



BUDGET REVIEW MEETING MINUTES

January 18, 2024 @ 8:30am
Falmouth Town Hall, 59 Town Hall Square, Falmouth, MA 02540
Board Meeting Room

Present: Mark Lowenstein (CK), Samuel Patterson, Colin Reed, Kevin Holmes (T), Carol Chittendon (WLOV).

Absent: Bob Mascali, Adrian Merryman

8:34 Call to Order & Agenda Update

Lowenstein called the meeting to order.

8:34 Public Comment

- None

8:40 Budget Review: Finance- Wayne Lingafelter

- Lingafelter referred to the financial budget for 2024, stating that Total Income is projected to be \$1.1 million for the EDIC given the assumption of the sale of the Falmouth Technology Park Lot, and CPC funding.
- Lingafelter maintained the format adopted from 2023 to break out reoccurring and non-reoccurring income & expense.
- The masonry project is recognized as non-reoccurring income at the Station. There are also typical income and operating expenses at Falmouth Station.
- Lingafelter said that there is no rent assumed from the Station Grill or any food truck program, but the EDIC is looking into the possibility of having food trucks on the property.
- There is approximately \$40,000 of CPC funding remaining which is captured in the budget as income and expenditures for various work to be done via change orders at the Station.
- Lingafelter noted that he spoke with Gale Associates about the remaining work to be done at the Station. He said that the CPC semi-annual review is due January 25th, and he will get their approval for the work before releasing the change order. The EDIC may need to get new bids for some work, and he recommends that all the CPC funds be used.
- Lingafelter mentioned that he had circulated a petition to be signed for an article to be added to the Town Warrant to address a drainage easement on Lot #21 at the Falmouth Tech Park. Lingafelter says he is budgeting for a November sale of the Technology Park Lot. He added that another survey will need to be done on the parcel by Cape and Islands Engineering; Estimate for this work is \$5,000 which is reflected in the budget. Lingafelter has also assumed costs associated with the sale of the Lot to be \$50,000.
- Reed asked the question if the EDIC keeps the funds from the sale of the lot or does the Town receive some of the proceeds? Lingafelter stated that the EDIC keeps all the proceeds. Reed pointed out that if the sale of the Lot is removed from the budget than there is an overall income for the EDIC of \$544,000 and the expenses shown on the budget as \$747,000. He stated that without the sale the EDIC is in a negative position. Lingafelter stated that he has calculated \$153,000 of negative net income without sale of Lot. Lingafelter explained that he has backed out all the expense generated

from the sale of the Lot to show the budget without including income of Lot and agrees that there is a significant variance without the sale.

- Reed asked, what does the EDIC do next year if the expenses remain the same? Lingafelter said that some of the significant expenses in the budget are non- reoccurring such as legal expenses associated with the MassDOT Lease, possible food truck leases and legal expenses with sale of Lot.
- Holmes stated that deferred maintenance has allowed the EDIC to be on budget for the last few years.
- Lingafelter stated that there are general maintenance and repair items that total \$73,000 shown under Station miscellaneous that the Board can discuss as one of the levers to pull to reset numbers in the budget.
- Lingafelter stated that the Solar Project has brought in \$127,000 of income for 2023 and should not vary much for 2024. He stated that the EDIC collects 100% of solar income and shares half of that with the Town. The \$127,000 is the EDIC share of revenue.

GENERAL EXPENSE & SALARY REPORT:

- General expenses are relatively static numbers. Lingafelter allowed for \$10,000 in legal fees in general category, no current specific projects to assign but should have that allocated for general upcoming Legal expenses.
- Lingafelter disclosed that in the salaries category, he has escalated expenses by 4% which includes a raise for the Executive Director position. Broderick had stated to Lingafelter that 4% is an operating standard but he is open to alternatives if the Board prefers. That 4% is reflected in the \$87,000 and that also includes the administrative assistant salary, and expenses for Broderick to train Mullin for a few weeks during the transition.

STATION EXPENSE REPORT :

- Lingafelter said that the remaining work for the Masonry Project at the Station is expected to be completed in May, but numbers will look the same.
- Lingafelter said that there is a positive \$477,000 net income variance for the EDIC, excluding Station, and which includes assumption of sale of the Tech Park Lot sale.
- Lingafelter addressed Reeds previous question stating that the Legal fee expenses from 2023 were unique expenses and one-time expenses. He said that legal fees represent costs associated with MassDOT re-negotiations of Lease. He said that he had his first call with MassDOT attorneys the week of January 7th, and that MassDOT attorneys have sent over examples of three Leases. Lingafelter reminded the Board that they had given their approval for the EDIC to draft documents to amend the Lease with MassDOT. He said that there will be significant time with Geoff Nickerson, attorney for the EDIC, to draft an appropriate agreement that allows the EDIC to do housing on the site, as of now the contract is limited to transportation.
- Lingafelter stated that the EDIC does not have a set of plans and an agreement of process will have to be drafted that has certain milestones as the project advances that will require MassDOT approval. Lingafelter said that once MassDOT and the Board of the EDIC approve a plan, this plan can be brought to partners and financing sources for funding.
- Lowenstein commented that the issue is not just a financial issue but also a strategic issue if the EDIC cannot do housing at the Station.
- Lingafelter pointed out that there is an expense associated with the plan in the budget. Lingafelter also stated the they will only be able to move forward with a project if there are grants.

EXPENSES CONTINUED:

- Rise Engineering submitted a proposal for EV chargers in the Station parking lot. There may be potential for subsidizing the cost but for now Lingafelter has budgeted \$10,000.
- Lingafelter said that Stephanie Matson, the sustainability manager for the Town may have access to subsidized funding for EV Chargers for the Town parking lot across from the Station. Lingafelter also stated that the Station lot has part of the Eversource line to Vineyard going through it and will need to

be resurfaced so perhaps the EDIC should put a hold on the EV Chargers for now. Lowenstein stated, given the budget we should table it for now.

- Lingafelter said that the Station needs a new furnace. The furnace stopped working this week and he is trying to have it repaired. The old furnace and boiler must be replaced soon. Lingafelter said they will need to get bids. Reed suggested that the EDIC look into an assistance program to help with purchasing a furnace.
- Lingafelter said, when you set masonry project aside the negative \$80,000 which is essentially maintenance and repair expense, operating the Station without café or income from food vendors, the Station would operate at breakeven.
- The last capital expense is paving the access road. Town has been patching large potholes annually. Perhaps go to Steamship Authority since they use a small portion of the road, and they may contribute. Money is budgeted and has been carried in budget. Lingafelter said that the road needs resurfacing, an estimate done a few years ago for the entire road was around \$40,000. Lingafelter only budgeted for half the expense because they will not resurface the entire road at one time.
- Patterson, DPW did repair on parking lot at Nobska Lighthouse, worth asking for Town assistance.
- Reed states that there is a lot of risk riding on potential sale of Tech Lot, and asks how much risk the Board want to operate at risk? He continues to state that there is approximately \$200,000 expense even cutting station repairs and \$25,000 special projects that only gives the EDIC \$100,000 to operate, there is still \$100,000 deficit. He says even with the sale of the lot that gives us 2 years, the 3rd year at the current expenses, we are still working as a deficit.
- Lingafelter replied that the Board needs to also be aware of cash flows there is 6-8 months we are in the negative before the sale of the lot. We are tapping into the \$300,000 savings. If the sale occurs in Jan 2025, it still resets our financials. It is a risk and reality of cash flow over nine months needs to be part of the conversation of the risk the Board wants to take on.
- Lingafelter said that it is worth talking to the town to ask if they would use their share of the funds from the Solar Project be put into subsidizing the Housing Project.
- Patterson recommends that the Housing Project needs to be discussed with Town Selectman to try to get Town funding. Lingafelter asked if they can get on the Town budget to receive money back from Solar Project for this year's budget. Patterson says it is too late for this year as the Town is most likely locked in their budget for 2024. Lingafelter states that we need to discuss with the Town for 2025 budget.
- Lingafelter asked the Board if they are agreeable to bring the final Budget for a Vote at February's monthly Board Meeting. Lowenstein says he doesn't foresee any changes from now until February.
- Lowenstein, the bigger issue is thinking forward for the future. Holmes agreed and suggested that the Board look into future income producing projects.
- Lingafelter stated that he will tweak the budget at the margins and keep the assumption of the Lot sale at \$600,000 until they get an estimate of value from a third party.
- Reed asks if the total cash in hand is approximately \$300,000, Holmes stated \$200,000 approximately in operating account, a certificate of deposit matures 2nd week of February, and some CPC funding that the EDIC has not been reimbursed. Lingafelter stated that there is approximately \$300,000 - \$350,000 aggregately for cash flow. Reed, if we remove the \$600,000 from the sale of Lot, we have a \$200,000 deficit. Reed recommends pushing big expense items to the second half of year and revisit budget in June or July. Lowenstein recommends that they not defer the budget until June or July because if they are running in a deficit they need to know now. Agreed that the Board will monitor monthly.
- Holmes ideal situation is to have 4-5 projects that throw off \$30,000 - \$50,000 cash per year to sustain the EDIC.
- Lingafelter suggests that a sound approach is to backload expenses as Reed recommends. Holmes agrees.
- Patterson suggests investigating funds that schools have used for upgrading furnace. Lingafelter agrees.
- Reed asks the Board if they are comfortable with the budget as presented. Patterson says that it reflects reality.

- Reed agrees to move the budget forward contingent upon pushing deferred maintenance back until second half of year, if possible, contingent upon Market Analysis of the Technology Park Lot, and contingent upon Strategic Planning to find other sources of income.
- Lingafelter handed out a memo regarding the Station reopening unattended for the Boards approval. He stated that he notified the insurance carrier and endorsement was approved. He stated that new security cameras are in place, and Mullin has ordered signs for notifying the public of security cameras. Both Peter Pan and Plymouth Brockton Bus lines have been notified that the Station will be open unattended for certain hours for Patrons. He stated that Station has been thoroughly cleaned. He has spoken to the Town Manager of the opening and has asked Falmouth Police to put the Station on their regular drive-bys.
- Lingafelter said that he researched the Bus Schedules and suggests a schedule for opening the vestibule from Mon- Fri from 5:30 AM – 9 PM, and weekends from 7 AM – 9 PM. He suggests that the Main interior be open Mon- Sun. He said that the locks are fully automated.
- The Falmouth Enterprise will be notified of the reopening.
- Lowenstein adjourned the meeting. All approved.