

CAPE COD REGIONAL GOVERNMENT
ASSEMBLY of DELEGATES
2026 Session
Resolution No. 8

Providing recommendations for the Board of Regional Commissioners to consider when issuing guidelines and instructions to the Regional Administrator for preparing the proposed Fiscal Year 2028 operating budget, capital budget, and five-year Capital Improvement Program, under Home Rule Charter Sections 5 – 2 and 5 – 6, as well as further fiscal priorities for subsequent fiscal years

Be it Hereby Resolved by the Cape Cod regional government Assembly of Delegates:

Whereas, Cape Cod Regional Government (Barnstable County) may face a structural deficit projected at approximately \$1.2 million in Fiscal Year 2028, with longer-range forecasts estimating this imbalance may grow to \$5,840,937 in Fiscal Year 2030 and to \$7,066,080 by Fiscal Year 2031; and

Whereas, unlike local municipalities that rely on more stable real estate property taxes, the Cape Cod Regional Government's primary revenue source is the volatile Deeds Excise Tax, which represents approximately 60.3% of total General Fund revenues and is heavily dependent on real estate transaction volumes and housing market fluctuations; and

Whereas, personnel costs—comprising salaries, wages, step and cost of living increases, and fringe benefits—currently represent over 72% of General Fund expenditures; and

Whereas, the county is bound by active collective bargaining agreements, including the SEIU Local 888 Facilities Union contract (expiring June 30, 2027) and the UAW Local 1596 contract (expiring June 30, 2028), making long-range planning and collective bargaining, rather than unilateral adjustments, necessary to maintain workplace stability and competitive recruitment; and

Whereas, active employee healthcare costs represent a substantial driver of fixed costs, with premium projections initially showing a 15% increase for FY2027 that was mitigated to 8% by the Cape Cod Municipal Health Group by eliminating coverage for certain prescription drugs, while the regional government continues to pay 75% of premiums for active employee and retiree group insurance; and

Whereas, projected debt service in Fiscal Year 2028 is expected to increase by approximately \$900,000 to \$2.57 million from roughly \$1.65 million in Fiscal Year 2027, driven by expected issuance of new debt tied to capital projects; and

Whereas, the regional government's financial policy guidelines dictate that annual debt service net of reimbursements shall not exceed 10% of the operating budget, but projections indicate debt repayment levels will breach this 10% ceiling in FY2029 and FY2030 due to deferred capital needs and massive environmental obligations; and

Whereas, this looming debt burden is driven largely by deferred capital maintenance for aging Trial Court infrastructure and a proposed \$45 million borrowing for per- and polyfluoroalkyl substances (PFAS) contamination remediation at the former municipal fire training academy; and

Whereas, Cape Cod Regional Government has prudently built significant reserves, totaling \$54,358,000 across six stabilization and reserve accounts—including the General Stabilization Fund, Emergency Stabilization Fund, Capital Stabilization Fund, Revenue Stabilization Fund, Facilitation Fund, and the Unreserved/Undesignated General Fund Balance; and

Whereas, the Assembly of Delegates voted to fund a \$200,000 Indirect Cost Rate Study in FY2027—financed by reducing fringe benefits across multiple departments—to establish true regional government overhead costs and improve overhead recovery rates on state and federal grants; and

Whereas, Home Rule Charter Section 5 – 2 mandates that the Regional Administrator prepares a proposed operating budget within guidelines and instructions issued by the Board of Regional Commissioners, and Section 5 – 6 mandates the annual submission of a five-year Capital Improvement Program;

NOW, THEREFORE, BE IT RESOLVED by the Assembly of Delegates that the following recommendations be submitted to the Board of Regional Commissioners to consider when issuing guidelines and instructions to the Regional Administrator for preparing the proposed Fiscal Year 2028 operating budget, capital budget, and five-year Capital Improvement Program, under Home Rule Charter Sections 5 – 2 and 5 – 6, as well as further fiscal priorities for subsequent fiscal years

SECTION 1. RESERVE POLICIES AND STRUCTURAL BALANCE

1. **Protection of the Unreserved Fund Balance:** In line with established financial policies, the Assembly recommends the proposed FY2028 budget be structurally balanced without utilizing the Unreserved/Undesignated General Fund Balance or Reserve Funds to cover regular, ongoing operating expenditures.
2. **Mitigating the Debt Service Jump via Capital Stabilization:** To address the projected \$900,000 increase in debt service for FY2028, the Assembly recommends the Board of Regional Commissioners instruct the Regional Administrator to utilize targeted reserves—specifically the **Capital Stabilization Fund** or **Revenue Stabilization Fund**, which were set aside specifically for capital bills now coming due, to reduce the projected operating deficit from \$1.2 million to approximately \$300,000.
3. **Annual Transfer of Excess Unreserved General Funds:** To safeguard regional government surpluses and ensure long-term fiscal discipline, the Assembly recommends the Board of Regional Commissioners instruct the Regional Administrator to review the Unreserved/Undesignated General Fund balance by September 15 of each fiscal year. To the extent that this balance exceeds 15% of the operating budget—the target reserve threshold recommended by the Finance Director—the Assembly recommends the Board instruct the Regional Administrator to provide ordinances transferring the excess amount into one or more of the regional government’s stabilization funds.
4. **Debt-to-Operating Thresholds:** In accordance with regional government policy, the Assembly recommends the Board cap debt service at no more than 10% of the annual operating budget. Any capital debt service requirements exceeding this threshold should be financed using

targeted stabilization funds rather than the operating budget, preserving both the county's operating liquidity and its excellent bond rating.

5. **Prepayment of High-Interest Outstanding Debt:** To optimize the county's financial position, the Assembly recommends the Board direct the Regional Administrator to collaborate with the Treasurer/Finance Director to identify outstanding debt with high interest rates (e.g., outstanding 5% interest debt) that can be pre-paid using available stabilization reserves, eliminating interest that exceeds current short-term investment yields.

SECTION 2. PERSONNEL AND BENEFIT COST MANAGEMENT

1. **Total Compensation Analysis:** The Assembly recommends that the Board direct the Regional Administrator to evaluate the county's workforce based on "total compensation" (wages, step increases, cost-of-living adjustments, pensions, and insurance). While wages must remain competitive with local municipal averages, overall compensation growth must remain within the bounds of long-term revenue constraints.
2. **Healthcare Premium Sharing and Plan Redesign:** Healthcare costs are a substantial driver of fixed costs.
 - The Assembly recommends that the Board direct the Regional Administrator to analyze the county's current 75% county / 25% employee premium split against regional municipal norms.
 - A shift to a 50/50 split would save over \$1.1 million annually, but the Assembly recommends that the Board direct the Regional Administrator to model more gradual adjustments (e.g., 5% incremental adjustments), or offer employees tiered, lower-cost, or high-deductible plan designs to manage individual budgets while saving county funds.
 - The Assembly recommends that the Board direct the Regional Administrator to actively promote and monitor the cost-saving impacts of the newly implemented high-deductible health plans and the opt-out stipend program.
3. **Strategic Workforce Sizing and Vacancy Management:** In lieu of broad across-the-board cuts, the Assembly recommends that the upcoming Classification and Compensation Study should be used to strategically evaluate department structures, vacancy management, and modern job descriptions. Retirements and vacancies should be evaluated on a case-by-case basis before refilling to determine if roles can be restructured, shared across departments, or contracted out.
4. **Preparation for Labor Negotiations:** With the Local 888 SEIU Facilities Union contract expiring on June 30, 2027, the Assembly recommends that the Board direct the Regional Administrator to prepare bargaining positions that align wage, cost of living adjustments and step schedules with the county's long-term fiscal stability, exploring **other step differentials less** than the current 3% automatic yearly steps, which are not sustainable.

SECTION 3. CORE MISSION AND PROGRAMMATIC EVALUATION

1. **Focus on Core Regional Services:** The Assembly recommends that the Board direct the Regional Administrator to prioritize programs that offer essential, scaled regional value to Cape

Cod's 15 towns, such as regional procurement, dredging (adhering to rate studies to remain self-sustaining, and regional environmental coordination.

2. **Review of Non-Core Programs:** The Assembly recommends that the Board direct the Regional Administrator to scrutinize programs that fall outside typical regional scopes and work to transition or secure joint, non-regional government funding sources for these programs. As one illustrative example of this focus, Children's Cove is currently the only one of the twelve Children's Advocacy Centers in Massachusetts that is funded by a county government, with the vast majority funded through their respective District Attorney's Offices (DAO). Consistent with that regional jurisdiction, Children's Cove also serves the needs of both Dukes and Nantucket Counties, which are covered by the Barnstable County DAO. Efforts to transition this budgetary burden of approximately \$650,000 annually from the county General Fund should be initiated through our state legislative delegation.
3. **Inter-Municipal Cost-Sharing:** The Assembly recommends that the Board direct the Regional Administrator to utilize buy-in cost-sharing models where towns directly fund any new or expanded town-facing services, ensuring they are revenue-neutral or revenue-positive for the regional government.

SECTION 4. REVENUE OPTIMIZATION AND STUDY INTEGRATION

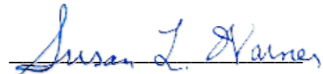
1. **Indirect Cost Rate Study Implementation:** The Assembly recommends that the Board direct the Regional Administrator to complete the indirect rate study now underway to ascertain the regional government's actual overhead expenses. The Regional Administrator should use this data to negotiate substantially higher recovery rates of indirect costs from federal and state grants, moving beyond the current 10-15% de minimis rates toward the county's true overhead costs.
2. **Service Rate Adjustments:** The Assembly recommends that the Board direct the Regional Administrator to implement the results of the rate study to adjust service fees (e.g., for dredging and Water Quality Lab tests), ensuring the regional government's charge-out rates align with actual operating costs.
3. **Federal and State Delegation Advocacy:** The Assembly recommends that the Board direct the Regional Administrator to actively partner with the Cape's state legislative and federal congressional delegations to secure dedicated funding for regional PFAS mitigation and courthouse renovations, offsetting the substantial capital burdens on the county's operating and capital budgets.
4. **Joint County-Municipal PFAS Advocacy Coalition:** The Assembly recommends that the Board direct the Regional Administrator to actively partner not only with the Cape's state legislative and federal congressional delegations, but also directly with the town managers, select boards, and municipal leaders of the Cape's 15 towns to coordinate a joint lobbying effort for regional PFAS mitigation funding. Because the PFAS-containing foam was originally brought onto the county site by local municipal fire departments rather than purchased by the county itself, the 15 towns share a clear, vested interest in assisting the regional government to recover these cleanup costs. Establishing a unified, coordinated coalition of both county and town officials will significantly amplify the region's voice when requesting dedicated mitigation funding from state and federal delegations.

5. **National Association of Counties (NACO) Engagement:** The Assembly recommends that the Board direct the Regional Administrator to allocate a modest budget line item to send a representative to the National Association of Counties (NACO) to enhance connections with federal grant managers and advocate for Barnstable County to receive direct federal allocations, similar to the \$82.6 million ARPA allocation received previously.

SECTION 5. GRANTS

1. **Grant Revenue Line Items:** The Assembly recommends that the regional government present each departmental budget with a distinct line item for grant revenue to improve transparency and align presentation with the Cape Cod Commission's approach;
2. **Grant Related Surpluses:** The Assembly recommends that grant-related surpluses be explicitly shown either within the budget materials or through a regular report tying them to the Unreserved Fund Balance; and
3. **New Position Tracking:** The Assembly recommends that a simple tracking mechanism be established to identify new positions that begin as grant-funded and are subsequently transferred to the General Fund.

Adopted by the Assembly of Delegates on August 20, 2026.


Susan L. Warner, Speaker

The Assembly of Delegates adopted Resolution No. 8 of the 2026 Session at its regular meeting on August 19, 2026, by a roll call vote with delegates representing 89.60 percent of the population of Barnstable County voting in the affirmative, with delegates representing 10.40 percent of the county's population absent.