and Urban Development (HUD). Whether or not a community has reached the ten percent affordable threshold is calculated using the Subsidized Housing Inventory (SHI), a regularly updated list of all units meeting the above criteria that have been legally recognized following an application from the host community.

In addition to the value of having a long-term plan for meeting local housing needs, an HPP has immediate practical implications under Chapter 40B. A community that has adopted an approved HPP and adds units to its SHI at an annual rate of at least 0.5 percent of its total year-round housing units (in accordance with the goals of the HPP) may invoke “Safe Harbor” status in response to a comprehensive permit application. This means that the Town may impose conditions on or outright deny the issuance of a comprehensive permit, resulting in more control over the type, location, and design of residential development while continuing to meet housing needs through HPP strategies. Appendix B contains a more detailed description of the Safe Harbor process.

Achieving the 0.5 percent annual increase entitles a community to one year of Safe Harbor while reaching one percent or greater allows for two years. Once this plan is accepted by the MA Department of Housing and Community Development (DHCD), Dennis needs to add at least 38 new units to its SHI per year to qualify for one year of Safe Harbor designation.

Funding

Every strategy and recommendation in this HPP requires funding. The core challenge of developing affordable housing is that by definition it will produce less revenue than what the market would otherwise dictate. In the absence of special cost-mitigating accommodations (such as increased density or expedited permitting) the Town must provide financial incentives in order to allow for feasible affordable housing development, either through direct funding or the seeking of third-party funding sources. In the past, Dennis has successfully made use of a variety of funding sources: Community Development Block Grants (CDBG) and HOME funding from HUD, Community Preservation Act funding, and partnerships with nonprofits such as Habitat for Humanity and the local Housing Assistance Corporation. The town should continue to maximize the use of existing funding sources while exploring all potential avenues for new funding, as well as exploring new strategies to use municipal financial resources to encourage affordable housing development.

Maintain and expand regional partnerships

There are many nonprofits and regional organizations with the capacity to handle affordable housing issues on Cape Cod, and the Town should make every effort to maintain and improve existing relationships with these entities and forge new ones.

Make use of all possible State initiatives to maximize funding

As stated under the “Barriers to Development” section, money is always an issue for affordable housing development. That is why a key goal for Dennis must be to take full advantage of every available source of funding to maximize its ability to subsidize and incentivize housing initiatives.

3. School Funding Infrastructure & Operational Costs –

We are working from projections given at this time for budgeting purposes but, the number may be higher. Given this unknown, all budgets have been level funded with the exception of contractual obligations and fixed costs. We will not know the Chapter 70 number until approved by the Governor. I will update as soon as more information becomes available from the School District.

Infrastructure

Although there have been updates to both Wixon and Ezra Baker, the Town’s school buildings remain in conditions that present potential financial liabilities to the Town. This has been stated for the last decade in budget messages from prior Administrations. As has been previously identified, it would be beneficial for the Town as owner of the buildings to continue to play a more active role in the planning for their reconstruction/rehabilitations/dispositions given the current condition and probable costs.

- a. Wixon School Building - (See also Town Building infrastructure item below)

DY Regional School District Operational Budget

The budget includes a five-year foundation enrollment rolling average. The School Superintendent has set up a meeting in November and January with the Chair of the School Committee, both Dennis and Yarmouth including the Chairs of the Select Board, Board School Committee liaisons, Chairs of the Finance Committee as well as Town Administrators and the Finance Directors from

both Towns. For this projection a 2 ½ % increase has included with an update from the school expected in the first quarter of 2025.

Cape Cod Regional Technical High School Operational Budget

The budget before you includes a 2 ½ increase an estimate based on current enrollment but we will not have the firm figures from Cape Tech until February. Debt service for the CCRT High School project is: \$595,853

DY Middle School Building project

The construction of the new building began on April 30, 2021. The new DY Intermediate Middle School obtained substantial completion December 2022. The new school opened on March 1, 2023. Debt service for the project is: \$1,420,782

4. Near-term and Future Buildings, Infrastructure & Capital Projects, (in no particular order)

There are many significant building and large capital projects that are of critical importance to the Town, public safety, and public works. Improvements are necessary to achieve optimal public service that drives revenue while balancing the quality of life for residents and tourists. That being said, there are over 60 municipal buildings located throughout the Town of Dennis. The average age of these structures is 50 years old. According to the current MA Interlocal Insurance Association (MIIA) “Statement of Values” the building inventory is worth approximately \$66.5 million dollars. There are many infrastructure projects actively underway and several in the planning/feasibility phase.

Near Term Capital Projects

As the Board is aware, at the September 24th and October 16th Select Board meetings we reviewed a number of Capital building projects that are not within the Budget and will require debt exclusions or alternate funding sources. These are very large, proposed capital projects on our near horizon, that if supported by the Select Board, would be before town meetings in the next 1-5 years. The challenge is to space them so that voters are not overwhelmed with significant projects at one town meeting. Further direction is necessary on prioritizing these projects by the Select Board.

There are many deferred maintenance projects identified by the Department of Public Works facilities division. **Current direction of the Select Board is to discuss building a certain amount of funding annually in the operating budget to address building maintenance projects.**

Last year at the direction of the Select Board:

- The Annual Town meeting on May 2024, a total of 1,250,000 was set aside for maintenance to public buildings. Projects submitted were reviewed and prioritize by Administration and staff, the Capital Outlay Committee also ranked, the repairs and maintenance of town buildings similarly.
- *Special Town Meeting in October 2022, \$125,000 was set aside for maintenance to public buildings in Dennis Port village.*

- *Improvements to the Gazebo at Mike Stacey Park have been completed.*
- *Annual Town Meeting on May 2, 2023, \$650,000 was set aside for the repairs and maintenance of Town Buildings. Projects submitted were reviewed and prioritized by administration and staff. The Select Board is providing oversight on the \$650,000 of projects and progress funded by this article.*
 - *Select Board received an update on status of projects in October, all projects are underway; the Director of Public Works will continue to update the Board on progress.*

As the Board considers the recommendation to build these costs into the operating budget there may also be another opportunity to set aside further funding for municipal buildings to continue to address deferred maintenance. There will need to be additional review and deliberation during the budget process as to the amount of funding the Select Board would like to designate for this purpose.

a) Nathaniel H. Wixon School Building “Wixon” & Grounds

The former Nathaniel H. Wixon School, 901 Route 134, South Dennis, Massachusetts has been vacated by the Dennis Yarmouth Regional School District after serving the educational needs of the district for over fifty (50) years. In addition to serving the educational needs of middle school aged children, the Nathaniel H Wixon School has also served the needs of the Town of Dennis for Annual Town Meetings (auditorium), Little League Baseball (fields and concession stands), Pickleball (14 courts), softball, running track, playground structures, and as a municipal voting site within the town. The site location is graphically central to the community and the Cape and Islands region.

The property contains 34.40 acres and the Nathaniel H, Wixon school was first constructed in 1969 and later expanded in 1990 to include additional classrooms and a smaller gymnasium. The building totals 117,500 square feet on a parcel size of 34.40 acres. The building is primarily a 1-story, slab on grade facility but a sloping site allows a lower-level classroom wing at the rear. The building was constructed of exterior brick veneer with exposed concrete masonry units (CMU) on the interior at both the original building and addition. The building includes an enclosed courtyard, an auditorium, large and small gymnasium, cafeteria, commercial kitchen facilities, boy’s / girl’s locker rooms, administrative offices, in addition to educational instructional classrooms. The majority of mechanical, electrical, and plumbing systems are original to their date of installation. Multiple septic systems are reported to be utilized for sanitary needs. The building continues to utilize a UST for fuel oil to supply dual fuel burners at two (2) lower-level boilers.

The building and site are located within the Old King’s Highway Historic District and directly accessible from Route 134 and Old Chatham Road. A portion of the site adjacent to Old Chatham Road is utilized as a solar field with ground mounted photovoltaic (PV) panels. Additional PV panels are roof mounted on the school but have been reported to be non-functional.

October Update to the Select Board

It is required that we have an asbestos management plan in place to adequately protect the public and staff from hazards surrounding this substance. The school had an ongoing Asbestos Hazard

Emergency Response Act (AHERA) Plan which included a number of safety measures. Including safety inspections, training, and cleaning.

August 2022 – Vertex – AHERA 3-year Re-inspection report

May 2, 2023 – Annual Town Meeting appropriated \$300,000 for maintenance of unoccupied building

September 22, 2023 - Vertex conducted Visual Inspection and Background Air Sampling

November 1, 2023 - Lease Termination with DY Regional School District

November 9, 2023 – Special Town Meeting appropriated \$300,000 for survey & testing of Wixon School

December 5, 2023 – Confirmed with Department of Labor that we needed Asbestos Management Plan prior to opening building to public, Select Board voted to drain building and discontinue use until further notice

February 14, 2024 – Signed contract with Nitsch Engineering for existing condition site survey, ANR plan, septic inspections (multiple locations), Environmental Site Assessment (Phase I & II) and draft asbestos management plan.

March 2024 – Surveyed plan of land “draft” completed

April 9, 2024 – Received conditional pass for all septic systems connected to Wixon School, this is somewhat of a misnomer since all septic systems are in an unusable condition, due to cracked pipes, roots in distribution tank, sinking pipes, etc. These conditions would have to be rectified prior to any use.

August 27, 2024 – Environmental Site assessment initial report, please note additional monitoring wells required, prior attempt was thwarted due to nesting fledgling osprey. Also scheduling removal of Underground Storage Tank (UST) which will add to this report a final evaluation of area around tank. We have confirmed with Dennis Fire Department that abandoning in place will not be permitted and removal will be required.

September 6, 2024 – Received draft version of Asbestos Operations and Maintenance Program for Town from Tracey Environmental Consulting, LLC. As this plan needed to be reviewed and approved by the Department of Labor, Lead and Asbestos Enforcement & Licensing, they were contacted for comment.

September 11, 2024 - TRC Environmental Corporation – additional survey for asbestos containing materials (ACM) that either were not previously tested or suspected.

September 26, 2024 – Zoom meeting Department of Labor to discuss Town Asbestos management plan.

September 27, 2024 – Received letter from Department of Labor (see attached) with bullet points of conversation and subsequent additional information regarding template documents, etc. Letter confirmed that we are responsible for the same type of ongoing testing, training, and cleaning similar to the DY School District, if we continue to enter building for any reason.

We now have the following information regarding the two major issues asbestos management and septic repairs:

\$269,000 – required initial asbestos cleaning by licensed asbestos company.

\$463,276 – monthly cleaning would be required (11 x \$42,116 = \$463,276)

\$50,000 – Estimate from Rowes Architect (\$25,000 + additional field inspections) for specifications/bid documents for septic repairs

\$500,000 – estimate from Rowes Architect amount to repair septic system
\$1,282,276

Please note monthly cleanings of asbestos would be cost prohibitive.
 \$505,392 – monthly cleaning would be required (12 x \$42,116 = \$505,392 annually)

At this point there is no allocation of funds to support the above-mentioned measures either in capital or budget. The building continues to see vandalism (i.e. broken windows), to prevent the need for entry into the building the Town has no option, but to board the windows and secure the building and we intend to do so at the earliest point in time (there should be sufficient funds to perform that task).

The Town may consider the abatement of the asbestos at some later date:

\$22,000 – Rowes Architect specifications/bid documents Asbestos Removal
\$625,000 – Estimate from Rowes Architect Asbestos Abatement
 \$647,000

Next Steps

At their October 29, 2024 meeting, the Select Board voted unanimously to approve the Service Master estimate for the boarding of the first and second floor windows of the Wixon School Building. The Select Board also voted 4-1 to disband the temporary Wixon School Building Committee and the Board voted unanimously to direct staff to work on an article for STM for asbestos abatement to bring forth at Annual Town Meeting in May.

a) Consolidation/Removal/Relocation of the DPW Municipal Building at Bob Crowell Road

The property located at 30 Bob Crowell Road has been supported by the Select Board, and, in 2024 designated by Town Meeting as an affordable housing site.

The Town has a number of obstacles to tackle to achieve the goal of providing additional affordable housing. This site is currently being utilized by multiple departments (i.e. Municipal Buildings, Natural Resources, Beach, Recreation, Harbor, etc.). These operations need to be relocated from this site to accommodate for the development of affordable housing. Also, a portion of this property is being considered for wastewater recharge.

- The site is secured by a 6' chain link fence over 1,600 feet. This secured area provides area for boats, vehicles and equipment.
- The DPW – Highway/Grounds and Municipal Buildings were all formally located on the site at Bob Crowell Road. Currently the following structures are in operation:
 - 30 Bob Crowell 2,400 sq/ft - former Highway Garage and Salt shed (now just salt shed). Salt shed houses beach chairs, tables, barrel, etc. in the off season.
 - 34 Bob Crowell 1,690 sq/ft - 5 bay garage. This is a storage area for Natural Resources, Recreation, Beaches and DPW.

- 38 Bob Crowell 7,200 sq/ft - Municipal Buildings Garage. 11,290 sq/ft (please note the amount of garage space is inadequate and a number of storage containers have been added to attempt to accommodate).
- Other uses of site include outside storage of equipment – Barnstable County Dredge approximately 28,000 sq/ft and an additional 28,000 sq/ft by DNR and Harbor.
- 2001 – new DPW Headquarters was built at 120 Theophilus F. Smith Road. At the time the intent was to move municipal buildings functions to same facility, however, at the time it was felt to be cost prohibitive and the size and scope of the building was reduced – not to include Municipal Buildings.
- 2001 during the exodus and subsequent departure from Highway Garage, other departments started storing materials, equipment, vehicles, boats, etc. within the old Highway garage. Since the building was no longer being maintained the structure began to deteriorate (i.e. hole in roof, interior and exterior paint peeling, etc.). The excess material and equipment were declared surplus or moved to other locations, additional shipping containers purchased to accommodate storage at Sesuit Harbor, DPW, etc.
- 2010 – estimated approximate size requirement to house all the above with minimal expansion at 18,000 sq/ft.
- 2012 – segment of roadway at 120 Theophilus F. Smith Road extended in anticipation of future development behind existing salt shed (see sketch).
- 2013 roof was replaced at 5 bay garage (34 Bob Crowell Road) by DPW staff (asphalt shingles).
- 2013 (December) Select Board voted to demolish old Highway Garage (formerly 30 Bob Crowell Road).
- 2014 Highway Garage demolished.
- 2016 the Municipal Garage roof (38 Bob Crowell Road) was repaired (epoxy coating to eliminate leaks).
- 2020 5 bay garage - doors replaced (34 Bob Crowell Road).
- 2022 – Bob Crowell Road site being evaluated for affordable housing and/or wastewater applications.

Prior actions:

- 11-9-22 Engineering proposal to create ANR plan of west section of 30 Bob Crowell Road for purposes of constructing a wastewater recharge area. Subdivides approximately 1/3 of this lot
- **9-23-22 – Requested that Select Board consider \$500,000 be funded to hire OPM, Designer to start process to relocate Municipal Operations from 30 Bob Crowell Road to 120 Theophilus F. Smith Road. This proposal was denied.**
- 9-13-22 - An estimate was worked on with the assistance of Brian Humes (Architect) for the construction of a 15,000 sq ft building (approximately the area currently being used). The cost of construction was estimated at 4 million dollars. Due to the cost being in excess of 1.5 million an Owners Project Manager (OPM) and Designer are required by MA General Law
- 8-16-22 the Select Board created a goal to have this property developed for affordable housing
- 7-20-22 – Physical Site Assessment completed – “Results of this investigation did not identify any MassDEP reporting conditions”

· 3-25-22 – use of CDBG funds for environmental site assessment approved

2024 Property designated by Town Meeting Article for the use of housing

2024 \$120K grant received for housing feasibility by Mass Housing Partnership

This property ranks very high for a wastewater recharge area, any housing should be with a wastewater easement.

Next Steps

The Select Board endorsed a Mass Housing Partnership grant to determine feasibility for future housing on this site. This grant is underway. The Board needs to provide further direction on next steps with the Municipal Buildings facilities. We will potentially lose housing grant funding without policy direction on a plan for the removal of the buildings onsite.

c) West Dennis Graded School House

For the WDGS, the plan will be to engage an OPM first. We are looking to hire one to serve for all of our ongoing projects over \$1.5 Million; Carlton Hall, FD, WDGS initially. We are estimated a value of \$85,000 for their services. This will allow us to move to hire a design consultant. We are estimated the cost at \$275,000 for those services for a total ask in FY26 of \$360,000. This will allow us to create a final design and specification used for bidding. Utilizing this process will allow us to have a reliable budget estimate that will be requested for FY27.

Currently we are estimating a total project cost of \$4,500,701. To create a true cost plan, the Select Board will need to set policy decision on the vision of the building's use. This will allow design decisions to be made tailored to that use. For example, a full commercial complaint kitchen or a warming kitchen with intent for catered events versus preparing food onsite.

Recommended funding the OPM at the May 2025 Annual Town Meeting.

d) Carleton Hall

At the May 21, 2024, Select Board meeting there was a general discussion regarding the completed Building Evaluation for Carleton Hall (4-26-24). An issue that was brought up was whether the cost to renovate may trigger full compliance. As part of that discussion the current market value would be needed. It is recommended that the Town have an appraisal conducted to determine this base line at which full compliance would be triggered. This appraisal is estimated to cost \$3,000,

Brian Humes, Architect from Jacunski Humes Architects, LLC presented the findings of the evaluation.

The evaluation pointed out a major mold issue in the building (basement) as well as ventilation, heating (lack of air conditioning), insulation, ADA non-compliance, etc. The cost estimates ranged from "do nothing" to \$4,000,000 based upon an a la carte type of options.

That being said this project will trigger Designer Selection process at minimum based upon what seemed to be a consensus on options desired (OPM if over 1.5 million). To be **conservative I** would recommend both OPM & Design Services be funded, if OPM is not required unused funds can be reallocated to be part of any construction at later date. If we obtain funding for the OPM/Designer this spring 2025 the Town can start process of creating plans/specifications, bid documents. Once we receive bid results from bid for construction/remodeling the Town can then seek funding for project in fall 2025 with actual bid numbers, this number would be estimated between \$300,000 and \$400,000.

Select Board directed Administration to conduct appraisal of property and prepare article for ATM for Design of remodeling to Carleton Hall and OPM services if necessary.

Recommended funding OPM, design and construction bidding and oversight at the May 2025 Annual Town Meeting.

e) Sesuit Harbor West Design and Construction Project:

The Town of Dennis would like to design and implement landside improvements to their Sesuit Harbor, Town Marina property and facilities located at 351 Sesuit Neck Road. The general scope of this work was included a study outlining suggested improvements from a 2014 “Sesuit Harbor Use and Capacity Study” Completed by Woods Hole Group Inc. The comprehensive study looked at the entire Sesuit Harbor’s east and west sides and water resources however, this project will focus on the west side 351 Sesuit Neck Road property only. The study’s recommendations for this property and facilities are to be looked at as a starting point but not an accepted or final design going forward.

Located at 351 Sesuit Neck Road and serves as the Town Marina at Sesuit Harbor. The existing site of +/-8 Acres consists of both wetland and upland areas.

Goals of project

Improved and better define vehicular (with and without boat trailer) circulation within the site. Maximize both vehicular and boat trailer parking to utilize the site most efficiently. Improved boat ramp queuing, launch and retrieval. Better define pedestrian circulation to improve safety and access.

Improved vehicular access to site by potentially adding a second curb cut from Sesuit Neck Road and better alignment of the existing curb cut with Highland Road. Expand/ improve pedestrian amenities such as picnic area(s), sidewalks, water access, etc. Site drainage improvements (Existing paved area drainage was redone in 2012)

Harbormaster building of ±206sf with an unknown date of construction (per assessor records). The facility is in poor condition and is inadequate to properly support year round harbormaster operations at the site.

Marina maintenance/ workshop building of ±720sf constructed in 1960 (per assessor records). The facility is in poor condition and is inadequate to properly support the necessary dock and general maintenance needs of the marina. Public restrooms building of ±256sf constructed in 1985? (per

assessor records). Though the restrooms are functional they have limited capacity and are poorly located for safe pedestrian access and efficient utilization of the site.

New designs for all 3 structures should be compliant with flood zone requirements and with additional resilience considered. The buildings should be positioned on the site to best protect them from storm surge and with consideration for the best utilization of the site. Architecturally appropriate for the setting and the Old Kings Highway historic district.

As the design has moved towards bid preparations the Consultant, Catalyst Architecture Interiors has prepared an anticipated estimate of \$7.8 million dollars for this project. A funding source to pay for this project has yet to be determined.

If approved by the Town and all relevant permitting agencies, boards, and committees, it is anticipated that the proposed construction project would begin in early autumn, 2025, and will take two (2) years to complete. Construction will be done so as to minimize adverse impacts to harbor operations during the May – October boating season(s).

At present, there are two (2) project-relevant financial grant programs offered annually by the State that we intend to apply for – the Seaport Economic Council Grant Program (max award \$1mm) and the CZM Coastal Resiliency Grant Program (max award \$2mm). Application due dates for these grants for 2025 have yet to be released. That said, based on previous years' awards, I anticipate that due dates will likely be after the 2025 Annual Town Meeting. This will likely work in our favor if the project is approved at the local level. Having matching funds already in place is generally looked upon very favorably by grant programs.

f) ADA Transition Plan and Remediation –

From the FY2021, FY2022, FY2023, FY2024, FY205 Budget Messages with updates

In 2019, through Community Development Block Grant Funding, Dennis contracted with Disabilities Access Consultants LLC for a full assessment of Town facilities with regards to compliance with the Americans with Disabilities Act (ADA). Dennis has \$7,729,855 in identified accessibility needs. Trail and sidewalk improvements will add to these costs. A presentation was made to the Select Board in the spring of 2019 summarizing the findings.

The purpose of the Town of Dennis Americans with Disabilities Act (ADA) Self-evaluation and Transition Plan 2019 Update is to document the results of the Town of Dennis' review of access to programs, services, activities, events, facilities, parks, beaches, trails, and public rights-of-way by individuals with disabilities in order to determine if any discriminatory or potentially discriminatory practices, policies or procedures exist in accordance with the ADA. Title II of the ADA requires that public entities identify and evaluate any barriers or potential barriers that may deny individuals with disabilities access to the Town of Dennis programs, services, and activities. Identified barriers are to be remediated with projected dates for the removal of barriers identified in the plan. *The ADA Self-evaluation and Transition Plan Update serves as framework to develop a road map to enhance access for individuals with disabilities regarding the Town of Dennis facilities, programs, services, and activities.* The ADA Self-evaluation is one tool that can guide the Town of Dennis through the barrier removal and implementation of the plan. This report contains findings and recommendations regarding the removal of potentially discriminatory

barriers for individuals with disabilities. The development, implementation and the update of the ADA Self-evaluation and Transition Plan is required by the ADA and related accessibility standards for compliance for individuals with disabilities. This report describes the overall process and reports findings and recommendations to enhance the Town's compliance.

As the Board considers the budget and future budgets, the Town will need to prioritize and implement these needs, from those that can be addressed through routine maintenance, to future Town capital projects. The added funding will assist with these needs as well. The full report is available for review.

5. Solid Waste Disposal and Recycling –

Massachusetts' overall disposal capacity for solid waste continues to diminish substantially. We have reached a point with only several active landfills or Waste-to-Energy combustion plants left in operation in the state. This has created a market condition with limited competition for communities. This year our multi-year disposal contract expires in December. We have been trying to find an option for interstate disposal via the rail line. Gaining a critical mass of communities to make this a viable option continues to a challenge. For most Cape communities we currently have only one viable option. This monopoly has allowed the contractor freedom to set prices accordingly. Our disposal cost for MSW (Municipal Solid Waste) is now subject to the Consumer Price Index annual change with no maximum threshold. We do not expect this to change. For budget preparation this is an extremely problematic unknown. However due to the decrease in the overall tonnage we have been disposing over the last several years, we have left the budget level funded from last year. Our hope is with positive negotiations for another long-term disposal contract allowing us to stay within this budget estimate.

The recycling market volatility will continue to provide budgetary challenges. However, through operational efficiencies and self-hauling some of these commodities has allowed us to prevent an increase and leave this budget level funded as well.

Hazardous Waste events and the material collected for disposal are another place we are seeing large increases. This year Dennis participated with the Barnstable County in drafting and evaluating the RFP for these services Cape wide. We were successful in adding language to help control disposal costs. Unfortunately, only one vendor responded to the County's RFP. As a result, this will likely negate any savings we had hope to achieve, and this line was also level funded.

The trend for increased costs for compliance with our EPA, MassDEP MS4 Stormwater permitting continues. Catch basin cleanings and street sweepings disposal costs continue to climb. We utilize both contracted and in-house services to accomplish this mission. The materials collected are a controlled waste and must be handle in an appropriate manner. Their disposal is regulated and dictated based on laboratory testing. This year some of the material had to be trucked to a disposal site in New Hampshire. There were no in-state options. This year's budget reflects the increased cost for our Catch Basin Grit. We are currently working with the Bourne Sanitary Landfill for disposal of our street sweepings. Right now, this looks to be favorable and would result in at least significantly lowering truck hauling costs. We intend to use our in-house trucks if this option presents itself

6. Coastal Resiliency and Mitigation from Storm Damages –

The Town is impacted greatly by many natural hazards and a changing climate; this necessitates developing priority actions to improve our community's resilience to these threats. Annually, each winter season, we have coastal flooding storm events and beach erosion. In July of 2019, at the height of the summer tourist season, the Town faced significant damages from a tornado and associated straight line wind damages. The Town does not budget proactively for these natural hazards.

The Town of Dennis has been designated by the Executive Office of Energy and Environmental Affairs (EEA) as a Municipal Vulnerability Preparedness (MVP) Community for its completion of the Community Resilience Building planning process. This MVP Community designation indicates the Town's commitment to preparing for climate change. As an MVP Community, the Town of Dennis is eligible to apply for MVP Action Grants as administered by EEA and may receive increased standing in future state funding opportunities, allowing you to pursue implementation of priority actions. This will assist Town of Dennis to continue its efforts to plan and implement priority climate adaptation strategies.

However, setting aside funding to mitigate the impacts of storm damage should be a priority – the storms are only getting more frequent and worse. Further, this was a question on our last bond rating call for the Town, the bond rating agencies expect Cape communities to be able to demonstrate funding mechanisms to mitigate for weather related events. We routinely seek out and receive grant funding however, further funding should be set aside for proactively mitigating storm events.

7. Collective Bargaining Agreements and Compensation –

This budget includes all cost of living and contractual adjustments for Town employees, according to Collective Bargaining Agreements, Non-Union Personnel Policies or Employment Contracts.

Collective Bargaining Agreements for AFSCME-A, MLDC, SEIU-A, SEIU-B, and Non-Union personnel have been negotiated and will expire at the end of FY2026. Employment Contracts have also been negotiated. Step adjustments should be carried in departmental budgets and calculated using the FY2026 Salary Schedules.

Collective Bargaining Agreements for AFSCME-B, Police Patrol, Sergeants, and Superior Officers, and IAFF will expire at the end of FY2025 and will be entering negotiations this fall.

Over 71% of the Town's operating budget is made up of personnel costs.

In keeping with the Select Board goals, four of the Collective Bargaining Units received funding for a Classification and Compensation Study. Through an RFP process the Collins Center was retained to conduct the study for each union respectively. The SEIU/NUMA Compensation Market Adjustments, based on the findings of the Classification/Compensation Study conducted by the Collins Center was approved at the STM on November 9, 2023.

The AFSCME/MLDC Compensation Market Adjustments, based on the findings of the Classification/Compensation Study conducted by the Collins Center was approved at the STM on October 1, 2024.

As I noted earlier in my budget message the Town is at a critical moment where an increased number of people are leaving the workforce through retirement and job opportunities grow while the number of people looking for work has decreased. The public sector is feeling the strain of this shift which creates many challenges including but not limited to; financial, productivity and with morale of remaining staff. In this current climate with the competitiveness of retaining talent in the public sector, it has not been uncommon for communities to conduct market adjustments for compensation when the analysis done presents data to support. Recently several different Cape communities have done market adjustments.

Going forward, it is my recommendation the Select Board continue to support conducting compensation study on a more reoccurring basis.

Recruitment and Preparing for a Retiring Workforce

The public sector, and Dennis is no exception, is experiencing a major shift in its workforce staff as baby boomers (age 54 – 72) move into retirement. When our baby boomers retire, they take with them years of historical and organizational knowledge, working relationships, and critical capabilities. As a Town we must be systematic about transferring their knowledge. Through succession planning the Town is able to rely on its employees to carry out the mission of the Town, while providing public service and meeting goals and objectives. Budgeting for succession planning is critical to the success of our municipality. You will note, I am recommending a line in the Town Administrators budget for temporary salaries for the purpose of retaining talent when we have gap periods due to retirement.

Seasonal Salaries

In an effort to stay competitive with surrounding communities, I am recommending significant adjustments to the seasonal salaries. The goals in creating the proposed seasonal salary schedule for FY2026 were to maintain the proportionate ratio that existed currently between seasonal positions and to remain competitive with surrounding communities. The approval of the FY2026 Seasonal Salary Scale, with a built in yearly escalator based on COLA increases given to Non-Union employees, will also allow the Town's seasonal salaries to remain proportionate with the salaries of the Town's permanent positions. Further details on seasonal salaries are included in the comprehensive analysis on all the seasonal salaries included in your budget workbook. Seasonal salaries for FY2026 will be reviewed by the Select Board.

8. Health Insurance –

The Cape Cod Municipal Health Group Board vote on the insurance rates for FY2026 is scheduled for February 2025. We have received the CY2025 Retiree Insurance rates, and they increased between 7 – 12% depending on the plan. Most of our retirees will see 12% increase on 1/1/2025. For CY2024 retirees had an increase of 6% over 2023.

It is unknown at this time what the anticipated increase will be for FY2026. Employee benefits, especially health insurance represents one of the greatest challenges that the Town will face during the foreseeable future. It is expected that the health care industry will continue to recognize increases as experienced during recent years. As a result, it is expected that Health Insurance costs will be affected. I will update as soon as this number becomes available.

9. Other Post-Employment Benefits (OPEB) –

In Fiscal Year 2018, GASB 75 required all municipalities to record their unfunded OPEB liability on their financial statements.

OPEB liability remains a significant financial obligation. The Town through its OPEB Trust Committee has begun to make strides in this area by recommending and setting aside funding. As stated during the last few budget cycles, the Board provided policy direction in setting aside funding for this liability. I would suggest the Board continue to set aside a reoccurring amount from available funding sources annually. The OPEB Trust Committee will be meeting to make recommendation for a proposed article for Town Meeting on funding. The Select Board goals include creating a funding plan for Other Post-Employment Benefits.

Per direction of the OPEB Trust, together with the Select Board; the strategy implemented in 2023 was to budget \$300,000 each year, to raise and appropriate this amount and reserve it for OPEB costs. Setting aside funding each year will lessen the burden to the taxpayers and could address the liability as a permanent funding source for Other Post-Employment Benefits. This budget includes setting aside \$300,000 for OPEB costs.

Last year was the first time in history OPEB assets were partially sufficient to cover projected benefit payments. This is entirely attributed to the conservative budgeting and fiscal practice of setting aside the additional \$300,000 as well as additional funds annually through utilizing a portion of free cash revenue.

NEW INITIATIVES/BOARD GOALS PROPOSED FOR FY2026

In keeping with the fiscal guidance and policies outlined in my FY2026 budget message, Departments have prepared level funded budgets with the exception of contractual increases in labor and vendor costs. However, there are a few service areas that have been previously discussed with the Select Board to enhance or increase. As the Select Board considers the budget over the next month, and we receive the final unknown figures for schools, health insurance if there is available funding, I will highlight a few items for your consideration, these items will be brought before you later in the budget planning process.

CAPITAL

The capital budget process is actively underway at this time and will be submitted under separate cover. Over \$18 million in requested capital projects is currently under review by the Capital Outlay Committee. Materials were forwarded to the Capital Outlay Committee in early October for the Committees review. Capital Outlay Committee is reviewing and plans to hold meetings thru December. In the coming months, once their work is completed, the Capital Outlay Committee will present their recommended plan to the Select Board.

➤ **Additional funding for Capital is needed/Establishing a funding source for Capital Stabilization Fund**

A "Capital Override" in Massachusetts refers to a mechanism that allows voters to approve additional funds for a city's or town's capital budget, beyond the usual spending limits established by law or local guidelines.

Capital overrides are used when a municipality needs to fund large capital projects (such as new buildings, infrastructure improvements, or major equipment purchases) that exceed what can be reasonably financed under the normal budget and tax limits. The override is typically a temporary increase in the property tax rate, specifically dedicated to paying for a defined capital project or a set of projects.

How it works:

1. **Voter Approval:** For a capital override to occur, the town or city must put the proposal to voters, usually during a regular or special election. The proposal must be approved by a majority vote.
2. **Dedicated Use:** The funds raised by the override are earmarked for capital expenditures and cannot be used for regular operating expenses. This ensures that the funds will only be used for specific, long-term investments like infrastructure or major building projects.
3. **Temporary Tax Increase:** The increase in property taxes due to a capital override is typically temporary, lasting only as long as it takes to pay for the capital project or bond issuance.
4. **Bonding and Debt Issuance:** If the capital project involves a large expenditure, the municipality may issue bonds, and the override can help secure funding for the bonds' repayment.

Capital overrides are a way for municipalities to address immediate or long-term infrastructure needs while staying within the constraints of Proposition 2½, balancing fiscal responsibility with the need for public investment in critical projects.

With \$18 million in Capital requests and funding annually between 2-4 million, the Select Board should consider setting aside additional revenue.

FINANCIAL MANAGEMENT

The fiscal condition of the Town remains stable due to very conservative budgeting, multi-year forecasts, and the review/implementation of reforms to increase savings and efficiencies.

Work is done throughout the year with Department Heads to evaluate and prioritize departmental needs and financial requests recognizing the need to be flexible and adapt to changing situations. As variables arise, such as broken equipment, staff injuries/illnesses/retirements, new regulations or requirements, or storm/weather-related issues, each Department Head keeps me apprised as to the issues and proposed remediation. All Department and Division Heads review budget to actual spending reports on a monthly basis and are encouraged to review costs/charges for services and continually seek alternate funding sources to augment their programs and services.

Recommended: Town Needs New Revenue Sources to sustain Operating Fund Budget and the Capital Budget

In Massachusetts, municipalities can tap into a variety of **additional revenue sources** beyond the property tax levy to fund their operations, capital projects, and other needs. These revenue sources allow cities and towns to diversify their funding streams and reduce reliance on property taxes, which are capped under **Proposition 2½**.

Additional revenue sources that Massachusetts municipalities commonly use:

1. Local Option Taxes – recommend adopting all local options available

Massachusetts municipalities have the ability to levy certain **local option taxes**, which are not part of the general property tax levy. These include:

- ✓ **Local Meals Tax:** Cities and towns can impose a local tax on meals sold in restaurants, up to 0.75% in addition to the state's 6.25% sales tax. Dennis adopted in 2010.
- ✓ **Local Hotel/Motel Tax:** Municipalities can add up to 6% on top of the state's 5.7% room occupancy tax. This tax applies to the rental of rooms for less than 90 days. Dennis adopted in 1987 at 4% and in 2020 went to 6% max.
- **Local Community Impact Fee for short-term rentals:** municipalities can add up to 3% to the state's tax rate. Dennis does not have the Community Impact Fee adopted.
- **Local Recreational Marijuana Tax:** in addition to the state-level sales tax on marijuana (17%), municipalities can levy a **local option sales tax** on cannabis sales. Local governments can charge up to **3%** on marijuana sales, which is collected by the state and then distributed back to the municipality. This gives towns and cities a direct share of the revenue generated by marijuana sales in their communities. Cities and towns can impose a local sales tax rate of up to **3%** on the sale of marijuana and marijuana products (both medical and recreational). Dennis does not have the Local marijuana excise tax adopted. It should be noted that 196 communities have adopted this tax

2. Fees and Charges for Services – Yes in place in Dennis

Cities and towns can charge fees for a variety of services that they provide to residents and businesses. These fees help offset the cost of the services provided:

- **Building Permits and Inspection Fees:** Local governments charge fees for issuing building permits, conducting inspections, and other regulatory services related to construction and development.
- **Public Safety Fees:** Fees for services like fire department responses, ambulance services, or police reports.
- **Recreation Fees:** Charges for use of parks, community centers, and recreational programs.
- **Water/Sewer Fees:** Many municipalities have water and sewer systems that charge residents and businesses for usage, which can help cover the cost of infrastructure maintenance and improvements.
- **Parking Fees/Fines:** Revenues from parking meters, fines, or permits.

3. State Aid – we get very little straight State Aid

Massachusetts cities and towns receive various forms of **state aid**. This can be an important source of funding, particularly for local education, public safety, and social services. Some examples include:

- **Chapter 70 Education Aid:** This is the primary source of state funding for public schools, which is distributed based on a formula that considers student population, income levels, and other factors.
- **Lottery Aid:** Revenue generated by the state lottery is distributed to cities and towns to help offset local budget costs.

- **Unrestricted General Government Aid (UGGA):** This is a block grant from the state to cities and towns that can be used for any purpose.
- **Specific Grants:** These are targeted funds provided by the state for particular needs, such as infrastructure projects, public safety programs, or health and human services initiatives.

4. Grants and Federal Funds – Yes. Dennis is very active with leveraging grant funding.

Municipalities may receive **grants** from the state or federal government for specific projects or programs. These can include:

- ✓ **Federal Grants:** Many federal agencies provide grants to local governments for infrastructure, public health, emergency management, and other initiatives.
- ✓ **State Grants:** In addition to state aid, the Massachusetts state government offers numerous grant programs, such as those administered by the Massachusetts Department of Transportation (MassDOT) for infrastructure projects or the Massachusetts Executive Office of Energy and Environmental Affairs for environmental programs.
- ✓ **Community Development Block Grants (CDBG):** Federal funding that can be used for a variety of community development activities, such as affordable housing, economic development, and public infrastructure.

6. Impact Fees and Development Fees – recommend we should look into

Municipalities can charge **impact fees** on developers to help cover the cost of new infrastructure and services that will be required as a result of new development. These fees can be levied for road construction, schools, parks, or utilities.

- **Development Impact Fees:** Charged to developers to offset the costs of public services and infrastructure that new development will require.
- **Affordable Housing Trust Funds:** Some municipalities charge developers fees to fund affordable housing initiatives or land banking programs.

7. Enterprise Funds – this will be first year with Wastewater Enterprise Budget

Many municipalities in Massachusetts have **enterprise funds**, which are special revenue funds used to account for services that operate similarly to a business, where the revenue is generated through user fees and charges. These can include:

- **Water and Sewer Enterprise Funds:** Fees charged to users of the water and sewer systems help fund the operation, maintenance, and expansion of these systems.
- **Public Transportation Enterprise Funds:** In some areas, local public transit systems (such as buses or ferries) are funded through fares and other charges.
- **Golf Course, Parking, and Recreation Enterprise Funds:** Some cities and towns operate recreational facilities or services as enterprise funds, charging fees for usage to cover operational costs.

8. Public-Private Partnerships (PPPs) – Dennis has a great history of public private partnerships i.e., Veterans Home, Melpet Farms, Project FORWARD to name a few

Municipalities may enter into **public-private partnerships (PPPs)** to finance, build, or maintain large-scale infrastructure or public service projects. In these arrangements, private entities may help fund the project in exchange for a long-term contract to operate or manage the service. For

example, cities might partner with private companies for the construction of affordable housing or the operation of a toll bridge.

9. Sale of Municipal Assets – the former Town Hall Annex was sold through an RFP process for commercial space. Dennis would benefit from more license agreements for use of Town property i.e., Sea Street Beach parking lot and its use by Pelham House

Some municipalities sell or lease **public property or assets** to raise funds for other needs. This might include:

- **Sale of Surplus Property:** Cities or towns might sell underused public land, buildings, or equipment to generate one-time revenue.
- **Leasing or Licensing:** Municipalities may lease land, parking facilities, or other assets to private companies for long-term revenue generation (e.g., leasing land for telecommunications towers).

11. Tax Increment Financing (TIF)

Tax Increment Financing is an economic development tool where future property tax revenue from a specific development area is used to finance improvements in that area. The increased property taxes generated by new development or redevelopment are earmarked for funding the project.

Diversifying revenue sources, will enable meeting the financial needs of Dennis operations while keeping property taxes within the limits set by **Proposition 2½**. We must carefully consider how to balance these revenue sources to ensure fiscal sustainability and fairness for residents and businesses alike.

CONCLUSION

Strategic and conservation budget planning efforts have placed the Town in a much better financial position than many other towns in the Commonwealth. The challenge will be to maintain service level expectations within the desired funding parameters and retain our excellent AAA Bond Rating in accordance with the municipal guidelines used by rating agencies. We are entering that point that a dialogue needs to happen as to how we continue to sustain the salaries and benefits of the employees and retirees - because that is the majority of the budget. We provide services to our residents through administration and finance, education, public safety, public works, health and human services, and culture and recreation. Presenting a balanced budget for FY2026 in Dennis has not been easy. With unknown costs we are facing there may be a legitimate need to reduce budget as we go through the budget process.

As previously noted, there are still cost items and final figures needed at the time of this budget submittal. We await the formal transmittal of the Education budget recommendations by the Regional School Committees. Further review and deliberation of the Town Administrator Budget Submittal is planned by the Select Board followed by their transmittal of budget recommendations to the Finance Committee. Thus, it is likely that we will revisit some of the Town Administrator recommendations and update forecasts as we move through the upcoming months of the public budget review process.

I remain committed to performing my fiduciary responsibility in reviewing these escalating costs and trying to find solutions or options to help the Town as a whole, and to continue with our collaborative approach to financial management, in partnership with the Select Board, Finance Committee, and DY Regional School Committee, as we continue discussions of the core services our community desires and needs, with transparency of government operations. Town staff has been very successful with grant awards, and we will continue to seek innovative funding and partnerships for programs and services.

We remain committed to meeting the expectations of the Dennis residents. The FY2026 Recommended Budget is reflective of our collective efforts to provide exceptional services and of our commitment to continue working towards improving the community. The Administration and Senior Management Team will continue to work collaboratively to develop creative approaches that will position the Town to effectively confront our complex challenges and to improve and enhance services within the constraints of our available resources.

The release of this document will mark the beginning of a process in which additional information will become available over the coming months that will potentially require adjustments to operating and/or capital budgets prior to Town Meeting. I look forward to discussing the recommendations contained herewith with the appropriate Boards and Committees over the next several months.

I would like to thank the Select Board for its leadership and policy direction as it relates to the development of the FY2026 Budget. I would also like to thank the Finance Committee for all their support and work towards this important process. I want to recognize the Town's Department and Division Heads for their professionalism and commitment to the process. Both their input and institutional knowledge of their departments and the organization proved to be invaluable. I want to recognize the Administration team; Executive Assistant Kelly Race, Administrative Assistant Delaney Campbell, and Assistant Town Administrator Greg Rounseville for all of their assistance and support in facilitating the work that goes into developing the budget. I am most of all grateful for our Finance Director Josee Cardinal who worked diligently and all her fiscal guidance to ensure the quality of this document and the budgetary process.

Finally, I also appreciate the knowledge, information, feedback, and support from the many taxpayers passionate about the community.

As always, I welcome your continued comments and input on how to make the Budget process and Summary more user-friendly.

ACTION & NEXT STEPS

As previously mentioned, it is likely that we will revisit some of the recommendations and update forecasts as we move through the next several months of the public budget review process. The overall total Fiscal Year 2026 budget review as well as departmental budgets will commence with a presentation to the Select Board on December 3, 2024. The budget will be back before the Board on December 10, 2024, for secondary review and any final departmental presentations. I would ask the Board provide the Town Administrator with any guidance, suggestions, and/or support for the budget. In addition, Board members can begin to review the budget challenges and

fixed costs and consider any possible changes or strategic policy action steps that may be necessary to sustain this portion of the budget. Finally, I am hopeful to have the final School Districts assessments, as well as the final group health insurance figures in January. I will advise the Board accordingly as soon as these numbers become available. The recommended budget will be passed along to the Finance Committee for their review and analysis during the months of January and February.

I look forward to working with you throughout this important process, thank you for your time and thoughtful considerations.

Respectfully,



Elizabeth Sullivan
Town Administrator

Town of Dennis

Wastewater Funding Program Recommendations for Phase 1

August 2024



TOWN OF
DENNIS
MASSACHUSETTS

Executive Summary

The Town developed a Comprehensive Wastewater Management Plan/Single Environmental Impact Report (CWMP/SEIR) to address wastewater management needs in order to protect drinking water sources and restore coastal environments. Currently, Phase 1 is under design with the implementation phase commencing shortly.

The purpose of this document is to outline the recommendations for funding Phase 1 of the eight phase plan outlined in the CWMP. The evaluation of funding for the entire program is currently underway and will be outlined in a future document. This current Phase 1 funding document was developed as a collaborative effort that included Town of Dennis staff, The Abrahams Group, LLC – the Town financial consultant, CDM–Smith - the Town wastewater consultant and GHD - the Town wastewater coordinator.

The Phase 1 project will consist of two types of costs – capital (project) costs and annual costs. There are various mechanisms to fund both of these. Primary funding sources for capital costs include the State Revolving Fund which provides funding for large infrastructure as well as affording the town the opportunity to get up to 28% principal forgiveness as well as a 0% interest rate on a loan. The balance of the loan will be funded through the tax rate which at this time is projected to increase by less than \$0.50 per \$1000 of assessed value. This will all support the construction of the wastewater infrastructure.

Once the wastewater infrastructure is operational, the town will have a wastewater utility. This utility will operate as an enterprise fund. This utility will incur various annual operational, maintenance and other costs (O&M costs) and will require a revenue source to pay these costs. These costs will also have some funding sources to help offset the full costs. Funding sources that are intended to offset the annual costs of the utility include: the Wastewater Infrastructure & Investment Fund (WIIF), Local Option Rooms Tax, Landfill Solar Special Revenues Fund, Short-Term Rental Registration Fee, and one-time connection fees. A separate cost recovery effort will take place to address annual operational costs and revenue.

It should be noted that this report represents a funding framework. It is not intended to present fixed costs as all aspects of this plan are subject to change due to any number of reasons including, but not limited to, inflation, schedule adjustments, changes in funding sources, permitting needs, etc. It should also be noted that this report represents the recommendations for Phase 1 wastewater funding only. The town will be incorporating this report into a comprehensive funding program for Phases 1 through 8 as part of the State Watershed Permttting process and thus this report is subject to being amended as it is incorporated into the larger funding plan.

1. Introduction

The Town has had a population increase of over 500 percent since 1951, with an additional seasonal population increase in the summer months. The Town does not have any municipal wastewater collection or treatment facilities, so this population growth has led to an increase in septic systems, and consequently an abundance of nutrients – particularly nitrogen – leaching into saltwater estuaries through ground and surface waters. An abundance of nutrients in the environment can affect water quality and cause buildup of algae, fish kills, beach closures, aesthetically displeasing waters, and destruction of shellfish areas. Based on the Massachusetts Estuaries Project (MEP) work which includes annual water quality monitoring in Dennis, the town became aware that reductions in nitrogen loading from on-site wastewater disposal systems would be instrumental in preserving the health of the Town's local coastal environments.

Not only does excess nitrogen affect coastal environments, nitrogen in high concentrations in groundwater can present a public health concern. Specifically, where nitrogen loads to groundwater source drinking water wells are too high, United States Environmental Protection Agency (EPA)-mandated nitrogen thresholds may be exceeded.

Dennis developed a Comprehensive Wastewater Management Plan/Single Environmental Impact Report (CWMP/SEIR) to address wastewater management needs in order to protect drinking water sources and restore coastal environments (<https://www.town.dennis.ma.us/941/Comprehensive-Wastewater-Management-Plan>).

The town received the final certificate for the CWMP/SEIR on December 29, 2021, from the Executive Office of Energy and Environmental Affairs, Massachusetts Environmental Policy Act (MEPA) Unit.

The Town of Dennis has five watersheds, three of which require nitrogen reduction to restore acceptable water quality, according to the TMDLs for the Bass River, Swan Pond, and Herring River estuarine systems.

Approximately 85 percent of the controllable nitrogen in a given watershed comes from on-site septic systems. Smaller controllable nitrogen sources include fertilizers and impervious surface runoff. Thus, emphasis is placed on removing nitrogen from septic systems since the required reduction levels are so significant. Eelgrass is an important indicator of a healthy saltwater environment, and the waters in and around Dennis have lost significant quantities of eelgrass in the past years according to TMDL reports, indicating degraded water quality.

The other two watersheds in Dennis, Chase Garden Creek and Sesuit Harbor, do not currently have TMDLs. Chase Garden Creek is included in the larger Barnstable Great Marshes-Bass Hole Estuarine System report. A final report for Sesuit Harbor was issued in May 2024 and this area is expected to be subject to a nitrogen TMDL in the future.

The Town evaluated several options presented in the CWMP to meet the necessary nitrogen removal requirements. The Town considered several factors including Title 5 septic system issues, TMDLs for each watershed, protecting overall drinking water quality, and future growth potential, ultimately developing an eight-phase plan to be implemented over forty years (see **Figure 1**). Phase 1 of the plan includes construction of a new centralized Water Resource

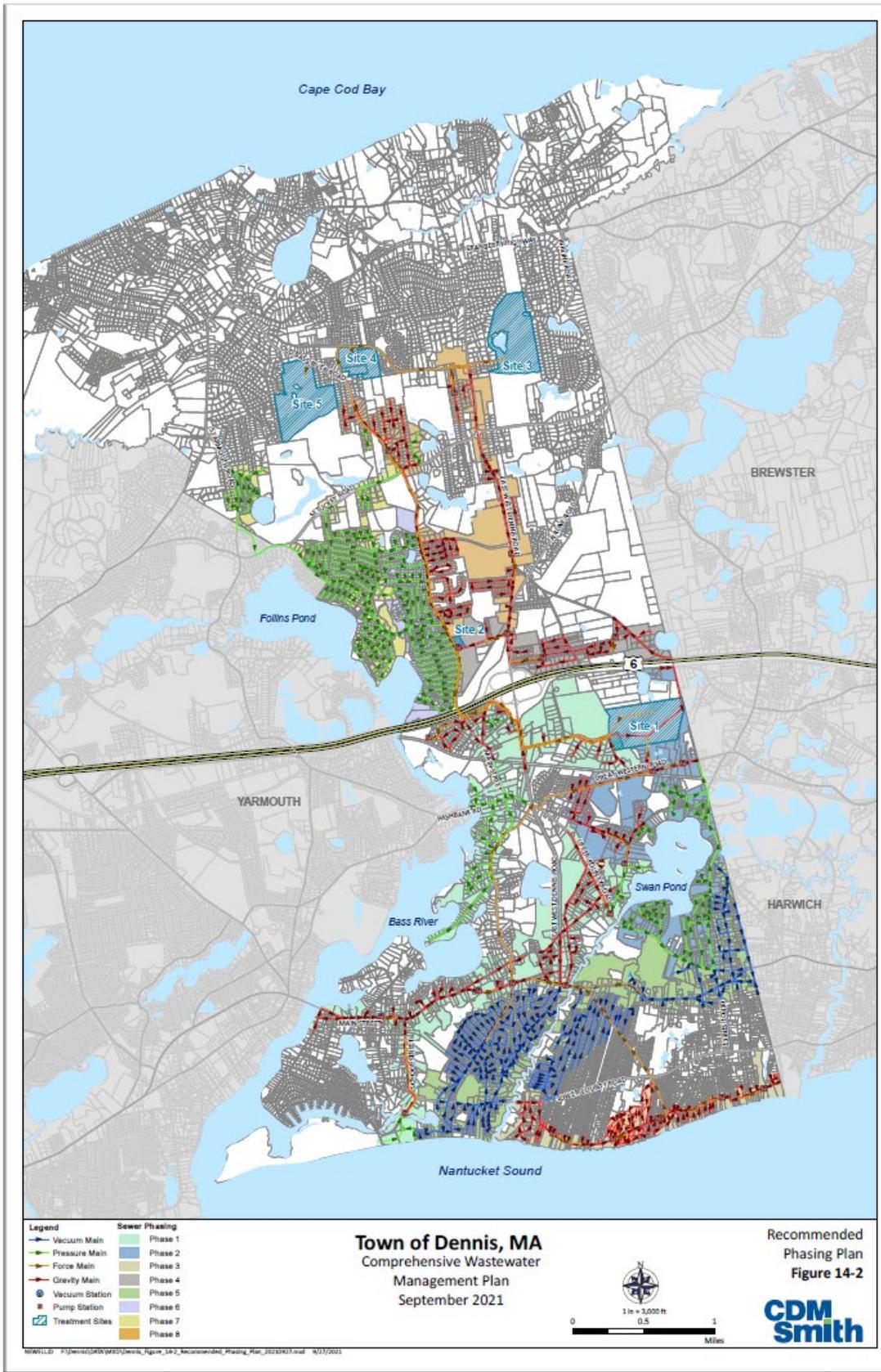


Figure 1: Recommended Phasing Plan (Figure 14-2 from the Town of Dennis CWMP)

Recovery Facility (WRRF) and a new collection system in order to reduce the number of on-site septic systems contributing nitrogen to the watersheds and groundwater. Phase 1 is described in further detail in the next section.

The purpose of this document is to outline the recommendations for funding Phase 1 of the eight phase plan outlined in the CWMP. The evaluation of funding for the entire program is currently underway and will be outlined in a future document.

The funding for Phase 1 was evaluated by a group that included the following:

- The Town of Dennis
 - Elizabeth Sullivan – Town Administrator
 - Josee Cardinal – Finance Director
 - Michael Lavin – DPW Director
 - Tom Andrade – Town Engineer
 - Chris Wickson – Civil Engineer
 - Richard “Val” Peter – Wastewater Superintendent
- The Abrahams Group, LLC – financial consultant
- CDM- Smith – wastewater consultant
- GHD, Inc – wastewater coordinator

In addition, John Robertson - Director of Assessing with the Town of Dennis – was instrumental in assisting with data that was used in this evaluation.

2. Description of Phase 1

Phase 1 of Dennis’ wastewater implementation plan includes constructing the Water Resource Recovery Facility (WRRF) and constructing a sewer “spine” from the WRRF to the commercial planning district along Route 28 as well as sewerage in residential areas adjacent to Bass River and East-West Dennis (Route 134).

The construction of the new WRRF and collection system in Phase 1 will begin to address the nitrogen loading in the Bass River, Swan Pond, and Herring River watersheds. These watersheds require a large reduction in nitrogen. Phase 1 will also help protect Dennis municipal drinking water wells from contamination by reducing on-site septic systems.

Phase 1 is proposed to be constructed in four contracts with Contract 1 for the WRRF and Contracts 2-4 for the collection system as shown in **Figure 2**. At the 2022 Annual Town meeting, the Town of Dennis approved \$7.7 Million to help fund the design of these four contracts. Construction of Phase 1 is anticipated to commence by January 2025 with project completion anticipated by early 2028.

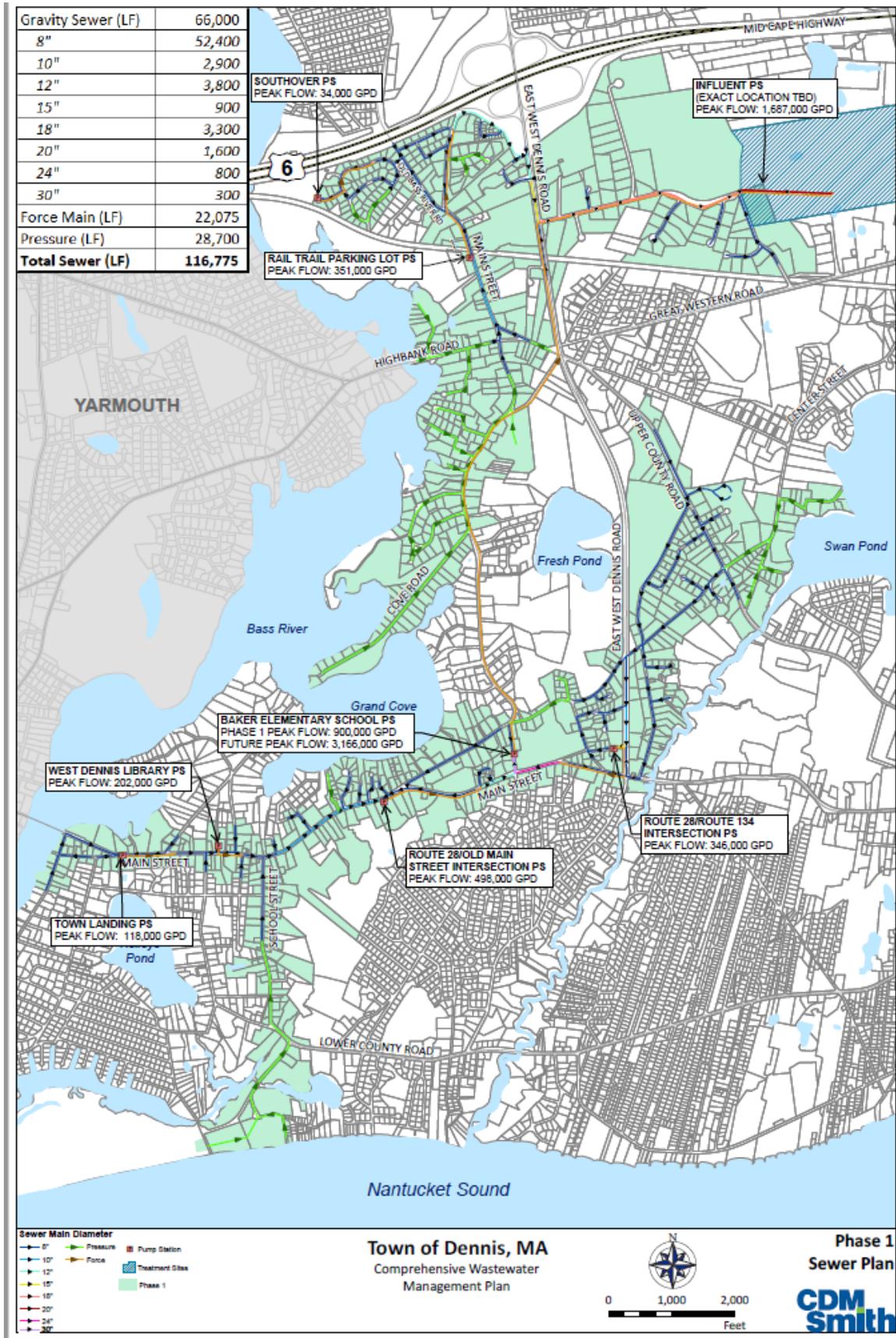


Figure 2: Town of Dennis Phase 1 Sewer Plan

The Phase 1 project was listed for funding in the State Revolving Fund Intended Use Plan for 2024. This project was highly ranked in the very competitive infrastructure funding program with only approximately two thirds of the applicants receiving funding (<https://www.mass.gov/doc/2024-final-clean-water-intended-use-plan/download>).

The Town will seek a borrowing authorization at the October 2024 Special Town Meeting for funds outlined in this report for the Phase 1 Project Costs. The balance of the funds will be requested at a future town meeting.

3. Financing approach

The Phase 1 project will consist of two types of costs – capital (project) costs and annual costs. There are various mechanisms to fund both of these. The options for each will be discussed below.

- A. Capital costs – capital costs consist of all costs that are needed to construct the wastewater infrastructure on public property (or property upon which the town has gained easements to construct). These costs include, but are not limited to, the cost to construct the work, engineering oversight, utility costs, legal costs and administrative costs.

The capital costs for the Phase 1 infrastructure program are outlined below in Table 1.

Table 1: Phase 1 Wastewater Infrastructure Capital Costs

Cost Breakdown	Costs
Contract 1 – WRRF	\$117,400,000
Contracts 2-4 (collection system)	\$74,900,000
Construction Subtotal	\$192,300,000
Construction Contingency	\$19,230,000
Fiscal, Legal, Engineering	\$32,700,000
Police Details	\$3,400,000
Easements	\$900,000
Total Costs	\$248,530,000

Some options for funding capital costs include the following:

- 1. Tax rate – these costs can be funded by an increase in the Dennis residential and commercial tax rate. This would increase the cost per \$1000 of assessed value that is

paid on the ownership of property. The historical tax rate in the Town of Dennis is shown in Figure 3.

2. **Betterment** – A betterment is a special property tax that is permitted by general or special law where real property within a limited and determinable area receives a special benefit or advantage, other than the general advantage to the community, from the construction of a public improvement. If properties abutting or nearby the improvement are specially benefited, all or a portion of the cost of making that improvement may be assessed on those properties. Assessments of the project costs must be reasonable and proportional and not substantially in excess of the special benefits received from the improvement, that is, benefits beyond the benefit received generally by all property in the municipality. The cost of all or a portion of a public improvement made upon formal order or vote of a board of officers of the town or district may be assessed as a betterment. M.G.L. c. 80, § 1. These costs are typically payable over a period of time – for example 20 years.
3. **Special Assessment** – A special assessment is similar to a betterment and has been used by several Cape communities. With this, a cost is assigned to each property based on the benefit received and this cost needs to be paid to the town as designated in a payment schedule.

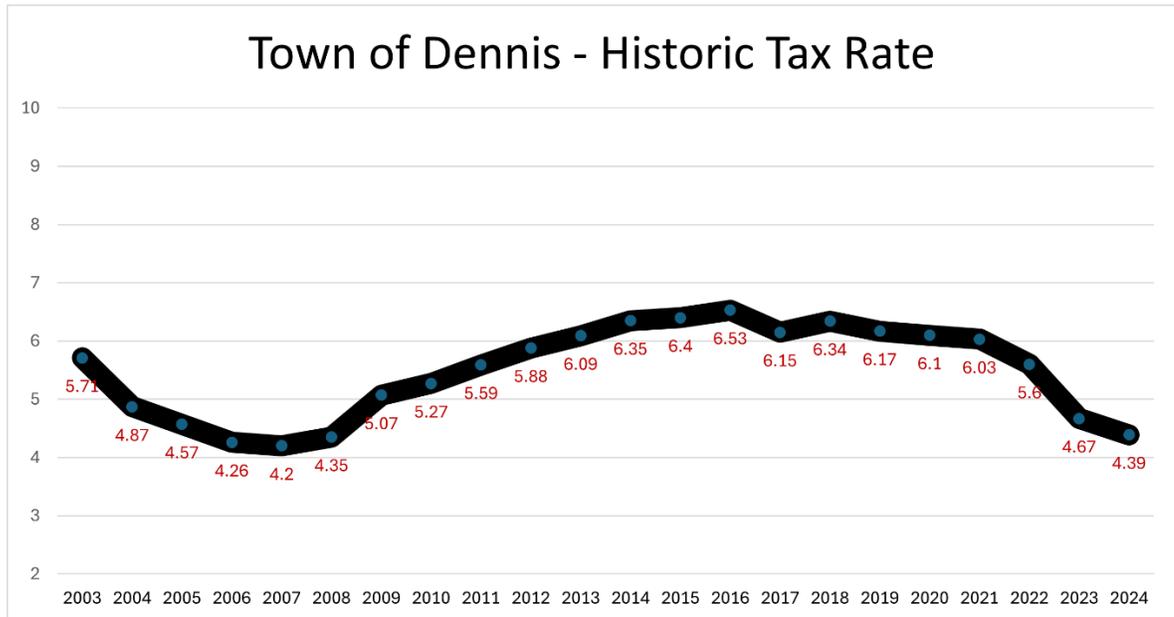


Figure 3: Historic tax rate in the Town of Dennis

The Town targeted the tax rate to fund the Phase 1 wastewater infrastructure. The reason for this was because the project is being done to provide an environmental benefit to the entire Town.

B. Annual costs – once the wastewater infrastructure has been constructed and is operational, the town will have a wastewater utility. This utility will operate as an enterprise fund per M.G.L. c. 44, § 53F1/2. This utility will incur various operational, maintenance and other costs (O&M costs) and will require a revenue source to pay these costs. Examples of these costs are as follows:

1. Operational costs – these include, but are not limited to costs such as electricity, natural gas, chemicals, and biosolids disposal. These costs may be incurred at the WRRF, pumping stations or at other wastewater infrastructure locations.
2. Maintenance costs – the cost of maintenance includes, but is not limited to, costs such as labor costs (including administrative costs), equipment parts, tools, etc.
3. Other costs – these can include miscellaneous costs such as engineering and contractor costs related to existing infrastructure, improvements, etc.

A separate cost recovery effort will take place to address annual operational costs and revenue.

4. **Funding Sources**

The Town reviewed a number of funding sources to help partially offset some of the costs of the wastewater infrastructure. Some of the funding sources include the following.

- A. Cape & Islands Water Protection Fund: The Cape Cod and Islands Water Protection Fund (CCIWPF) was established by the Massachusetts Legislature in 2018 (M.G.L. Chapter 29C, Section 19) to help Cape Cod and Islands towns pay for necessary wastewater infrastructure and water quality remediation projects. The CCIWPF is a dedicated fund within the Massachusetts Clean Water Trust set up to solely benefit communities within the counties of Barnstable, Dukes, and Nantucket. Its source of revenue is a 2.75% excise tax on traditional lodging and short-term rentals. The fund is administered by the Clean Water Trust and overseen by a management board comprised of representatives from every member town from the region. Currently, the 15 Cape Cod communities are members of the CCIWPF. The Cape Cod and Islands Water Protection Fund Management Board (Board) was established by M.G.L. Chapter 29C, Section 20. The Board is responsible for determining the method for allocating subsidies from the fund, including, but not limited to, an equitable distribution among participating municipalities consistent with revenue deposited from each municipality into the fund. The Board is also responsible for ensuring that the Water Protection Fund is spent only for the purposes set forth in M.G.L. Chapter 29C, Section 19. The potential funding available through this fund is up to 25% principal forgiveness on the capital costs of the project.
- B. SRF Capital Forgiveness: The Massachusetts Clean Water Trust (Trust) and the Massachusetts Department of Environmental Protection (MassDEP) provide loan forgiveness each year to “Disadvantaged Communities” based on an annual affordability calculation that ranks communities into affordability tiers. The Trust provides a fixed percentage of loan forgiveness based on the affordability tiers and the specific State Revolving Fund program. A “Disadvantaged

Community" is a community that falls into one of the three tiers using the Trust's annual affordability calculation. This calculation is performed to determine the adjusted per capita income (APCI) of each city and town in Massachusetts. See below to learn about the affordability calculation and APCI. Disadvantaged Communities are eligible for a percentage of loan forgiveness of their principal loan amount. Dennis is a Tier 2 community, so percent of forgiveness is 6.6% for 2024. Loan Forgiveness will be applied to eligible communities' construction contracts that are executed by June 30th of the following calendar year (e.g. 2023 IUP project must execute construction contracts by June 30, 2024).

<https://www.mass.gov/info-details/the-disadvantaged-community-program>

- C. Wastewater Infrastructure & Investment Fund (WIIF): Massachusetts General Law Chapter 40, Section 39M provides a local option for communities to raise additional revenue restricted for and dedicated to water resources. The Town accepted Massachusetts General Law Chapter 40, Section 39M, which establishes a special "Municipal Water Infrastructure Investment Fund" that may be appropriated and spent for maintenance, improvements and investments to municipal drinking, wastewater and storm water infrastructure assets. The Town approved a 1% real estate tax surcharge which is dedicated to the WIIF Fund which began for taxes assessed for FY 2022, on July 1, 2021; The acceptance of the statute and surcharge is contingent upon the passage of the ballot question adopting MGL Chapter 40, Section 39M; or take any other action relative thereto. By law, this fund is separate and distinct from other Town funds and operating budget, and, can only be used for maintenance, improvements and investments to municipal drinking water, wastewater and storm water assets. All proceeds from the adopted surcharge are deposited directly into the fund and can only be utilized by further appropriation by a majority vote of Town Meeting. The amount of this surcharge generates approximately \$400,000 of revenue annually. This funding source may be increased to 3% in the near future.
- D. Local Option Rooms Tax: At the May 7, 2019 Annual Town Meeting , it was unanimously voted, pursuant to Section 5B of Chapter 40 of the General Laws to amend the prior vote of Town Meeting under Article 50 of the May 7, 2019 Annual Town Meeting, by changing the percentage allocation of the Local Rooms Excise Tax to be dedicated to the Wastewater Stabilization Fund from 25 percent to 33 percent. In other words, one-third of the local option rooms tax collected is allocated to the Wastewater Stabilization Fund generating approximately \$1,000,000 annually.
- E. Landfill Solar Special Revenue Fund: Revenue collected by the Town in connection with any lease and power purchase agreements for the photovoltaic solar energy facilities is deposited into the Landfill Solar Special Revenue Fund which may be appropriated by the Town of Dennis for any lawful purpose. Approximately \$500,000 of revenue from solar has been earmarked for wastewater funding annually.
- F. Short-Term Rental Registration Fee: At the February 29, 2024 Special Town Meeting, the Town voted to accept the last paragraph of General Laws Chapter 40, Section 5B and dedicate 80% of the Short-Term Rental Registration Fee to the Wastewater Stabilization Fund, effective for the Fiscal Year beginning on July

1, 2024. The remaining 20% of the Short-Term Rental Registration Fee will be deposited into the General Fund. The minimum allocation per MGL Ch 40 §5B of a fee to a stabilization fund is 25%. The 80% dedicated to the Wastewater Stabilization Fund will generate approximately \$560,000 annually to support future wastewater needs. The 20% dedicated to the general fund will fund compliance with the short-term rental regulations adopted by the Board of Health on November 15, 2023.

- G. Sewer Use Fees – As discussed earlier, sewer use (or user fees) are assessed to the users of the wastewater infrastructure on a flat fee or water use basis. The Town intends to assess user fees based on water use to encourage water conservation.
- H. Connection Fees – Connection fees are fees assessed by the Town to an entity who will connect to the sewer system. These are typically assessed at various rates including residential and commercial and can be further broken down by major and minor commercial establishments.
- I. Septage Fees – These are fees from the disposal of septic waste from private septic systems in the region. The WRRF is not designed to accommodate large volumes of septage, so these fees are not expected to amount to very much revenue.

The above options were carried through the development of the financial model. Other funding options that were not included in this Phase 1 plan, but could be considered for future phases are community impact fees, district improvement financing, transfer taxes and the use of free cash.

In addition, the Town will be eligible for a 0% interest loan through the SRF program. With regard to the term of the loan, the State currently allows the loan to be paid back over a maximum thirty year time period, which for a 0% interest loan is quite advantageous.

5. **Financial Model**

For the Phase I wastewater infrastructure program, a financial model was developed by the Abrahams Group, LLC, the Town's financial consultant for the wastewater program. The development of the model was initiated in October 2023 and draft results from the model were presented to the Select Board at the March 19, 2024 meeting.

The financial model is the result of collaboration between Town staff, engineering firms, and The Abrahams Group. Town staff provided town data on parcels and assessments. Engineering firms were the source of the construction and O&M costs. All parties participated in the workshops for the model development.

The group mentioned in Section 1 met frequently over a six month period to help tailor a financial model to the Town of Dennis wastewater infrastructure including laying out potential funding methods for the work. As part of this model, proposed debt schedules and a user rate schedule were developed by The Abrahams Group, LLC.

The basic model input included the following for Phase 1. Costs consisted of capital and O&M

costs. Capital costs were inflated to the mid point of construction which is the common practice for municipal infrastructure projects and O&M costs were inflated annually.

Base model input includes the following data:

- For Capital Costs
 - 1,036 parcels and the assessed value of each property
 - \$248.5 million in construction costs
 - \$149.1 million for treatment plant
 - \$99.4 for collection system
- For O&M Costs
 - Although the model was set up for this portion of the costs, it will be used at a later date as part of a separate cost recovery effort.

Revenue and funding sources included the following for the capital costs of the project:

Capital Funding:

- Cape & Islands Water Protection Fund (25% reduction in infrastructure costs)
- SRF Capital Forgiveness (6.67% reduction in infrastructure costs)
- Loan term: 0% interest over 30 years

Capital Revenue:

- Tax Rate (this is a model output and is shown in Section 6)

Based on the inputs above, outputs from the model yielded the following.

- The real estate tax impact is calculated, including the impact to the tax rate, to the average single family's tax bill, and to any property if the assessed value is known.

The financial model is a dynamic model that will be able to be updated by the Town. For more information on the financial model, see Appendix A.

6. Phase 1 Recommended Financial Plan

The recommended financial plan for the Phase I wastewater infrastructure is shown below.

- A. Capital Costs – To be paid for by debt excluded debt which amounts to a slight impact on

the tax rate.

The principal forgiveness of the Cape & Islands Water Protection Fund (25% reduction in infrastructure costs) and SRF Capital Forgiveness (6.67% reduction in infrastructure costs) reduce the overall capital costs by over \$75 Million. Financing the remainder of the capital costs results in an increase in the tax rate of \$0.49 to a tax rate of \$4.88. This is based on an assessed value of the average single family home of \$822,327. It is estimated that the average single family annual tax bill will be \$4,014 which is an increase of \$404 over the current bill.

It should be noted that this assumes that a loan origination fee would be paid for through another funding source such as free cash to keep an estimated \$1.5M off the tax rate in year 1 of the loan and would thus maintain a consistent loan payoff for the life of the loan.

B. Annual Budget

These costs will be evaluated as part of a separate cost recovery effort.

The model output of the recommended financial plan can be seen in Appendix B.

7. Additional impacts to system users

The costs described above are costs incurred for the installation of wastewater infrastructure on public property. Individual homeowners will be required to pay for any work required on private property to connect individual homes or businesses to the public sewer. These costs can include the following:

- The cost to design the connection on private property (The Town of Dennis Sewer Rules and Regulations provide guidance on the qualifications of companies who may do this work)
- The cost to install the connection on private property (this can include a single pipe, a pump (if required), and potential upgrades to the household electrical service to support a pump)

8. Limitations

It should be noted that this report represents a funding framework. It is not intended to present fixed costs as all aspects of this plan are subject to change due to any number of reasons including, but not limited to, inflation, schedule adjustments, changes in funding sources, permitting needs, etc. It should also be noted that this report represents the recommendations for Phase 1 wastewater funding only. The town will be incorporating this report into a comprehensive funding program for Phases 1 through 8 as part of the State Watershed Permitting process and thus this report is subject to being amended as it is incorporated into the larger funding plan.

Appendix A: Abrahams Group LLC Report

THE ABRAHAMS GROUP LLC

FOR BETTER GOVERNMENTS

Town of Dennis

Phase 1 Wastewater Model

Financial Summary – Final Report

June 2024

Background

The Town of Dennis (“Town”) is constructing a wastewater system and is implementing it over multiple phases. Phase 1 of the wastewater program contains 1,036 parcels and is anticipated to have \$247.6 million in construction costs, broken out as \$149.1 million for the treatment plant and \$98.5 million for the collection system. Operating and maintenance (“O&M”) costs are anticipated to be \$2.3 million in the first year of operation of the wastewater system.

The Town sought to understand the financial impact of financing Phase 1 of the wastewater system at the per-parcel and the per-user level and retained The Abrahams Group LLC to put together projections of the financial impact. The Abrahams Group LLC built a financial model that takes many inputs, including construction costs, O&M costs, different available revenue and funding sources, and parcels’ assessed value, and outputs the financial impact of the program at the per-parcel and per-user level.

Over the course of several meetings and discussions, Town staff and the engineering firms GHD and CDM Smith were integral in the development of the financial model, as their collaboration and guidance throughout the process were helpful and insightful. Of note was the time spent determining the final list of Phase 1 parcels and the Town Assessor’s input was critical to the success of this effort. Also of note was the expertise of the Finance Director who provided keen insight and guidance on projected revenues and funding sources that could be used to offset some of the costs associated with the wastewater program.

Using the Financial Model

The Phase 1 financial model was built in such a way so that any user could make changes to the inputs used in the model and then review the outputs.

Inputs include the following:

- Parcels
 - o Water usage, as provided by CDM Smith
 - o Assessed value, as provided by the Town’s Assessor
- The Average Single Family Home’s Assessed Value
 - o Determined to be \$822,327 in FY 2024
- Costs, both construction and O&M
 - o The model projects debt based on inputted construction costs.
 - o Inputted O&M costs are inflated based on configurable values.
- Revenues (Configurable based on inputs)
 - o Betterments
 - o Special Assessments

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- User Charges
- Connection Fees
- Funding Sources (Amounts inputted and used to offset costs)
 - Cape & Islands Water Protection Fund
 - Wastewater Infrastructure & Investment Fund (WIIF)
 - Local Option Rooms Tax
 - Annual Solar Revenue
 - Short Term Rental Registration Fee
 - Community Impact Fee
 - District Improvement Financing (DIF)
 - Transfer Tax
 - Free Cash
 - Other funding source(s) not already listed

To see the per-parcel financial impact as an output, the user takes the following steps:

1. Set the costs to include, both construction and O&M.
2. Determine which revenues to include, including whether to include betterments, special assessments, user charges, and connection fees. If any is included, then set values to be used for the determination of annual revenue amounts associated with it. For example, for betterments, set the committed interest rate to calculate interest charged for amortized betterments and, for user charges, set the rate structure to use and whether to include a base charge.
3. Determine which funding sources to include as offsets to costs and include an amount for them annually. To do this, type the percentage of the Local Short Term Rental Tax to allocate to the wastewater program and type the dollar amount in for all other funding sources identified.
4. Review the results of the run, which include a projected Surplus or Deficit based on the inputs for FY 2027 to FY 2034, the projected impact on the Tax Rate, the projected impact on the Average Single Family Home's annual tax bill, and the projected impact on any property if the property's assessed value is known and inputted.

The sheet used for both the inputs and the outputs prints in a one-page format or a four-page format, depending on the user's preference.

Model Runs

In March 2024, some model runs were completed, and one was presented to the Select Board. The objectives of compiling the model runs and presenting one of them were to show what the model was capable of but to also show the Select Board a potential option for funding the wastewater program.

The "**Baseline**" model run was used to show what the per-parcel impact on tax bills would be if all costs were included, available funding sources were included, but there were no identified revenue sources (user charges, connection fees, etc.) and the Loan Origination Fee, which is payable in the first year of an SRF borrowing, is assumed to be part of the debt exclusion.

Funding sources identified were:

- Cape & Islands Water Protection Fund at 12% of the borrowing amounts (estimated at \$29.7 million)
- Local Option Rooms Tax at a 33% allocation to the wastewater program (calculated to be \$770,000 annually)
- WIIF at 1% of property tax bills (\$450,000 annually)
- Solar Revenue (\$500,000 annually)
- Short Term Rental Registration Fee (\$560,000 annually)
- All estimated debt to be debt excluded, impacting the tax rate

Outputs of this run:

- Projected annual deficits ranging from \$275,000 in FY 2027 to \$2.2 million in FY 2034
- Tax rate increase of \$0.71 in FY 2027 based on the debt exclusion amount for FY 2027
- Increase to the Average Single Family Home's Real Estate Tax Bill of \$581 in FY 2027, based on an assessed value of \$822,327
- Increase to the Real Estate Tax Bill of a home with \$500,000 in assessed value of \$353 in FY 2027

Appendix B: Model Output

Phase 1 Wastewater Funding Scenario

Orange cells are input cells & have an instructional note

Expand

The results of a model run for a potential solution are presented below.

Construction Costs	
Phase 1 construction costs shown in the following table.	
Project	Costs
Treatment Plant	\$ 149,111,970
Collection System	\$ 99,711,341
Total	\$ 248,823,311

If betterments are issued, they would cover collection system costs only.
If betterments are not issued, the collection system would be funded in other ways.

Costs include contingency, construction services, and police detail.

Betterments	Include?	No	If not included, ignore the rest of this section.
Special Assessments	Include?	No	If not included, ignore the rest of this section.
Other Funding Sources			

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Rooms Tax %	33.33%	33.33%	33.33%	33.33%	33.33%	33.33%	33.33%	33.33%
Rooms Tax \$	\$ 770,000	\$ 770,000	\$ 770,000	\$ 770,000	\$ 770,000	\$ 770,000	\$ 770,000	\$ 770,000
WIIF	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000
Solar	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
ST Rental Fee	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000
Impact Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DIF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Free Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 1,511,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Financial Results

Property Tax Impact

Impact on the Tax Rate

Current	FY 2027	Difference
\$ 4.39	\$ 4.88	\$ 0.49

Impact on the Average Single Family Home's Real Estate Tax Bill of \$822,327

Real Estate Tax Bill Impact

Current	FY 2027	Difference
\$ 3,610	\$ 4,014	\$ 404

BUDGET MESSAGE ATTACHMENTS

ATTACHMENT A – BUDGET GUIDELINES

ATTACHMENT B – BUDGET/TOWN MEETING ARTICLE REVIEW SCHEDULE

ATTACHMENT C – BUDGET CALENDAR

ATTACHMENT D – SELECT BOARD GOALS

SEASONAL SALARY SCALE

FORECAST

**ATTACHMENT A –
BUDGET GUIDELINES**



MEMORANDUM

TO: DEPARTMENT HEADS

FROM: ELIZABETH SULLIVAN, TOWN ADMINISTRATOR

DATE: OCTOBER 3, 2024

SUBJECT: FY2026 BUDGET GUIDELINES

Based on preliminary estimates for Fiscal 2025, at this time, the following budget guidelines are recommended to all Departments:

1. **Prepare a level funded budget** – No increase in services from FY2025. In your budget requests you should reflect current staffing levels.

Except for:

- Increases in mandated costs and other fixed costs that must be covered; Contractual, Utilities, Health Insurance, Worker's Compensation, Retirement, Group Insurance, Medicare, Central Purchasing/Electricity/Gasoline/Diesel, Property & Liability, Municipal Trash Collection.

Salary & Wages

Are according to Collective Bargaining Agreements, Non-Union Personnel Policies or Employment Contracts.

Collective Bargaining Agreements for AFSCME-A, MLDC, SEIU-A, SEIU-B, and Non-Union personnel have been negotiated and will expire at the end of FY2026. Employment Contracts have also been negotiated. Step adjustments should be carried in departmental budgets and calculated using the FY2026 Salary Schedules.

Collective Bargaining Agreements for AFSCME-B, Police Patrol, Sergeants, and Superior Officers, and IAFF will expire at the end of FY2025 and will be entering negotiations this fall. Step adjustments should be carried in departmental budgets and calculated using the FY2025 Salary Schedules.

Please remember to include any positions that are currently vacant when calculating salaries for your department. Salary schedules will be available and distributed.

Do not incorporate any new personnel requests into your budget.

2. Seasonal Salaries – Seasonal salaries for FY2026 have not yet been approved by the Select Board. As you complete your department’s “Seasonal Salary Worksheet” projecting seasonal man-hours and salaries for FY2026, please use the FY2025 seasonal salary schedule. Please do not incorporate any new seasonal personnel request into your budget.

If you have any new seasonal personnel requests that you are proposing for next year, please submit a narrative and other statistical or comparative documentation that support your request.

3. Deadlines and Overall Budget Calendar –

Finance will be meeting with staff on Thursday October 3rd to review the budget guidelines and budget entry process, further details will be sent out by Finance.

Budgets are due to Finance on or before Friday October 18, 2024.

In addition, attached to this budget guideline is a tentative budget timeline/schedule. This is to give you an idea of what the schedule will be like going into the budget season up to Town Meeting. These dates are not set, but, will be used as an overall guideline for scheduling purposes. You will be notified of deadlines during the process.

Thank you for your anticipated cooperation in this upcoming budget season.

**ATTACHMENT B –
BUDGET/TOWN MEETING
ARTICLE REVIEW SCHEDULE**

BUDGET-CAPITAL-TOWN MEETING CALENDAR

FY2026

SPECIAL TOWN MEETING – October 1, 2024	
OPEN SPECIAL TOWN MEETING WARRANT TO ARTICLES	May 21, 2024
STM WARRANT CLOSES TO CITIZEN PETITION ARTICLES	August 13, 2024
LAST DATE TO POST SPECIAL TOWN MEETING WARRANT	September 17, 2024
BUDGET CYCLE	
DEPARTMENT CAPITAL REQUESTS DUE	September 27, 2024
BUDGET FY26 INSTRUCTIONS ISSUED TO DEPARTMENTS	October 3, 2024
FINANCE HOSTS DEPARTMENTAL STAFF	October 3, 2024
DEADLINE FY26 BUDGET INPUT BY ALL DEPARTMENTS INTO EXCEL/MUNIS	October 18, 2024
CAPITAL MEETING WITH DEPARTMENTS	October – 16, 23/November – 6, 13/DPW Fleet Nov 20
ASSESSORS CLASSIFICATION HEARING	October 29, 2024
REVIEW BUDGETS WITH TOWN ADMINISTRATOR AND FINANCE DIRECTOR	November 6 + 7, 2024
SELECT BOARD BUDGET MEETINGS-PRESENT BALANCED BUDGET	Dec 3 + Dec 10, 2024 (December 17 if needed)
CAPITAL OUTLAY PRESENTATION TO BOARD OF SELECTMEN & FIN COMM	January 7, 2025
ANNUAL TOWN MEETING - May 6, 2025	
ATM WARRANTS OPEN	January 21, 2025
SELECTMEN AND DEPARTMENT REVIEW WITH PROPOSED ARTICLES	January 7, 2025
SELECTMEN REVIEW OF ARTICLES	February/March
FINCOM BUDGET MEETINGS	February 1 - 28, 2024
DUE DATE FOR ANNUAL TOWN MEETING ARTICLES (FOR CITIZENS PETITIONS) 4:00 DEADLINE	March 18, 2025
ARTICLES CLOSE	March 18, 2025
FINANCE COMMITTEE REVIEW ARTICLES	March 1 - 30, 2025
SELECTMEN SIGN WARRANT	April 8, 2025
WARRANT POSTED & SENT TO PRINTER	April 18, 2025
WATER DISTRICT ANNUAL MEETING	April 2025
LAST DAY TO POST WARRANT	April 29, 2025
ANNUAL TOWN ELECTION	May 13, 2025

**ATTACHMENT C –
BUDGET CALENDAR**

DENNIS SELECT BOARD FY26 BUDGET REVIEW SCHEDULE

DECEMBER 3, 2024 4:30PM

1. TOWN ADMINISTRATOR'S BUDGET KICK OFF

i. PUBLIC WORKS

- 411 - ENGINEERING
- 192 - PROPERTY/BUILDINGS
- 422 - DPW
- 423 - SNOW AND ICE
- 424 - STREET LIGHTING
- 433 - WASTE COLLECTION

ii. PUBLIC SAFETY

- 210 - POLICE
- 292 - ANIMAL CONTROL
- 220 - FIRE

iii. CULTURE AND RECREATION

- 610 - LIBRARY
- 635 - BEACHES
- 630 - RECREATION
- 295 - HARBORMASTER
- 640 - GOLF

iv. PLANNING/COMMUNITY DEVELOPMENT/DNR

- 171 - DEPT. OF NATURAL RESOURCES
- 175 - PLANNING
- 241 - BUILDING INSPECTOR

DECEMBER 10, 2024

v. HEALTH AND HUMAN SERVICES

- 548 - COMMISSION ON DISABILITIES
- 541 - COA
- 510 - HEALTH
- 543 - VETERAN'S SERVICES
- 599 - HUMAN SERVICES

vi. **GENERAL GOVERNMENT**

- 155 - MIS
- 161 - TOWN CLERK
- 162 - ELECTIONS

vii. **FINANCE DEPARTMENT**

- 141 - ASSESSORS
- 147 - TREASURER/COLLECTOR
- 131 - FINANCE COMMITTEE
- 135 - FINANCE DEPARTMENT

viii. **DEBT/SHARED EXPENSES**

- 193 - PROPERTY/LIABILITY INSURANCE
- 710 - RETIREMENT OF DEBT PRINCIPAL
- 751 - INTEREST LONG TERM DEBT
- 752 - SHORT TERM INTEREST
- 910 - FRINGE BENEFITS

ix. **GENERAL GOVERNMENT**

- 129 - TOWN ADMINISTRATOR
- 138 - CENTRAL PURCHASING
- 122 - SELECT BOARD
- 151 - LAW DEPARTMENT

**ATTACHMENT D –
SELECT BOARD GOALS**

FY2024-2025 SELECT BOARD GOALS

ADOPTED: SEPTEMBER 10, 2024

1. WASTEWATER

- Active and ongoing, high priority of the Select Board for a decade
- Continue to work on long range plans for wastewater and the development of fair and equitable costs.

2. WIXON

- Active and ongoing, high priority of the Select Board since 2022
- Continue to work on long range plans for the best use and planning of the Wixon Property

3. HOUSING

- Active and ongoing, high priority of this Board and previous Select Boards.
- Development of plans for smart housing to meet the needs of both housing and retain the character of our community.

4. TOWN FACILITES SECURITY

- Continue planning, funding, and implementation for all Town Facilities
- Continue to review and consider Town Buildings disposition and rentals

5. FUNDING A MASTER PLAN / LOCAL COMPREHENSIVE PLAN

- Create a start-to-completion roadmap and identify funding sources and professional assistance to create a new Local Comprehensive Plan (also known as a Master Plan) that identifies our community's vision for 2025.
- Incorporate existing plans and/or updates to plans in past 3-5 years (final MVP Plan, Open Space & Recreation Plan, CWMP for example)
- Work with newly created LCP Steering Committee, which will be charged with designing a citizen participation and engagement strategy that encourages and enables participation from a wide swath of residents in process of developing the LCP and that incorporates input from town committee's and the Dennis Water District.
- Next Steps: Draft Scope of Services for RFP for consultant to assist with LCP update. Schedule agenda time for Paul Foley, Town Planner to come in to discuss steering committee

6. EXPLORE CREATION OF A COMMUNITY CENTER

7. ESTABLISH A CULTURAL DISTRICT IN DENNIS

- On hold from State at this time – no action

SEASONAL SCALE



MEMORANDUM

TO: Elizabeth Sullivan, Town Administrator
Josee Cardinal, Finance Director

FROM: Deborah Heemsoth, Human Resources Director

DATE: October 22, 2024

SUBJECT: Seasonal Salary Scale for FY2026

The goals in creating the proposed seasonal salary schedule for FY2026 were to maintain the proportionate ratio that existed currently between seasonal positions and to remain competitive with surrounding communities. The approval of the FY2026 Seasonal Salary Scale will also allow the Town's seasonal salaries to remain proportionate with the salaries of the Town's permanent positions.

Seasonal employees have been known to shop from town to town for the best compensation. Although Dennis is a great employment experience that attraction disappears when hourly salaries differentiate by more than \$.50 per hour. A salary survey was conducted from neighboring towns with similar seasonal positions. The findings of the survey were that on average Dennis seasonal salaries are lagging behind salaries in neighboring towns with similar positions.

At this time seasonal positions have not been hired for the upcoming season. The attached department worksheets and budgets were created with the assumption that all seasonal staff will be returning for the FY2026 season. As in the past, the salary adjustment will be effective the first day of the new fiscal year, July 1, 2025.

The projected additional cost for the proposed FY2026 Seasonal Salary Scale is \$81,325.00

Included with this memo is the requested FY2026 Seasonal Salary Scale, with projected cost using the proposed seasonal salary scale, salary data collected from neighboring communities, and the departments' seasonal salary worksheets.

Thank you.

Motion:

"I move to accept the FY2026 Seasonal Salary Scale as presented and to build into the seasonal pay scale a yearly escalator based on the COLA increase given to non-union employees."

GOLF:

In preparation for the FY2026 Budget implementation, the Golf Department has reviewed the current seasonal employee salary wage scale and compared those salaries to other municipal golf courses. Though it was determined that the Town of Dennis pays more than the other municipal golf courses in the area, it would benefit the Department with regards to recruitment and retainage of current seasonal staff to augment the current seasonal scale to a higher wage using steps.

The proposed changes recommended are as follows:

		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
CLERK	CURRENT	\$ 15.25	\$ 15.50	\$ 15.75			
STARTER	PROPOSED	\$ 15.75	\$ 16.00	\$ 16.25			
RANGER							
LABORER	CURRENT	\$ 17.75	\$ 18.25	\$ 18.75	\$ 19.25	\$ 19.75	\$ 20.25
HORTICULTURIST	PROPOSED	\$ 19.00	\$ 19.50	\$ 20.00	\$ 20.50	\$ 21.00	\$ 21.50
BANK SUPER/ SEASONAL ASST	CURRENT			\$ 19.25			
	PROPOSED			\$ 20.00			
CART ATTENDENT	CURRENT	\$ 15.75	\$ 16.25	\$ 16.75			
	PROPOSED	\$ 16.25	\$ 16.75	\$ 17.25			

Both Town of Yarmouth and Town of Brewster do not use seasonal laborers for maintenance staff, but rather year-round part-time employees who receive pro-rated benefits; thus, making it hard to compare to our organizational set-up. Over the past several years it has been increasingly difficult to both recruit and retain laborers; more so due to the private companies paying upwards of \$30.00 per hour and benefits packages included. Ideally, it may suit the department to seek two additional labor staff members to work year-round and cut those positions in the seasonal salaries as full-time allows for coverage during time-off as well as may attract candidates that are more qualified to do more difficult and strenuous tasks.

The department is requesting a \$.75/hour increase in both the Seasonal Golf Assistant (manager) wage as well as the Bank Super/Advanced Sales wage; these positions require a more difficult skill set and those in these positions require more difficult tasks and interactions than those of clerks, starters and rangers.

All other positions the department is requesting a \$.50/hour increase to keep up with Cost of Living and retainage.

DPW:

In recent years the hiring of a seasonal workforce has become a significant challenge. In addition to the overall lack of housing, competition for available workforce has continued to limit available candidates. Compounding this problem for Public Works are legal limitations on job functions.

Workers under the age of 18 are limited in the equipment they may operate; including basic lawnmowers.

Entry level positions in the private workforce pay in excess of \$18 per hour. The demands of those jobs are far less than required working for Public Works. Public Works positions can be physically demanding and require working outside in all weather conditions.

As a result, we are recommending the following seasonal salary scale:

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
\$19.00	\$19.50	\$20.00	\$20.50	\$21.00	\$21.50

This salary schedule will allow us to compete with the private sector. It will also allow us to attract and retain seasonal and on-call employees.

LIBRARY:

In order to obtain competitive wage figures for Library Assistant staff, the department reached out to the surrounding towns of Brewster, Harwich, and Yarmouth.

These three towns do not offer seasonal positions, but have permanent substitutes or part time library assistants. As such, all these positions usually receive a COLA increase from year to year.

For FY2025:

Brewster had a flat rate of \$19.00/hour. The Library Director anticipates bumping up that rate by at least a 2.5% COLA, so at least \$19.48/hour, for FY2026.

Harwich has steps with pay ranging from \$20.60/hour-\$22.23/hour in FY2025. The director does not know if a COLA can be expected this year, but I suspect there will be. If their COLA is 5%, that will put the rates from \$21.63-\$23.34/hour.

In Yarmouth, substitutes are paid a flat rate of \$21.61/hour. This position follows the SEIU-B union. The last contract negotiation granted a 2.5% COLA. This year, the town has removed lower steps and added upper steps for a total of a 5% increase across the board. A 5% increase would have the position paying \$22.69/hour.

Despite the information gathered each year, by the time the rates come out it seems as if Dennis rates have fallen behind. It is hard to attract good, knowledgeable staff when we pay less than other towns.

Looking solely at FY2026, we would like to request a salary of \$23.00/hour for Seasonal staff.

DNR:

NATURALIST - PLOVER MONITOR

	Starting (Step 1)	Step 2	Step 3	Step 4	Step 5
Dennis	\$17.25	\$17.75	\$18.25	X	X
Chatham	\$18.00	\$18.50	\$19.00	\$19.50	X
Plymouth	\$16.50	\$17.50	\$18.50	\$19.50	X
Orleans	\$18.01	\$18.82	\$19.67	\$20.56	\$21.49
Audubon	\$18.00	\$19.00	\$20.00	\$21.00	\$22.00
Average	\$17.50	\$18.13	\$19.29	\$20.14	\$21.75
Requested for FY26	\$20.00	\$21.00	\$22.00	\$23.00	

SEASONAL CONSERVATION OFFICER

	Starting (Step 1)	Step 2	Step 3	Step 4	Step 5
Dennis	\$17.25	\$17.75	\$18.25	X	X
Chatham (beach patrol officer)	\$19.00	\$20.00	\$21.00	\$22.00	X
Plymouth (NRO Assistant)	\$16.50	\$17.50	\$18.50	\$19.50	X
Orleans (beach ranger)	\$18.01	\$18.82	\$19.67	\$20.56	\$21.49
Barnstable (seasonal NRO)	\$17.00	X	X	X	X
Eastham	\$19.00	\$19.50	\$20.00	X	X
Brewster	\$19.00	\$20.00	\$21.00	\$22.00	X
Average	\$18.09	\$19.16	\$20.03	\$21.02	
Requested for FY26	\$20.00	\$21.00	\$22.00	\$23.00	

SEASONAL STAFF SUPERVISOR

	Starting (Step 1)	Step 2	Step 3	Step 4	Step 5
Dennis	\$19.25	\$19.75	\$20.25	X	X
Plymouth (NRO)	\$24.50	X	X	X	X
Barnstable (SR seasonal NRO)	\$19.50	X	X	X	X
Average	\$22.00				
Requested for FY26	\$23.00	\$24.00	\$25.00	\$26.00	

BEACH:

Top steps of beach seasonal positions increased by \$.25/hr.

RECREATION:

Recreation seasonal positions increased by \$.50/hr. all steps.

HARBOR:

Harbor seasonal positions increased by \$.50/hr. all steps.

FORECAST

TOWN OF DENNIS BUDGET FORECAST 2027-2031

BUDGET OVERVIEW 2026 HISTORIC BUDGET 2022-2025

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Expense										
General Government	4,310,573	5,340,107	4,972,172	5,540,500	6,195,957	6,319,509	6,445,899	6,574,817	6,706,313	6,840,440
Public Safety	12,811,050	13,106,045	14,119,163	14,582,791	14,908,980	15,207,160	15,511,303	15,821,529	16,137,959	16,460,719
OPEB-\$300,000/Municipal Building Upkeep-\$300,000	300,000	100,000	-	-	-	-	-	-	-	-
Education--DIY & Cape Tech	19,033,010	19,463,063	20,645,776	20,645,776	21,058,692	21,479,865	21,909,463	22,347,652	22,794,605	23,250,497
Education Debt-DIY&Cape Tech	1,336,645	1,872,613	1,966,353	1,966,353	2,005,680	2,045,794	2,086,710	2,128,444	2,171,013	2,214,433
Public Works	5,638,645	5,715,050	6,476,847	6,897,532	7,132,893	7,275,551	7,421,062	7,569,483	7,720,873	7,875,290
Human Services	527,870	607,920	623,023	664,976	687,066	700,807	714,823	729,120	743,702	758,576
Culture and Recreation	3,644,495	3,732,707	4,008,851	4,158,150	4,278,506	4,364,076	4,451,358	4,540,385	4,631,192	4,723,816
Planning and Community Development	1,459,047	1,469,043	1,527,670	1,814,445	1,877,263	1,914,808	1,953,104	1,992,167	2,032,010	2,072,650
Shared Expenses (Fringe/Insurance)	8,238,151	8,923,125	9,438,015	10,075,343	10,612,668	11,461,681	12,378,616	13,368,905	14,438,418	15,593,491
Meals Tax Capital	450,000	382,264	450,000	425,999	450,000	450,000	450,000	450,000	450,000	450,000
Capital Override	1,889,320	1,936,553	1,984,967	2,034,591	2,085,456	2,137,592	2,191,032	2,245,808	2,301,953	2,359,502
Debt-General Fund/CPA/OFU/EXEMPT/NON EXEMPT	2,789,031	3,170,140	3,602,281	3,802,014	3,324,288	3,324,288	3,324,288	3,324,288	3,324,288	3,324,288
Other charges -Assessments/Elected Officials	1,216,744	771,364	771,364	790,143	806,433	822,561	839,013	855,793	872,909	890,367
Cherry Sheets	967,899	1,001,386	1,036,435	1,062,345	1,088,904	1,116,127	1,144,030	1,172,631	1,201,946	1,231,995
OTHER ATM STM Articles	263,244	350,000	549,457	15,000	-	-	-	-	-	-
Overlay	490,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Total Expense	65,102,480	68,198,704	72,522,363	74,825,959	76,862,425	78,969,820	81,170,700	83,471,020	85,877,181	88,396,064
	178,584	3,597,733	305,011	36,959	0	(1,721,214)	(2,255,879)	(2,848,329)	(3,503,923)	(4,228,474)
	39,418,862	42,064,137	44,768,012	47,535,751	49,017,261	50,567,881	52,200,453	53,920,894	55,734,756	57,649,270
Revenue										
Cherry Sheets	806,888	854,587	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Local Receipts-Meals Tax	11,975,000	16,604,623	13,885,000	14,867,000	15,581,586	14,800,000	14,800,000	14,800,000	14,800,000	14,800,000
OTHER ATM STM Articles	-	339,643	-	-	-	-	-	-	-	-
Available Funds(transfer,overlay,free cash, fire stabil.)	3,190,040	2,633,683	3,524,490	3,445,437	3,143,352	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Non tax levy	15,971,928	20,092,893	18,549,133	19,112,437	19,524,938	18,600,000	18,600,000	18,600,000	18,600,000	18,600,000
Tax levy	45,061,996	46,565,326	48,041,279	49,625,390	51,098,330	52,675,788	54,292,683	55,950,000	57,648,750	59,389,968
2 1/2% increase	1,126,550	1,164,133	1,200,975	1,240,622	1,277,458	1,316,895	1,357,317	1,398,750	1,441,219	1,484,749
Allowable New Construction Adjustment	376,781	311,820	385,428	232,834	300,000	300,000	300,000	300,000	300,000	300,000
	-	(1)	(2,292)	(516)	-	-	-	-	-	-
Tax levy limit	46,565,326	48,041,279	49,625,390	51,098,330	52,675,788	54,292,683	55,950,000	57,648,750	59,389,968	61,174,718
Other Adjustments:Cape Cod Commission	315,740	323,634	330,550	338,773	347,242	355,923	364,821	373,942	383,291	392,873
Debt Exclusion	2,428,069	3,338,632	4,322,302	4,313,378	4,314,457	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Revenues	65,281,064	71,796,437	72,827,375	74,862,918	76,862,426	77,248,606	78,914,821	80,622,692	82,373,259	84,167,590