

**Provincetown Finance Committee
Minutes
Joint Meeting with the Board of Selectmen
January 29, 2007
6:00pm
Judge Welsh Meeting Room, Provincetown Town Hall**

Members Present:

Gary Delius, Chairman; Ruth Gilbert, Vice Chairman, Robert Vetrick, Virginia Ross, Thomas Thurston, Walt Winnowski, Edward Gage, David Bedard, Thomas Coen

Members Absent:

Frederick Biddle (alternate), Alice Foley (alternate)

Call to Order:

6:00pm

Order of business:

A discussion was held with the Board of Selectmen and the following Policy was presented by the FinCom to the Board of Selectmen:

Ladies and Gentlemen of the Board of Selectmen

During last year's Town meeting and subsequent vote to approve the Prop 2 ½ override we received a mandate from the voters to get our financial house in order. Certainly, we have been able to control some of our major expense hurdles, we no longer have to support the cost of the Manor, Schools have provided a major reduction in cost as part of their overall reorganization.

But, the realities are still a challenge. Consider this:

1. Prop 2 ½ barely covers the increase in the consumer price index (2.5% in 2006).
2. Health Insurance costs and energy costs are still beyond our direct control and are likely to remain so for the next 2 years. Gov. Patrick would like to have Municipalities join the State's GIC pool which is roughly about 60% of the cost of our current county purchasing plan.
3. In the commonwealth, 310 of the 350 towns have passed at least one override since the inception of the legislation, Some 1,400 override votes have been placed on the ballot since prop 2 ½ became law. Many Towns use the override process to raise the levy limit to allow for growth potential and do not directly spend the increased capacity. Gov. Patrick intends to increase aid to Cities and Towns and has supported the concept of the MMA's 40/10 plan. During the next budget cycle the state faces a \$1.2 Billion shortfall but the Governor assured us at MMA that he will not cut aid to towns in order to balance the States finances.

FinCom believes the time is right for us to do a systemic review of our entire financial management plan to insure 1.) We are providing the most equitable plans for all our citizens; 2.) We are providing property owners with just the right

amount of services; 3.) We are progressive in the way we provide citizen services in our various Town Offices and in the care of our Town Assets and; 4.) We are providing a safety net for the elderly and infirm to insure their continued presence in our community..

FinCom believes this is a process which must be done jointly with the Board of Selectmen and other interested participants and that it may well take the better part of a year to accomplish this review. Toward this longer term goal there are some things which we can do now to improve our financial picture and signal to the voters an honest desire to meet the problems head-on and plan for the future on their behalf.

FinCom would like to propose three policy requests submitted from the Finance Committee be considered by the Board of Selectmen for enactment during the upcoming Fiscal Year:

1. That the Reserve account be funded at a level of .195% (~\$35K) of the 2008 Total Budget and be increased to .25% of the Total Budget in FY2009. Its uses shall be limited to funding those unforeseen expenses which cannot wait till the next budget cycle. Reserve Funds remaining at the end of the Fiscal Year are to be placed in the Stabilization account regardless of the balance of the account at the time.
2. That the Stabilization account be funded with an appropriation equal to .5% (~\$90K) of the general fund in the first year then increased to 1.% (~\$180K) of the total budget until the balance in the fund equals 1.95% (~\$350K) of the total budget and that the uses for the fund be limited to capital projects not eligible for Debt Exclusion or to reduce the levy below the levy limit as calculated for that Fiscal Year. Request to use funds from the stabilization account must be approved in advance by both the Board of Selectmen and the Town Finance Committee.
3. That 50% of 'Free Cash' be applied to the Stabilization account regardless of the balance in the stabilization account at the time.

These three policies will require some belt tightening to succeed but will provide both a real hedge against future Prop 2 ½ override requests and will signal to the Tax Payers that we are not depending on expense control alone to manage our finances in light of the realities of Municipal Finance in the 21st century.

A motion was made by the Board of Selectmen to approve the Policy statement and carried with a vote of 3,0,0.

A motion to adjourn FinCom was made by Ruth Gilbert and the meeting adjourned at 6:30pm.

Respectfully Submitted;

Gary Delius, Chairman

Approved by FinCom on _____