

**Finance Committee Meeting**  
**Larkin Hall, Provincetown Center for Coastal Studies**  
**Called to Order: Date-Thu., 2/26/2009, Time-10:05 am**

**Membership:**

| <b>P</b>                            | <b>E</b>                            | <b>U</b>                 | <b>Name</b>   |                                 |
|-------------------------------------|-------------------------------------|--------------------------|---|---------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | Thomas Coen, Chair                                      |                                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | Ruth Gilbert, Vice Chair                                |                                 |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Robert Vetrick (P@afternoon session, E@morning session) |                                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | Virginia Ross   |                                 |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Thomas Thurston(P@morning session, E@afternoon session) |                                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | Walt Winnowski  |                                 |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Frederic Biddle   |                                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | Philip Gaudiano   |                                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | Ann Maguire   |                                 |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Gabrielle Hanna, Alternate                              | <input type="checkbox"/> Voting |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> | (Open), Alternate                                       | <input type="checkbox"/> Voting |

**Also Present:**

Sharon Lynn, Town Manager

**Morning session:**

Alex Heilala, Finance Director

S. Chase, Dir & Agent-Dept Veterans  
 Servs.

J. Waugh, Supt. Of Schools

**School Committee:**

T. Nelson, Chair

P. Grasso, Vice Chair

D. Trovato

K. Adams

S. Patrick

Member of the Press

**Afternoon session:**

S.Turner, DPW Opers Director

J. Roderick, DPW Dept.

R. McKinsey, Harbormaster/Pier  
 Mgr.

**BOD-Public Pier Corp:**

L. Clingham, Chair

L. Ash

K. Adams

G. Hitchcock

A. Tarvers

*Note; Meeting minutes are presented in brief format,*

*for discussion(s) relating to specific topics, please refer to PTV- DVD recorded session 2/26/2009.*

**Order of Business:**

1. To conduct a joint public meeting with the Provincetown School Committee to review the budget for Division VI – Public Schools.
2. To review other Division budgets as time permits.
3. To consider minutes of previous meetings as time permits.
4. To conduct a joint public meeting with the Provincetown Public Pier Corporation.
5. To consider any other business that may legally come before the Finance Committee.

**Topic: Dept. of Veteran’s Services FY2009 budget request, \$7,000 transfer from Fin Com Reserve Fund-**

Presented by S. Chase, Dir & Agent-Dept Veterans Servs.

Discussion:

- Presentation given on the overall operations of Veteran’s Services relating to the Cape & specially Provincetown.

**Motion #1:** To approve the transfer of \$7,000 from the Finance Committee’s Reserve Fund to the FY2009 budget pertaining to the Dept. of Veteran’s Services.

|                        |            |                    |           |
|------------------------|------------|--------------------|-----------|
| Motion By: T. Thurston |            | Second By: V. Ross |           |
| For: 7                 | Against: 0 | Abstain: 0         | Recuse: 0 |

**Topic: Provincetown Public School FY 2010 Budget-**

Presented by J. Waugh, School Supt. & T. Nelson, School Committee Chair

Discussion:

- Regionalization Study Recap - Regionalization Grant Agreement process, School Committee awaiting invitation to participate in the eight town Regionalization Committee, regionalization process will take 2-4 yrs.
- BOS placing article on spring town meeting warrant establishing a Provincetown Regional School Planning Committee.

- Budget Recap- FY2010 budget was presented, 55% SPED increase noted, budget does not contain certain town costs (i.e. health insurance & therefore not truly “level-funded”, \$24,000 per pupil cost, student teacher ratio 6:1, smallest k-12 system in the state.
- Teacher Contract Negotiations- 3yr contract (2009/10/11) with 3% increase each yr., FY10 budget reflects 4% (1% carryover from FY09).
- Certain over ride scenarios where discussed & how they would relate to the School budget.
- It was noted how uncooperative all three unions have been in putting the burden of no raises & possibly the cutting of hours totally on the non-union employees and that their decisions thus far could result in the cutting of positions.

|  |            |                    |           |
|--|------------|--------------------|-----------|
| <b>Motion #2:</b> To ask that P. Grasso & D. Trovato (School Committee union reps) go back to the union & request that they forgo FY10 3% contract raise & to emphasis that their unwilling to do so would ultimately result in positions being cut. |            |                    |           |
| Motion By: R. Gilbert  |            | Second By: V. Ross |           |
| For: 7   | Against: 0 | Abstain: 0         | Recuse: 0 |

As a result of Motion #2, it was requested that the School Committee be called back to meet with Fin Com on Tuesday, March 3<sup>rd</sup> @ 1pm.

|   |            |                       |           |
|---|------------|-----------------------|-----------|
| <b>Motion #3:</b> To table FY10 School Budget until Tuesday, March 3 <sup>rd</sup> @ 1pm. |            |                       |           |
| Motion By: T. Thurston  |            | Second By: A. Maguire |           |
| For: 7  | Against: 0 | Abstain: 0            | Recuse: 0 |

*(Recess for lunch – 12:20)*  
*(Reconvene for afternoon session – 3:00pm)*

**Topic: DPW Call Back, re: Energy Related Budgets-**  
 Presented by S. Turner, DPW Opers Director & J. Roderick, DPW Dept.

Discussion:

- Energy/Heat Analysis by budget & building presented broken down by usage in each facility/budget.

- Library boiler issues with service & repair costs in FY09.
- Service related budgets should have their separate budget line item.
- Adjustments discussed:
  1. electric adjustment to .15 per kilowatt hr = approx. \$10,000 savings.
  2. fuel oil adjustment to \$3. per gallon = approx. \$20,000 savings.
  3. bio diesel adjustment to \$3. per gallon = approx. \$20,000 savings.
  4. adjustment allowing for service related contingencies, \$10,000.
  5. Total energy/fuel/heat adjustments possible = approx. \$40,000.

No motions at this time, the committee requests that the FY10 budgets affected by the approximately \$40,000 savings in energy related costs be redone and resubmitted for committee voting.

**Topic: Police/Airport Department re; Paid Police Details-**

Discussion:

- Departure Fee at the airport as a means to recoup some of the FY10 Airport Budget line item #53120 Airport Security of \$19,000.

**Motion #4:** To inquire with the BOS as to the feasibility of filing a Home Rule Petition regarding an Airport Departure Tax to be used to offset airport security costs above what is being reimbursed by TSA.

|                       |            |                    |           |
|-----------------------|------------|--------------------|-----------|
| Motion By: A. Maguire |            | Second By: V. Ross |           |
| For: 7                | Against: 0 | Abstain: 0         | Recuse: 0 |

**Provincetown Public Pier Corp (PPPC) joint meeting with Fin Com**  
 PPC meeting called to order by L. Clingham, Chair

**Topic: PPC Five Year Proforma-**

**Note; The following “Discussion materials for Proforma Sub-Comm February 26, 2009” where presented & explained by L. Cingham, PPC Chair & R. McKinsey, Harbormaster/Pier Mgr..**

**Discussion materials for Proforma Sub-Com February 26,2009**

Tonight's discussion should review several financial matters relevant to your budget and ours. A number of variables are discussed below. The decision to implement any of these will affect the bottom line of the proforma. In 2005, final negotiations for the lease and management contract created a disparity. The five-year proforma (Exhibit C of the lease) for rent determination ends with FY 2009, but the management contract for harbor master services ends with FY 2010. As they are interdependent, one needs to be extended or the other amended.

The variables for our discussion include; accounting and reporting, 295 budget, rates and qualifications for tenants and infrastructure issues such as engineering surveys, floating dock replacement and capital reserve. We have asked for this proforma sub-committee to review and present a final draft proforma to the Provincetown Board of Selectmen.

At our joint meeting with the BOS, an additional amount of \$20-25,000 was offered to the Town. \$25,000 was the amount reported in the paper. That formal vote was to be made at our regular meeting tonight. The directors were clear that this one-time help would be coming from an amount that could or should be added to the maintenance reserve. The directors did express a desire to help the Town in this regard.

**Draft Proforma**

Staff has constructed a proforma that resembles the format used with town department budgets except that revenues are presented first. The expense section of the proforma is divided into A-personnel and B- expense budgets. The actuals columns start with FY 2006, the first year of our contracts. Toward the bottom of the proforma are net income, reserve balance and depreciation rows. The proposed net income for the next five-year period would become the "rent" to the Town. This proforma shows the effect of spiraling costs negating the CPI increases to income. This mirrors the problems seen across the town budgets. The last row, depreciation expense is presented as well. This non-cash item has to be added back into net income to agree with our audited books.

With the exception of income from the proposed tenant classifications of \$25,000, none of the following costs or savings are factored into this proforma.

**295 Marine Dept. Budget and Staffing**

The 295 budget is paid to the PPPC to staff and manage the harbor masters department. Reducing this part of the budget has a direct effect on the Town's overall appropriations at Town Meeting.

There are only four full time year round positions. The office operates 16 hours per day all year. We also employ several part-time seasonal and two night watchmen (less than 40 hr.). Amending the 295 budgets could provide some savings but changes the marine management agreement. This is the primary area we propose the sub-committee review. Please note that one person is paid with a grant for pump out services. We cannot drop below 2 AHM's on duty during the day without losing the pump out grant.

The night watch, midnight to 8 AM was instituted at the request of our tenants. This seasonal position only operates from Blessing of the Fleet to Schooner Race weekend and costs about

\$10,000. Staff does not recommend dropping this shift as a matter of public safety and tenant security.

Each seasonal assistant represents a cost of \$7980 per season. Eliminating 2 seasonal assistants saves \$15,960. Please note that one person is paid with a grant for pump out services. We cannot drop below 2 AHM's on duty during the day without losing the pump out grant. Effects on service include traffic backups during ferry stops and longer response times for emergencies. With fewer people to cover shifts, training diminishes, maintenance response slows and reduced pump out schedules may affect water quality.

While there is still some year round fishing activity providing off-season jobs, the need for the 2-shift, 16 hour coverage during the winter has diminished with the fleet. The draggers are not allowed to fish at night any more. Reducing the second shift to a full time seasonal position for 9 months per year not only reduces hourly wages but also the cost of year round benefits. The net savings would be \$20,880. The effect on service would be less than the reduction of seasonal assistants previously discussed.

Winter does not allow for much infrastructure work like spring and fall. The two remaining HM's would be required to alternate on-call for the evenings over winter. This was employed with little negative effect during vacation rotations this winter. The saving would accrue to the 295 budget, but the year round union employee may need to be accommodated elsewhere in a town department. There is an attendant liability of drawing a lawsuit by this budget cutting measure.

Changes to staff levels area achieved by an update or amendment to the management agreement. The 295 budget also includes funds for maintenance of the boats and harbor. Both boats have relatively new engines and are in good shape. Staff would be comfortable with-reducing that budget by \$5000..

**295 Marine Dept potential savings**

|   |              |
|---|--------------|
| Eliminate 1 seasonal assistant  | \$ 7,980     |
| Eliminate 2nd seasonal assistant  | 7,980        |
| Reduce 2 <sup>nd</sup> shift winter   | 20,880       |
| Cut boat maintenance  | <u>5,000</u> |
| Possible total  | \$41,840     |
| <i>(Not cutting 2<sup>nd</sup> shift winter results in saving \$20,960)</i> |              |

**Accounting and Reporting**

The costs of migration to MUNIS are estimated at \$18,000 to \$20,000. Staff has met with the Town Accountant and reviewed the reporting and data entry portions of the MUNIS system. This all looks favorable. Our discussions have included allowing PPPC the ability to prepare warrants for money the town should be taking on a timely basis. The Town will still have oversight of the transactions, but the large accruals previously carried on our books would be transferred on a regular basis. The Town Accountant has stated that a new town server will be needed before our migration.

The printed version of our audit had been delayed by a need to certify cash with the town. We have received a report from the Town Auditor and have provided the requested documentation.

**Engineering surveys**

The value of engineering surveys on a pier that has been recently rebuilt is to provide a baseline to measure future deterioration with. Three engineering companies have provided

quotes. Their proposed scopes of work are similar. They generally propose a comprehensive baseline inspection above and below the waterline the first year to be repeated every five years (FS&T every two years without diver inspections). There would be annual inspections that would only be above-water visual inspections for years two through four. More specifically, they would inspect electrical and plumbing utilities, steel floats, jib cranes, gangways, floats and docks. Costs range from \$7,500 to \$10,500 for comprehensive inspections and \$3,000 to \$3,500 for interim inspections. Over the five-year proforma cost range from \$24,000 to \$31,500. We recommend getting the first year comprehensive report and review future actions at that time.

### **Infrastructure issues, CIP and Maint. Reserve**

You have previously reviewed our maintenance recap proforma. The majority of that work is provided for within our maintenance line item. However, the design flaws of the concrete floating docks are a liability. We should consider additional contributions to the reserve going forward. Any additional year-end net income should accrue to the reserve in future years.

The original main sections of the floating docks are deteriorating rapidly. We are estimating reasonable costs for replacement and disposal of the old docks to be about \$300,000. This does not address the finger floats stored at the Highway Garage. Our reserve fund should allow for this repair by 2012 barring any more disasters. If we do this project in two phases, the south dock could be addressed sooner. We may be able to save some disposal costs if we can re-use some sections by adding floats to the north side of the fixed piers. This would expand the number of small boats we can tie up offsetting the losses we project in the dragger fleet.

Our plan to address wave attenuation from the east is to apply for grant money to create a set of steel floats that would be used for additional revenue on the face of the "Tee" during the season and be moored east of the pier during the winter. This should provide additional protection without the aesthetic problems of the original design. This should be considered a long-term goal given the current environment on Beacon Hill. As this plan offers seasonal protection, the design of the new floats should handle a nor'easter without the barrier. There are also ideas being considered to temporarily use the old concrete floats for some protection.

The attached report was a staff task assigned on January 27<sup>th</sup> but completed the day after our meeting with the BOS last Monday. While it was done by an assistant HM, it stands in contrast to the citizen's binder delivered to us at that meeting apparently authored by the same individual. Neither report is signed. The staff report is prepared with actual quotes and the process of evaluating the project is ongoing. The opinions expressed are those of the author and not the department.

We do not believe that we will get the grant award for security cameras. However, the need is such that we should consider a small starter package for the office. Staff is getting more information and a small package could be supported in our current year maint. line item.

### **Rates and tenant types**

We are preparing for a public hearing on rates and definitions to further refine commercial fishing and excursion businesses on the pier. We are proposing a division of classes to be used for all tenants and sub-tenants of MacMillan Pier. Our goal is to ensure that the businesses most heavily invested are best supported.

Initial estimates are an additional \$25,000 per year. This anticipated revenue is already added to the draft proforma. The public hearing on these changes will be March 12<sup>th</sup>. (The following draft class structure was inadvertently left off the BOS packets.)

Class 1: Provincetown-Truro based commercially registered vessels that have state or northeast region federal limited access commercial fishing permits and/or tenant or subtenant vessel of a float space license employing seasonal ticket sales staff at pier ticket booths. Research vessels are included in this class. (No change in rate)

Class 2: Provincetown-Truro based commercially registered vessels that have state or northeast region federal open access commercial fishing permits and/or tenant or subtenant vessel of a float space license does not employ seasonal ticket sales staff at pier ticket booths but meets the definition of Provincetown/ Truro based. This definition includes PT/Truro charter boats and other governmental enforcement vessels. (\$1000 upcharge per vessel)

Class 3: Commercially registered vessels with limited access state or northeast region federal permits that do not meet the definition of Provincetown-Truro based. (\$1000 upcharge per vessel)

Class 4: Commercially registered vessels with any open access fishery permits that do not meet the definition of Provincetown-Truro based If tenant or sub-tenant vessel of a float space license does not use a regularly scheduled ticket sales staff or all other commercial maritime business uses not meeting the definition of Provincetown/ Truro based. (\$2000 upcharge per vessel- this definition includes other charter boats and tuna boats)

### **New revenues**

The additional income from adding Boston Harbor Cruises has been offset by the loss of one whale watch boat that will be berthing at the Whydah Museum. Once construction is paid for, the trapsheds also represent additional income. Other than the addition of revenue from segregating the classes of vessels, the proforma would remain flat or decline over time. This is due to some costs rising faster than CPI, such as health and energy. With MacMillan Pier almost completely utilized, the only big additional revenue in the future is a construction on the "Tee". Whether a prospective tenant or we build a structure would be only one of the issues associated with this capital project.

### **Current actions, wind power**

One of the few grant opportunities in the current economic climate may be green energy. Currently, we are researching small wind power. The vertical helix type units do not require as much height or pose as great an aesthetic challenge. We look forward to working with the Town on this project. We are also continuing an energy audit with Cape Light Compact.

### **Legal action**

In spite of the review by FinCom last summer, the harassment of our board has not abated. No matter what we do to manage the pier, it is abundantly clear that we will continue to be dogged with criticisms, half-truths and innuendo. This already costs us time and money to address, but at some point, this may become a legal battle and we must be prepared to pay for our defense.



**Mooring fees**

The next Harbor Committee meeting is March 5<sup>th</sup>. The earliest they can have a public hearing would be the end of March. This is later than we normally send out renewals. Staff recommends waiting until next winter on this proposal.

*Note: End of PPPC discussion materials.*

**Further Fin Com Discussion:**

- Formation of the PPPC Pro-Forma Working Group to include a member of the BOS and Fin Com.

|   |            |                       |           |
|---|------------|-----------------------|-----------|
| <b>Motion #5:</b> To appoint T. Coen as Fin Com’s representative to the PPPC Pro-Forma Working Group. |            |                       |           |
| Motion By: R. Gilbert   |            | Second By: A. Maguire |           |
| For: 6  | Against: 0 | Abstain: 1            | Recuse: 0 |

|               |                       |
|---------------|-----------------------|
| Next Meeting: | Monday, March 2, 2009 |
| Adjourn:      | 5:00 pm               |
| Minutes by:   | W. Winnowski          |

Approved by  on April 22, 2009  
 Thomas Coen, Chair