

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

FRIDAY, FEBRUARY 8, 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; Josee Young (JY), Finance Director; 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. FY2020 Departmental Budget Hearings; specific department schedule to be released prior to the meeting, as staff needs are considered.**

Division 1 General Government

123: Town Manager

DP presented; said A-budget has gone up with the regular cost of living increases; Town Manager's housing budget and some expenses had been transferred from B-Budget to A-Budget for more accurate representation. DP introduced Erin Ellis, Project Administrator, who has been on board for the last four months assisting with housing development and project management, in research and planning. DP outlined the project management curve ahead in terms of strategies and protocols, performance measures, metrics and project tracking.

Ms. Ellis gave her background as having worked with the Town of Orleans for the past six and a half years and in the private sector; said she is working on bi-monthly and six-month updates, which, she said, are available on the Towns' site.

MH and the FINCOM welcomed Ms. Ellis to the Town staff and MH added that he is pleased to be able to see how the work that they do on the FINCOM relates to strategic plans in terms of levels of importance. DP said it is a work-in-progress but that the plan will help to keep everyone on track and that new software will be forthcoming, as well.

SV made a motion to approve the 123 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MDF, MB, CC.

Division 1 General Government

151: Legal Services

DP said this budget is being kept level-funded and that FY18 was 174, with the bulk of the 2017 Actual being attributed to the Harbor Hill housing project; cited the

benefit of elevating Elizabeth at the Town Manager's office to procurement and suggested that it may make more sense to bring someone in in-house, when considering the current legal costs of retaining lawyers not on staff; said that since he has been on board as Town Manager he's cut the costs yearly by 50k.

MB asked DP if his prior occupation as an attorney precluded him from engaging in a legal capacity for the Town. DP replied that his current position as Town Manager precluded him from procuring other gainful employment.

SV made a motion to approve the 151 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MDF, MB, CC.

Division 1 General Government

156: Town Manager

DP said the real shift in this budget is 3k for advertising and promotion, owing to an increase in advertising rates.

MB asked what is signified by Special Events, which JY said are referenced as forums and such.

SV made a motion to approve the 156 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MDF, MB, CC.

Division 1 General Government

113: Elections

Darlene Van Alstyne, Town Clerk, presented; said the budget had gone up 1.2% and \$160, due to an increase for the election workers. DP asked Ms. Van Alstyne how many elections were scheduled for this year. She replied two: Special Election and the Annual, which will be June 18th or May 14th. DP said the date must be decided by March 11th, per the legislature, and noted committee chairs have still not been appointed.

SV made a motion to approve the 113 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MDF, MB, CC.

Division 1 General Government

161: Town Clerk

Ms. Van Alstyne presented. MH noted a 15% increase, which DP said came down to 1k for office supplies and a new printer.

SV made a motion to approve the 161 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MDF, MB, CC.

Division 1 General Government

122: Select Board

Elizabeth Paine, Secretary to the Select Board, presented; said the budget was lowered from last year to better reflect actual spending, including reduced salary. JY said marijuana is an estimated receipt at this point. MDF asked what rental revenue is coming in to the Town per Province Landing, which JY said was a small rental.

SV made a motion to approve the 122 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MDF, MB, CC.

Division 1 General Government

482: Airport Commission

Butch Lisenby, Airport Manager, presented. DP said the Town has gone back and forth on the Airport lease, that the authority rests with the Airport Commission; said negotiations are in the final stages and it appears things will remain as they are until a new airport terminal is built but with one significant change in that Mr. Lisenby will become a Town employee. DP complimented Mr. Lisenby on his thoroughness and accuracy in coordinating multi-grants and paperwork, as concurred by JY.

Mr. Lisenby remarked on twelve years of environmental studies conducted at the Airport and reported that they are finally starting some projects, including the runway project, which will go into effect this year; cited parking and lighting issues and also that everything is dependent on funding, that improvements to the terminal building are probably a few years down the line; announced that next year's budget is basically flat and that the Airport is moving forward and that they will reach their entitlement money based on the numbers.

MDF asked per the deal with the TSA. Mr. Lisenby said they are paying for the staff and are with the understanding that the TSA is cutting back now to the point of not paying for any police officer coverage, even as they have paid for coverage each year, in spite of other notifications.

MB asked if the Cape Air negotiations were expected to go as long as they have. DP said the entire agreement was re-examined from scratch and more time was needed than anticipated.

SV made a motion to approve the 482 budget as presented. MB seconded the motion and it passed, 6-0-0; SV, MB, MH, SV, MDF, KG, CC.

Division 5 Public Services

512: Human Services

DP and Chris Hottle, Director of Human Services and Council on Aging, the Senior Center, presented; Ms. Hottle said the Human Services Grant Program is one of their key components and oversees the John Henry Trust Fund, which helps to aid local children in need; said Visiting Nurses come to homes in Town once a week through the Visiting Nurse Association and that there is a clinic once a month as well as Wellness Program; Human Services round tables occur twice a year with over 30 participating organizations in the spring and the fall.

MH agreed with MDF that the face-to-face time with patients and seniors is invaluable.

SV made a motion to approve the 512 budget as presented. MB seconded the motion and it passed, 6-0-0; SV, MB, MH, MDF, KG, CC.

Division 5 Public Services

541: Council on Aging

Ms. Hottle presented; invited everyone present and the listening public to visit the Community Center in Town; noted that the Town is engaged in a regional initiative

as an age-friendly Cape Cod formal process with AARP; noted the State is the second in the country to be designated as an age-friendly State; said the Council has received a two-year Tufts grant to fund an assessment phase and action plan toward the aging designation goal; first step is a survey focusing on the plans of our aging population. Ms. Hottle said she's been working with the Town Planner to ascertain the Town's age-friendly components and potential.

DP spoke of the push in the new marijuana tax that could go toward human services and suggested that taking the pulse at Town Meeting to this end would be instrumental. MDF asked how the Council's out-reach efforts have worked out, to which Ms. Hottle cited success through the newsletter and other measures, noted almost 900 served last year with about 50 dedicated volunteers and pointed to a small increase in the budget for a program coordinator as they are creeping up to 200 programs and services; full-time van driver is on staff and drives to Hyannis twice a month as well as weekly trips about Town and the Cape; also have on-call drivers, said all drivers are covered per liability insurance in that they are Town employees.

MB led the FINCOM in thanking Ms. Hottle for her 21 years of service to seniors.

MB made a motion to approve the 541 budget as presented. KG seconded the motion and it passed, 6-0-0; MB, KG, MH, SV, MDF, CC.

Division 5 Public Services

610: Public Library

Amy Raff, Director the Public Library, presented. DP said Ms. Raff had done much positive work at the Library in stabilizing relationships and she proceeded to express a desire to increase the budget for program expansion; spoke of the quality-experience visitors have at the Library and noted that they are one of only two libraries on the Cape that are open seven days a week. DP spoke of the Library as an emergency warming shelter, which Ms. Raff said they were all on board in filling that need for the Town.

MH spoke of the Library as a great multi-use space. MB asked if there were revenue-generating programs at the Library, which Ms. Raff said was not the function as such. MDF spoke of the Library supporting residents and tourists in equal measure and said he was a fan of the Book Festival. Ms. Raff said they are working on their relationship with Friends of the Library, which is a separate entity that raises funds for the Library, kind of like the PTA for the Library.

MB made a motion to approve the 610 budget as presented. KG seconded the motion and it passed, 6-0-0; MB, KG, MH, SV, MDF, CC.

Division 5 Public Services

630: Recreation

Brandon Motta, Recreation Director, presented; cited a major change in the A-Budget this year due to a vacancy in the Assistant Director's position, but that he hoped to have someone in place by spring; noted a \$1,050 increase due to sports referees' fees of not less than \$75 a match based on far travel location of Town on the Cape, said these professionals are needed; noted a 10 to 11-week camp based on the schools' schedules and which has seen astonishing results through its singular-goal-oriented approach that results in kids helping kids in positive ways.

MDF mentioned that Recreation gets a lot done through its volunteers.

MDF made a motion to approve the 630 budget as presented. MB seconded the motion and it passed, 6-0-0; MDF, MB, MH, SV, KG, CC.

Division 2 Finance

131: Finance Committee

MH spoke of the increase which, he said, is justified based on the issues they've been seeing the last couple of years. DP mentioned that the Reserve Fund tracks the budget and felt it was appropriate. JY clarified that the unspent Reserve Fund budget closes after budget transfers have been made, allocating funds from a line-item into others' budgets

MH said schools are the beneficiary of these funds in that they provide tuition to kids as well as accidents such as the one at the Breakwater, and flooding costs.

SV made a motion to approve the 131 budget as presented. MB seconded the motion and it passed, 6-0-0; SV, MB, MH, MDF, KG, CC.

Division 2 Finance

141: Assessor

Scott Fahle, Principle Assessor presented; said the only increase is an approximately 5% salary bump, which is contractual; B line budget expenditures went down about 12% including money for a GIS fly-over.

MH said it's always a good thing to be level-funded. JY announced that Mr. Fahle has put out some informative financial and tax-related videos through Provincetown Television available to the public.

MB noted an error with a sub-total on page 65 which JY confirmed.

MB made a motion to approve the 141 budget as presented. SV seconded the motion and it passed, 6-0-0; MB, SV, MH, MDF, KG, CC.

Division 2 Finance

145: Treasurer

Alex Williams, Town Treasurer, and JY presented; said the personnel budget has increased for union and non-union compensation plans and the operational has decreased due to the elimination of external payroll fees; total budget has decreased by 1.4% compared to last year. DP noted that Mr. Williams had made changes with the Town's banking placement to get a better return and a discussion followed on the topic of unpaid taxes and its effect on the Town's bills.

MB asked what is "payment in lieu of taxes," a figure of about 6k, which Mr. Williams said is an amount that the Federal Government gives to the Town for the loss of potential tax revenue from the National Seashore. MB asked about the penalty interest tax lien of \$62,000, which JY said reflects a change of revenue codes and the tax lien is not a budgeted revenue line item.

MH pointed out that room occupancy tax and the rooms tax combined is well over a million dollars a year and DP said the seasonal revenue accounts for 25% of the Town's yearly budget. Mr. Williams said the State pays out these taxes quarterly.

SV made a motion to approve the 145 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MB, MDF, CC.

Division 2 Finance

710: Debt Service

Mr. Williams and JY presented. Mr. Williams said the total budget has decreased by 16.3 % due to debt retirement and the non issuance of any long-term debt in the past two years.

MB made a motion to approve the 710 budget as presented. SV seconded the motion and it passed, 6-0-0; MB, SV, MH, MDF, KG, CC.

Division 2 Finance

135: Finance Director/Town Accountant

JY presented; said she has requested increases for software and related training. MH said there has been good feedback from these investments and DP agreed.

SV made a motion to approve the 135 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MB, MDF, CC.

MDF added that it is money well-spent for the training, seminars and related updates and also noted an incredible level of transparency through the Finance Director's office. JY thanked the staff for adapting to the flux of changes in reportage. SV noted that the information is presented in a clear and easy to understand format.

Division 2 Finance

910: Retirement/Benefits/Insurance

JY presented. MH noted a 4.1% increase. JY said there is always something built-in for change as these budgets can be so variable. DP said the initial sum to fund OPEB was a one-time event – large contribution from free cash that it is now back as an operating budget expense, which JY added comes with an annual 2 ½% increase annually. DP said the Town is #3 on the Cape in terms of percentage value of its funding practices.

JY said that the budget can be regarded as actuals over the past three years and not necessarily as increases across the board to a '19 budget and MH noted that the budget presented accounts for nearly \$8 million dollars of the Town's total budget.

MDF asked about the update regarding the insurance consultants to which JY said it would probably be a wash as there will be open enrollment with a high deductible which the Town will shoulder in part at the outset, but that they are hoping future incentives will help bring costs down; the study itself is not over, but this step of it has been completed and processed.

SV made a motion to approve the 910 budget as presented. KG seconded the motion and it passed, 6-0-0; SV, KG, MH, MB, MDF, CC.

Discussion ensued on the presentation of the school budget and MH said a Public Meeting for Capitol Improvement would be scheduled and JY said a meeting with the Board of Select per the Capitol Reconciliation would also be scheduled.

MH reminded the Board that Warrant articles needed to be voted on by the end of the month and requested new items be brought to the meeting of February 14th. MH thanked the Board and staff for its work on the budget and offered that the Town's finances appeared in pretty good shape.

Schedule of Meetings

DP announced the Joint Public Hearing, or budget reconciliation, to be held on February 25, 2019 at 5:00pm and that another meeting would need to be scheduled with the FINCOM to solicit public comments per the Warrant, probably in March. MH advised adjourning to a public hearing on February 25th following the meeting with the BOS, at 6:00pm. This plan was voided once it was determined by BOS secretary, Elizabeth Paine, that there was not enough time to post public notice.

Tuesday, March 19, 2019 was decided on for the Public Meeting with FINCOM and the School Committee Meeting reaffirmed for Thursday, February 14, 2019 at 10:00am.

2. Housing presentation example by Robert Davis, using VFW parcel as example. Presentation will accompany the discussion.

CC said he is often asked when out in public what specifically is meant by the term "Free Cash," which DP explained as a Massachusetts' term of art: revenues minus expenses and whatever has not been spent in a budget; in effect: a budgetary surplus analyzed; stated Free Cash should never be used for funding ongoing departmental operations and that regarding the proposed and potential new costs associated with the new police station, Supplemental Funding to the amount of \$1.7 million available in unallocated funds for a down payment of about 33% toward the police station cost. DP said that, when not used, Free Cash effectively goes back into the lock-box before the next Town Meeting when it can be re-certified all over again; that Free Cash works as an insurance cushion against bad that can happen.

Robert Davis Presentation Over-view

Mr. Davis, introduced to the FINCOM by Commissioner Kas Goodwin, opened by sharing his background in the real estate business involving resorts and hotels in urban locations and stated that the issue of housing in Town is specific as a municipal problem based on the isolated nature of the area; divided the housing problem into three categories:

1. Affordable; people under-employed relative to what it costs to rent an apartment;
2. Seasonal, people who come to Town for 8-10 weeks;
3. Key Worker Housing; as defined by police, fire, teacher, and key employers such as Center for Coastal Studies, Sea Shore Point and AIDS Support Group. Mr. Davis said that in terms of Coastal Studies, they are bereft of proper staff directly related to a lack of affordable housing.

Mr. Davis offered bullet points for Zoning Issues, 40B, as well as some defined as Inclusionary which he said are not currently effective from an economic stand-point. A Planned Development Application was referenced as a negotiation between a planning board and a developer to come up with the right building or housing model which may be appropriate for the Town to adopt with larger parcels going forward.

VFW Site Plan Proposal

Mr. Davis presented the plot as 48,000 square feet of land area over a 16k sq. ft. footprint with 30% lot coverage, broken down into studios and one-bedroom apartments.

MH asked of some practical applications for seasonal housing – a continual source of frustration for local business owners. Mr. Davis offered that unheated bunk houses were the way to go with seasonal housing in purely practical terms, but that a stretch of the season beyond June 1st or later into the fall would be a problem in terms of heat. MH asked if there was a public subsidy in his VFW housing plan.

Mr. Davis put the cost of studios and one-bedrooms in his plan at \$1,250 and \$1,500 respectively, based on DP's rental housing handbook, having eyeballed the salaries of cops and firefighters; net income of which to the Town is about \$1.1 million, assuming the land is free and the real estate taxes are abated and the financing is some sort of tax-free municipal funding – with DP in disagreement on the last point.

Mr. Davis said that, including financing, the land is about \$50 per unit per month; the real estate taxes about \$100 per unit per month and the municipal financing if at 3% is \$375 per unit per month, adding that, as this is a big number, the solution would be for his company to build it, manage it and lease it to the Town.

DP noted that the scenario presented in Mr. Davis' presentation is predicated on an RFP to be issued later this year and that if the break-even point could be 50 or 100 units then, he said, this is a viable option. Mr. Davis said the model breaks apart when 2 and 3-bedroom apartments are brought into the equation, to which SV said studios and 1-bedrooms are where the waiting lists are formed for people who just want a place to live. MH observed that the Harbor Hill project is multi-bedroom apartments, which DP said are currently built units. Mr. Davis said he felt comfortable with 92 units at the VFW site plan, where 100 might be pushing it, encroaching on the common areas.

DP spoke of a housing specialist brought in last year and a consultant being selected this year to provide feedback and guidance for the Town's long-range housing prospects where a lot of variables and preferences come into play.

Discussion of Local Housing Supply and Demand

Louise Vendon of the BOS spoke in favor of the VFW proposal in theory and based on need but suggested that zoning presents an obstacle. DP said Town Planner, Jeffrey Robiero, would be notified for his input. Realtor David Nicolau recommended crafting a RPF that is wide-open to consider multiple options, but agreed with Ms. Vendon that a private-public option deserves to be explored.

MDF voiced concern over housing projects that are sold based on the determination of key worker demographics and their housing needs but that often those are not the tenants who end up in the apartments.

3. Any other business that may legally come before the Committee.

Option 7: Bond Issuance with Debt Exclusion Option

In a discussion surrounding the proposed new police station, the FINCOM and DP addressed, in brief, the various options presented for borrowing methodologies and MB recommended employing bullet points for option #7.

SV made a motion to table the discussion of the police station financing to the meeting of Thursday, February 14, 2019. MB seconded the motion and it passed, 6-0-0; SV, MB, MH, MDF, KG, CC.

MH adjourned the meeting at 1:19pm.

Respectfully Submitted,
Jody O'Neil