

FINANCE COMMITTEE
PUBLIC MEETING
Judge Welsh Room, Town Hall
Provincetown MA

TUESDAY, FEBRUARY 5, 2019

Members Present: Mark Hatch (MH), Chairman; Scott Valentino (SV) Vice-Chair; Mark BJORSTROM (MB); Mark Del Franco (MDF); Kathleen Goodwin (KG); Chip Cappelli (CC).

Absent: Duane Steel, Stan Sirkorski.

Staff Present: David Panagore (DP), Town Manager; David Gardner (DG), Assistant Town Manager.

Others Present: Mary-Jo Avellar (MJA), Town Moderator.

MH opened the meeting at 10:02am; announced the Public Works session of the Developmental Budget Hearings.

1. Departmental Budget Hearings; specific department schedule to be released prior to the meeting, as staff needs are considered.

Division 4 Public Works

6001: Water Enterprise Fund

Richard Waldo, Director of Public Works, and Cody Salisbury, Water Superintendent, presented; Mr. Salisbury said the overall budget is down by 2% this year due mainly to Debt Service being down 17% and indirect costs have dropped, as well; operating budget is down 4% and A Budget is up 3% due to wage increases through the union; treatment plants are transferring to Open Cape Network which will be an ongoing increase in monthly fees but, he said, will be a more reliable system; 71% increase requested for safety supplies, which DP said is a \$2500 increase to 6k; new billing system to jump to \$5,000. MB asked if online pay is an option. Mr. Salisbury said that is currently in effect but they are hoping to get more people engaged in the process.

DP remarked on a few large expenditures which, he said, are not surprises as these costs are indicated to be according to the capital plan, asked Mr. Salisbury how the Fund is doing in terms of revenue to expenditure and in regards to the health of the Fund, to which Mr. Salisbury replied they are hitting their targets according to the 10-year Pro Forma.

DP asked Mr. Salisbury to report on the work done on the water tank project. Mr. Salisbury said the first phase was completed in the fall then faced some delays, but resumed in November and was faced with cold weather issues, repaired leaking man-doors; said water is in the tank and they are awaiting inspections in order to begin flowing from the Winslow Tank. MB asked how often was maintenance needed, per cleaning and painting. Mr. Salisbury said for a full maintenance, every 7-10 years is normal.

Mr. Salisbury said that per the water target in 2017 they reached their 10% goal for the first time in many years; said they chased some leaks in the system that skewed some numbers but maintaining 10% water loss in upkeep is the stated goal. DP remarked on the good work done to keep the targets in margin. Mr. Salisbury said they've now completely enclosed the Mills Crossing facility. KG asked if there were cameras out there, to which Mr. Salisbury said there were not.

MB asked when does the Town pay for private road water pipes and hydrants and other concerns. Mr. Salisbury said in the case of MB's specific area, the Town doesn't own the water main there, but added that most of the Town roads are not owned by the Town, however the Town does offer up repairs in the case of a water main break and that the Town's responsibility stops at the curve stop valve where privatization is concerned.

MB made a motion to approve the 6001 budget as presented. SV seconded the motion and it passed, 6-0-0; MB, SV, MH, MDF, KG, CC.

Division 4 Public Works

6002: Wastewater Enterprise Fund

Mr. Waldo spoke about two changes to the budget; that it's gone down 11.7% or half a million dollars in reporting most of the expenditures are level-funded; into 18th year of 20 year contract for the operation of the sewage treatment facility; proposing a clean-up in the budget to move a clerical position into the DPW budget from the Wastewater Fund; said mostly the budget is acting according to the Pro Forma.

MH noted both funds have upped their earned interest income to nearly double to which Mr. Waldo said was through better rate studies showing dividends paying off; that debt service is going down due to the lack of borrowing lately and that they are awaiting a USDA loan grant award, of which that they were told they are the only application on file, although it is not yet known when they might receive word. MH said he understood there are a number of people waiting to increase or secure their gallons. Mr. Waldo mentioned that 45,000 gallons were needed to secure the award and also that a rate hike from \$45 per Title 5 gallon to \$55 had been approved.

MB asked DP per the transfer to the General Fund. DP explained that the cost analysis involved is a general review which, he felt, should be done every five years and in this case represents a 25% reduction and that, basically, a cost shouldn't be charged to the Fund that is not properly allocated to avoid the rate-payers paying for something that should be born by the taxpayers.

MB made a motion to approve the 6002 budget as presented. CC seconded the motion and it passed, 6-0-0; MB, CC, MH, SV, MDF, KG.

Mr. Salisbury presented CIP FY2020 requests for the FINCOM's approval including replacements and an equipment storage facility; items that were previously announced in the prior budget.

Division 4 Public Works

192: Building Maintenance

Mr. Waldo, Steven Wlodkoski, Deputy Director Public Works, and Sherry Prada, Operations Director, presented.

Mr. Waldo said that overall the DPW budget is increasing by 2.4% per contractual obligations; notable changes are the usual union obligations and reducing one contracted-out seasonal grounds-keeper position, which they've discovered they are able to do without; increase of the sewer betterment position by 48% or 20k; small uniform increase which is aligned with the OSHA (Operational Safety & Health Administration) standard; said he felt the maintenance budget would increase in subsequent years, in spite of this year's reduction.

SV made a motion to approve the 192 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MB, MDF, CC.

Division 4 Public Works

421: DPW Administration

Mr. Waldo said this budget is 18.7%; moving a clerical position out of the Wastewater Fund in the DPW budget as previously mentioned and allocating for a seasonal mechanic in noting an increase to personnel expenses of 34%; said fuel costs continue to go up, estimated at 5k for this term; referenced a Capital Campaign request to switch out the dispensary of the exiting fuel tank as it is old and rusted.

SV made a motion to approve the 421 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MB, MDF, CC.

Division 4 Public Works

422: DPW Highway

Mr. Waldo said this budget is increasing by less than 1% and that is due to contracting obligations; said it's been a great winter thus far, compared to last year and the indications look good.

SV made a motion to approve the 422 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MB, MDF, CC.

Division 4 Public Works

423: DPW Snow & Ice

Mr. Waldo presented a level budget with no change; noted it's one of those budgets that can go up but not go down and DP added that the account can be spent into full deficit by the State.

SV made a motion to approve 423 as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MB, MDF, CC.

Division 4 Public Works

431: DPW Solid Waste

Mr. Waldo noted there was an error with this budget when it was presented to the Select Board; said the increase is by half a percentage point, otherwise level-funded.

MB asked per the recycling program, which Mr. Waldo said is going well. Ms. Prada said the residential recycling is so far so smooth. KG asked of the plastic bags. Ms. Prada said plastic bags can be recycled at the supermarket or otherwise disposed of. Mr. Waldo said the DPW has no intention of returning to sorting, that single-stream continued to work well for the Town with its tight streets.

MB asked if the new Eversource battery will be a benefit to the Town from a lease stand-point. Mr. Waldo said there's been discussion for the Town to utilize some of the redundant space but probably not much benefit from the lease. MB asked if more solar panels were planned. Mr. Waldo said solar panels at the Transfer Station is a completed project but that there are two more projects in the works.

MDF made a motion to approve the 431 budget as presented. KG seconded the motion and it passed, 6-0-0; MDF, KG, MH, SV, MB, CC.

Division 4 Public Works

432: Recycling & Renewable Energy

Mr. Waldo announced a level-funded budget with no changes.

MB made a motion to approve the 432 budget as presented. SV seconded the motion and it passed, 6-0-0; MB, SV, MH, MDF, KG, CC.

DPW Capital Improvement Projects

Mr. Waldo went through the list of CIP requests including the generators at the Library and Warming Station; vehicle replacement; Storm Water drainage funds; street and sidewalk deficiencies including line-painting.

MB asked per the controversial new road-work at the intersection of Bradford at the gas station. Mr. Waldo said he defended the project as a safety measure and that it was approved by the Planning Board to improve pedestrian access and slow down traffic through better-defined travel lanes. DP added that slowing down the traffic flow increases safety and saves driving time. MB said that a year's time will tell of the success of the street project at the intersection.

MJA asked if roll-over sidewalks are painted lines. Mr. Waldo said no, they are curbs that come in an angle of 45 degrees and up by about an inch – said the Fire Chief has made this request. MJA railed against putting sidewalks on Bradford Street as people don't use them and that the possibility of using 500k to rip them out next year would be a waste of tax-payer dollars. MH replied that if he had one wish it would be to get people to walk on all the sidewalks. DP spoke in favor of a solution to the problem and that the Alden Street project is not yet complete and suggested waiting to evaluate it as a success or failure; that the 500k is not new money but a carried cost. Mr. Waldo referenced the orphan-sidewalk and the forthcoming CVS' financial obligation to the project and accompanying apron into the parking lot. In review, Mr. Waldo said the project was five years in the making and that so far none of the 500k has been spent towards it and that handicap access was a mandate.

Building Maintenance Plan

Mr. Wlodkowski noted the request for \$395,000 is for work at the Pier including rehabbing the public restrooms as well as work at Town Hall for which DP put in a request for the same color palette; said the plan is to address the school gymnasium and a new paint job for the Library in 2021; a return to the VMCC in 2022 to upgrade doors and lintels and other concerns. MB mentioned a need for improvements at the Methodist Church building in regards to the Soup Kitchen where leaks are predominant. DP said there is funding in the budget for that space next year as well as better management of storage spaces

Town Hall Expansion

Mr. Wlodkowski said the request is to expand the heating and cooling system; that the 2010 renovation was a split system that worked well for that time, but now there are more early evening events in the auditorium which increases the cooling demands; hope is to cool both levels at the same time with a new system and he acknowledged the many complaints by the public; said balcony project is completed.

MDF asked after the state of grant sources, which Mr. Wlodkowski said had not yet been explored, that the first task was the engineer's report, which is forthcoming in full. MDF noted that big buildings are traditionally hard to environmentally control, to which SV added is compounded by the energy expelled from copiers and other machines.

Mr. Waldo said one of Mr. Wlodkowski's hardest problems is getting contractors down to Town to make a bid; that the Town's location is a continual factor.

Shank Painter Road

Mr. Waldo announced the last funding request for the project as \$320,000 which will bring the funding to full from its current 25%; that about 300k has been spent to date; said the Shank Painter Road project is a State-funded project to feature drainage and sidewalk improvements, hoping to come up with a design plan that satisfies the Town. MDF responded that the request is quite in keeping with the inherent costs.

Mr. Waldo said construction would probably start in calendar year 2024 and be done in two parts at two-year intervals.

Court Street Drainage Project

Mr. Waldo said this request is to fund a new drainage pumping system through the leeching field that abuts Shank Painter Road; that FY2022 would be the year to employ the pumping system ahead of the Shank Painter Road project; said this pump would not abate the Stop & Shop flooding but could assist in the Days area and remarked on the tricky nature of the road as being at the water-mark; added that there has been pumping of the Court Street roadway ahead of storms but that the rainfall reaches its limit naturally as it's at ground-level; suggested the Shank Painter Road project will aim to mitigate the severity of the issue by capturing the run-off at various higher points of land mass in the surrounding areas.

Other Funding Requests

Mr. Waldo said the request for the Fuel Dispensary System is 50k; the VFW building demolition at 90k. DP said a request of this nature can help with future funding for re-dedication of the land-use. Mr. Waldo cited other requests: facility planning measures including Town Hall and the proposed new police station.

Division 2 Finance

136: Information Systems

Beau Jackett, MIS Director, presented; said the department is basically level-funded, excepting the telecommunications line item and software and licensing line-items; said the fiber connections to Town Hall, the Library and the VMCC had been subsidized by Barnstable County but that has expired and now the Town would have to absorb those costs; mentioned costs related to social media and archival accounts as operated and maintained by the Town.

MB asked why the Open Gov cost was going up already after only one year of usage. DP said that was part of the incremental budgeting.

MB made a motion to approve the 136 budget as presented. KG seconded the motion and it passed, 6-0-0; MB, KG, MH, SV, MDF, CC.

Mr. Jackett said some hardware and equipment for the Town's MIS is still being stored at Town Hall, but at a high enough level of storage to escape storm damage.

Waste Water Discussion

DP referenced the Cape Cod & Islands Water Protection Fund regarding the 2.75% tax for short-term rentals levied by the State which is collected into a Trust Fund housed in the State's Clean Water Fund; Chatham, Barnstable and Provincetown serve to benefit from projects pulled from this Fund; mentioned a recent meeting at the State House to discuss how this new Trust Fund will operate and recommended that the Town Manager be the Town's liaison for the time being and the current line of thought was to balance what you put in with what you take out; said the Town would be talking with the Cape Cod Commission next week to get talking points in order, but that he hasn't seen any hidden clauses that forbid anyone from backing out the fund at some point and cited the Town as the fourth largest producer of short-term tax revenue on the Cape.

MDF asked how the Town's participation came into play. DP said the advocates for the Fund came out of the Cape Cod Chamber and concerns out of the central Cape region rather than from a local initiative and that the equitable distribution of funds will be key, which MDF said he was trying to puzzle out from a vantage point to the Town. DP related to the FINCOM that there are still too many unknown factors to determine if participation is the lesser option or if opting out after the mandatory first year is the way to go; said he thought the next meeting would be in April. DP said he recommended that the State issue an annual report on the Fund. SV asked if there was an outside party, or treasurer position, to manage the integrity of the Fund. DP said that responsibility would fall on the State to mandate, in terms of who audits or

gives oversight, but locally the Select Board has the authority to appoint the Town liaison which could be a private citizen or a Town staffer or board member.

DP declared that in 2016, Town generated \$152 million in retail sales tax revenue, up from \$125 million in 2012 and that this figure grows by 2, 3, 4 or 5 million dollars each year.

Short-term Rental License Discussion Ahead of Warrant

MH stated his indication to take the board's temperature on the situation per number of recommended short-term rental licenses in advance of the Warrant. SV cautioned against setting rental certificate limits as it could induce people to rent without licensure. MH countered that the proposal was about setting a goal, which SV suggested would fail on the floor of the house. MH relayed that the goal was to install a measure to prevent the cannibalization of the short-term housing market.

MB spoke in alignment with SV to suggest that implementation of limitation would be difficult to police and also that people are going to rent short-term in any event, so why not receive the sales tax from it. DP quoted a figure of 1,253 rental licenses previously listed based on actuals and asked if those renters would then get grandfathered in while others be placed on a wait-list. MH said he felt that number was rather generous.

SV said those renting year-round also are required to carry a rental certificate and asked how this impacts the short-term landlords. MH said those renting from their private residences or other dwellings year-round do not contribute to the short-term license count. MDF said he felt conflicted as a free-market fan but doesn't wish to penalize locals. MH said it was curious that the State only seemed to get on board with the short-term sales tax once Boston imposed the rule.

MB asked if the Town would then have the authority to legally prevent new homeowners from seeking a short-term license when the quota is full, or a restriction otherwise be put in place. DP replied that would most likely involve a higher ruling. MDF said he felt most people would comply but asked if the value of those complying would out-weight those who do not. MH said a daily fine can be imposed, such as what his research found being imposed in Salem.

MH said he would write up the day's talking points and return to the issue at next meeting.

MH adjourned the meeting at 12:57pm.

Respectfully Submitted,
Jody O'Neil