

**Provincetown Finance Committee
Judge Welsh Hearing Room
January 23, 2007
5:00 p.m.**

Members Present: David Bedard, Thomas Coen, Gary Delius,
Edward Gage, Ruth Gilbert (arr. 5:15 p),
Virginia Ross (arr. 5:30 p), Tom Thurston,
and Walt Winnowski.

Members Absent: Frederick Biddle, Alice Foley, and Robert Vetrick.

Others: Tom Groux and Austin Knight (arr. 5:30 p)

The meeting was called to order at 5:05 p.m.

Benchmark Packet:

A sample Benchmark packet was e-mailed to all committee members this afternoon. The cost for this packet would be about \$5K – and will be reduced to \$4,250 if we join with Truro. What Municipal Benchmarking provides is really important information by measuring Provincetown's metrics with 20 other similar towns. It would be interesting just to see how we stand as far as our group. This is all public information according to Tom Coen.

Information comes from the Cherry sheets and other MA public data. They have an interesting report and we are scheduling for them to come out sometime during February. Truro will have their presentation on February 6th and maybe we can combine the visit for their free presentation. The information gives family income for Provincetown which is very low – birth rate also is very low. Overall it is 350 pages long with all the information they have. Our costs for DPW are considerably above other towns based on per capita. Tom Coen cautioned that the FinCom make sure these numbers are based on year-round per capita. We're dealing with a seasonal population. Tom Thurston said that 60% of our tax base is seasonal - do they take the percentages of where our tax payers come from?

Gary Delius asked that if we can get enough information from their introductory presentation. Such as why are our DPW expenses are so much higher than the peer group? These are the kinds of questions we need to ask, then we can do our own math. Truro and Provincetown would get its own report if we decided to combine with Truro. Tom Thurston would try bargaining with them even more. Gary will see if we can buy the data we need from their website. Tom Coen wondered if we can get information about how they got their peer group together.

Gary Delius said that part of our goal is not only being as economical as possible, but also to be provide financial planning and management. The product could easily pay for itself.

Tom Groux' Report on Town Manager's Search:

Ruth Gilbert arrived at the beginning of this portion of the meeting (5:15p).

Mr. Groux said the search is proceeding along very well. The search committee has invited nine (9) candidates to come to Provincetown for interviews February 3rd and 4th. Mr. Groux thinks Provincetown is perceived as a pleasant place to be. About half the final candidates are from MA. Provincetown does not have a budget for candidate travel - so 2 from out of state will be coming and 3 will be interviewed by telephone. Each of the nine candidates has met the profile established by the Board of Selectmen (BoS) & the Town Manager's Search Committee (TMSC). A flyer was given to the applicants which describes what the issues are and what the town is seeking. Also it contained a brief description of the town. TMSC will be meeting about a week or so after this and will select 5 candidates to move to the next level in the interview process. The BoS will meet with these five and a definite choice should be made by the end of March. But it is not expected that a candidate will be onsite until late April.

Gary Delius then wondered if any of the skill set concerns he detailed in his feedback to the Search Committee had been addressed? The skill sets he had given to the TMSC follows:

1. Deep background in Fund, Enterprise, Revolving Fund, forms of Municipal Finance.
2. Experience in creatively managing budgets and finances in the post Prop-2-1/2 world.
3. Demonstrated skills in managing volatile revenue environments with commensurate budget and expense control experience.
4. Demonstrated skills in long-term planning and implementation of a town-wide financial plan.
5. Significant experience with debt funding and bonding.
6. Experience in working in a multi-union environment with a demonstrated history of results beneficial to both the Town and its employees.
7. Experience in a Munis-based environments.
8. Excellent computer skills.
9. Experience in working with school departments similar to ours and working with those departments to achieve results.
10. Experience with quasi-governmental organizations such as the Pier Corporation.
11. Skills in developing regional solutions to problems such as water, housing and economic development.
12. Experience as a 'turnaround agent'

Ruth Gilbert said she would like to make sure the candidates have managed and would be a hands-on person. Ms. Gilbert also asked if all these people are in the public sector? The answer was: One is a mayor.

Massachusetts is unique in that the Town Manager and the Finance Committee have to be heavily involved in the creation and control of the Town's budget and finances. If anyone is selected from out of state they will be in for a culture shock. In other communities the legislative body often has subcommittees but this FinCom is designated by the moderator and entrusted with overseeing the budget.

Gary Delius expressed that he would like the candidate to understand the unique relationship between FinCom the BoS and the Town Manager. Tom Groux will see to it. Virginia Ross and Austin Knight entered the meeting at 5:30 p.m.

Mr. Knight said that we're looking into each candidate's management style. Ruth Gilbert asked, "What is the population of the candidates' towns?" Austin Knight said he's looking into that.

Walt Winowski asked, "Were these 9 easy picks or were they 9 difficult choices?" Austin replied that we're not sending any candidates forward that we're not sure about. If we didn't find any candidates that would fit we would keep accepting resumes. We're also going to have a summary report of our findings. There may be a need for an Assistant Town Manager and he will be sending that report to the FinCom.

Ed Gage asked - what about the salary – does someone want to start where the salary is now? There is a general level of salary that people are looking for. Tom Coen also cautioned that there were additional transition costs.

Tom Groux has told the BoS that they may have to go above what the current Town Manager is making. Mr. Groux advised, "You no longer replace people at the same pay rate as their predecessor." Provincetown's residency requirement is a clear handicap of recruiting today.

Austin Knight informed the group that the BoS will have an article about residency requirement ready for Town Meeting but there was a clear opinion that they want him to be a part of the town. Tom Groux said there are ways to handle that.

Mr. Groux comment at length about the Assistant Town Manager issue. The successful candidates are individuals who are good communicators, personnel managers and financial managers. He asked the FinCom to give serious thought to having a strong assistant.

Mr. Delius agreed, "We've had Assistant Town Managers in the past but in recent years Mr. Bergman (kab) preferred using consultants". Austin Knight said BoS has told him that they'd prefer an Assistant Town Manager. Mr. Knight said that some of the applicants would be very qualified for an Assistant Town Manager's position.

The committee offered a heartfelt thank you to both Tom Groux and Austin Knight for venturing out on such a cold, snowy and dangerous night.

Mark Abrahams Proposal:

Mr. Delius received a five-page letter from Mark D. Abrahams with a comprehensive explanation of his proposal for continuing work with the schools. The sections were labeled 1) Background and Objectives, 2) Approach and Work plan, 3) Staffing and Qualifications, 4) Timing, and 5) Fees. The overall purpose of his work will include eventually getting the Schools and the Town Accountant entered into a smooth transition to unify their separate accounting systems into one. It will begin with a MUNIS 'bridge' program and eventually, after a year or two, both the Schools and the Town Accounting Systems will be in sync. One of the chores will be to scrub the vendor list; in the combined lists many vendors have several names, i.e., the gas company which sometimes appears as F.A.Days, F.A.Days & Sons, and Days. These will be combined under one vendor name so that tracking will be easier and a lot of duplication will be eliminated.

Tom Coen provided more explanation. The database will be MUNIS for the Town and Microbudget for the Schools. The current system does not allow you to research anything. The bridge will wash data and transfer it into our MUNIS system. There will be several tests before the system is actually

up and running. A main part of this proposal is going back and closing each part on a monthly basis and after this period is over – it will be an annual happening. The School Department doesn't operate on the same calendar. We'll have to have a year and a half of test runs with Mark Abrahams overseeing the process.

The school budget for 2008 has already been set. We have to make sure that when the Superintendent runs into a problem, we give her all the help she needs.

Tom Coen, Ruth Gilbert, Virginia Ross and Robert Vetrick have worked very hard on this transition. The goal right now is to make this transition work. Ms. Gilbert said the 2nd problem is that the schools aren't going to pay for this transition. They've given enough with their \$500K budget cuts this year. We have to pay for it if we want to get them to do it. The cost is \$25K for the consultant. Gary Delius doesn't want to strip out the reserve fund prior to the end of 2007 fiscal year. Mr. Abrahams has agreed to space his billings to accommodate the availability of funds. Tom Coen wants someone personally responsible to Ms. Waugh. That will be Mr. Abrahams and he has won their confidence.

A discussion ensued about how best to provide project management to insure the project stays on track and on budget.

It was agreed this could best be provided by The Superintendent, the chair and vice Chair of the Finance Committee, the School's Business manager, The Town Accountant and Mr. Abrahams.

Motion: Inform Mark Abrahams that we want to accept his proposal for \$25K and to cap it at that amount.

Motion: Ruth Gilbert Seconded: Ed Gage Vote 8-0-0.

Memo to members of the FinCom on:

Reserve, Stabilization, and Free Cash Accounts:

The following discussion was on finance policies for the upcoming budget cycle. The startling statistics are that 310 of the 350 town in the Commonwealth have passed at least one override since this legislation was put in place. It will take a year-long effort to implement but the plan follows:

Gary Delius proposes having a policy to create three accounts - the reserve, stabilization and free cash accounts with policies to control their use.

Maintenance of Stabilization fund has been an ongoing problem. We should only use that money for unforeseen capital expenses and to expand the distance between the Levy limit and the required Levy to avoid another 2 ½ override in the short term. Ruth says it sounds great in theory but maintaining the stabilization fund has proven difficult in the past.

The FinCom needs to send a message to taxpayers that we are not just cutting costs but are also using Financial Management to prevent a Prop 2 1/2 override.

Tom Coen wondered if other towns were doing this? Amesbury and Arlington were the presenters. Ruth suggested that it was a good time to set the policy – because we will have a new Town Manager.

Motion: Present this proposal about the Reserve, Stabilization, and Free Cash Account to the BoS at their next meeting.

Motion: Virginia Ross Seconded: David Bedard Vote: 8-0-0.

Report of 2008 Budget Meeting that Ruth Gilbert attended (moments before!)

Ms. Gilbert attended a 2008 School's budget hearing at the Veterans Memorial Elementary School. Six of the attendees were teachers, six were parents and the rest were the School Committee members and Staff. The School Committee presented the budget and teachers from the high school were very emotional regarding programs that were being cut. The School Committee is promoting the academy model for the high school. They've achieved their budget cuts by combining and redefining the administration and classes. Ruth Gilbert wished them much success and asked if - when they were putting their 2008 budget together - they would keep in mind tuition students as opposed to School Choice students. Ms. Gilbert also asked, "Is it your hope that the academy will attract students?" Jessica Waugh is doing a great job and she comforted the teachers and addressed the subject head on. The academy model has the promise of success. The MCAS tests still sit there as a measurement tool which needs attention.

Virginia Ross says they may glean a lot of entrepreneurial grants from this shift. Instead of a secretarial program it will become economics. Ms. Gilbert said, "... in concept it's all great – poets from FAWC, etc.". Ms. Gilbert said, "Burt Wolfman said that it'll take us at least a year to get the academy up and running."

Tom Thurston asked - if you didn't take state money – would we be required to focus on the MCAS? But it would be impossible today to operate the schools without the State and Federal funds tied to MCAS performance.

Tom Coen feels that they have a very difficult problem. Virginia Ross said that people are not happy with the public schools and the trend is for private schools. Gary Delius said the probability of success is greater than it's ever been. Ruth Gilbert said they're trying to attract kids from the upper Cape with culinary and poetic offerings.

David Bedard wondered who had conceived the Academy concept? Numerous people commented it had grown out of the approach used for Charter schools which are tightly controlled county by county. This concept allowed for a new form of Charter-like creative and community education alternatives.

Affordable/Community Housing Staffing Plan:

Walt Winnoski, the FinCom's representative to the working group formed to implement the ACHAP, reported that the group had, for the most part, finished their work. Their results would be presented to the BoS at a future meeting. It was explained that after researching various options, the best way to illustrate the priority the community & the town placed on this issue was to create a town staff position with supporting consultants over an initial three-year commitment period. A spreadsheet was passed out illustrating the funding requirements involved and the fact that no funding was required from the General Fund and that all funding would be shared by the 75/25 split between the CPA and the AHTF with the position reporting directly to the Town Manager. A huge amount of work has gone into this and Mr. Winnowski and the other members of FinCom who had participated in the affordable housing summits were thanked for their contributions.

PBG Offer to Buy and Man Firehouse #2.

The PBG has expressed an interest in buying Firehouse #2. This suggestion was not met with overwhelming enthusiasm. One of the FinCom members asked, "What if PBG folds? - Who pays for the restroom help?" The plan is for the PBG to buy and resurrect Firehouse #2 and have the first floor housing tourist restrooms and informational pamphlets while the 2nd floor would house their offices.

Ruth Gilbert suggested to Marcene Marcoux of the Historical District Commission that the fine for the demolition of 531 Commercial Street should be that the firm, Parker Thompson, put the Firehouse in working order for town operated restrooms to accommodate our tourist population. Ms. Marcoux was receptive to the idea.

The Town once had a buyer for the Firehouse. Ed Gage said the girls who are his neighbors will sue the Town if the Town sells Firehouse #2. They were the original people who wanted to buy the Firehouse.

David Bedard said that he feels the Town should be supplying the toilets. He has a big issue with a private organization taking over what should be the Town's responsibility.

Report on MMA Seminar

Gary Delius reported that the MMA was a wonderful conference and Gov. Patrick had discussed some of his new initiatives to reduce the property tax burden on the Tax payers.. The new Governor announced that the state is \$1.2B in debt; Mr. Delius also said that the Governor wants municipalities to participate in the GIC health program sanctioned by the state. It would be a big savings for this group but there are high hurdles with the unions. The Governor has also signaled his support of the MMA's 40-10 reimbursement of local aid. If these and other initiatives the Governor discussed are implemented Our Financial horizon may look a little brighter.

Other

There is no calendar for meeting dates. Pam Hudson, the Town Manager's Secretary, said KAB went home sick again today (1/23/07). He's a week behind in the final budget preparations due to his illness. Gary Delius wants better information from KAB before setting meeting dates.

The meeting adjourned during an unpredicted snowstorm at 7:15 p.m.

Respectfully submitted,

Evelyn Gaudiano

Approved by _____ on _____, 2007
Gary Delius, Chair