

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

MONDAY, AUGUST 21, 2017

Members Present: Mark Hatch (MH), Chairman; Scott Valentino (SV), Vice Chair; Kathleen Goodwin (KG); Mark Bjorstrom (MB); Duane Steele (DS); Mark Del Franco (MDF).

Absent: Stan Sirkorski.

Others Present: David Panagore (DP), Town Manager; Josee Young (JY), Finance Director; David Gardner (DG), Assistant Town Manager.

MH opened the meeting at 10:05am.

MH congratulated the DPW on the great clean-up after Carnival and initiated a conversation on items he felt the FINCOM should address for the coming year in a document to be reviewed

1. Discussion on the lack of a liaison to the FINCOM from the Board of Selectmen (BOS).

MH said it was unfortunate to learn that the BOS had chosen to not have a liaison with the FINCOM; said he would register his disappointment and that, going forward, the FINCOM would do what it felt was best for the tax payers.

DS said he felt it was important to keep the boards separate and that not having a BOS liaison was a good thing; that it was important to let the FINCOM's judgments be its own and not be led astray by somebody.

MB said he disagreed with DS; that he didn't see the liaison's responsibility as to influence, but that rather it was a matter of keeping a line of communication open; not a conflict of interest, but a flow of communication and was surprised the BOS wouldn't want this in place.

DS continued with his contention that it wasn't necessary to have someone monitor the FINCOM; that he didn't see the need to mix up the executive and the legislative that way.

MH added that the FINCOM has never actually aligned with the BOS on many issues, but that having people made aware of each other's positions is a good thing.

2. Discussion on STM articles.

MH outlined the items on today's STM article proposals as health insurance progress; beginning discussion on marijuana tax; AirBnB tax; discussions on disposition of Town property; budget updates from JY including Open Gov stuff, and town finance per DP.

MDF mentioned that he didn't see the notice of Special Town Meeting set for Sept. 13th on the Town website. DP said he would look into it.

MH offered that the BOS's warrant articles included a zoning article which, MH said, the FINCOM does not usually opine on. MDF said he was a little surprised that Town Hall seemed not be taking a position on the natural grade issue. DP countered that the Cape Cod Times article was maybe in-artfully written and clarified Town's position on the matter, gave a definition of natural grade as the lower of the existing conditions and the way that height and foundation site surveys are conducted.

MH noted that the Planning Board had not yet discussed the natural grade zoning issue. DP replied the Town had taken the initiative without the Planning Board's input based on the need for a timely response and that this action was within the Town's purview.

3. Begin discussion on marijuana tax proceeds and where we feel would best fit for the Town.

DP said that the FINCOM voted previously on the 2% tax. MH said the State has granted the Town the right to charge a maximum 3% tax – independent of the State sales tax – and that he felt this tax gives the Town another resource for revenue, to be placed naturally into areas like elder services. MH canvassed the FINCOM for its thoughts on the tax increase and beneficiaries.

DS said he didn't have any problem with the tax increase.

DP clarified to MDF that this pertained to recreational marijuana only.

MDF made a motion to accept Article 4, the marijuana tax increase, as written; SV seconded and it passed, 6-0-0. MDF, SV, MH, KG, MB, DS.

4. Tree Bylaw Enforcement.

DP stated that per the bylaw, a person would be fined up to \$300 per instance or fine for unlawful tree removal; that \$300 is the maximum allowed by law. DS asked if anyone had been reported messing with trees; DP replied that he didn't think so.

DS so moved to approve Article 5, the tree fine bylaw; MB seconded the motion, and it passed, 6-0-0. DS, MB, KG, MH, MDF, SV.

MDF spoke out against the practice of people in town chaining bicycles to trees and if something could be put in place to stop it. DP said he proposed more bike racks.

5. Petitioned Article on Marijuana Business & Zoning.

MH opened the discussion on the proposal to turn a dispensary into a retail operation; said he was unclear as to what this is about.

MDF said he looked at the language and that the petitioned article felt like a neighborhood thing; one zone might be trying to move into Res. 3.

MB said he agreed with MDF; that it seemed to be about moving one already zoned business into another business, which always seemed to get lost in the language.

MH said after speaking to the petitioner that the action would be to have the ability to upgrade or downgrade to retail without input from the Town. DP said the situation is basically that there is a July 1st marker for conversion determination if one is licensed before that date, but that the Cannabis Commission is required to weigh in after it is set up and so what signifies licensure is not currently clear.

DG addressed the FINCOM; said that he didn't have Section 24.40 before him, but that some limited retail is allowed in Res. B; but that currently marijuana retail is not yet defined in Town's bylaw, that an amendment will likely be pursued in the near future. DG gave background on the law that was initiated by proponents of a question that then passed at the ballot box, after which the legislature weighed in and added some amendments and regulations; the change from medical to recreation is not clear and the Town is trying to figure out how various areas of the Town and residents are affected; spoke of the differences between dispensary and retail.

DP asked DG what had happened with the petitioner in the interim. DG said that neither application has been decided; that two sites are being considered at the ends of Conwell St., and at the Harry Kemp location, the applicant was able to get a freeze from the Zoning Board.

Tom Donegan (TD), former BOS, took the mic to state that, as initially presented, the proposal was for a medical facility that was to operate as home delivery rather than people coming to the site to pick up product, and that based on that little bit of traffic, the BOS voted to issue a letter of non-opposition. However, TD said that what he feared would happen across town is that as the pharmacy business morphs into the retail business, it will change the public's and the abutter's concerns.

DG said there are currently three approved applications and one pending application for dispensaries, in addition to one that was approved a few years ago but then disbanded. TD said the issue is that those locations about many residents.

MH said his problem is that this is cart before the horse with so many factors up in the air; his recommendation is indefinite postponement. TD suggested that people's perception might be that because other lower Cape towns are not approving marijuana retail operations that this will add to the Town's traffic.

DG clarified that medical marijuana is not taxed and there is no information at present that the medical outlets plan to go recreational. MH said he felt medical marijuana is a bit of a dodge. DG agreed in part, but said he's also witnessed the benefits of medical marijuana and that the taxation could be dependent on a consumer presenting a medical card or not – at the same facility.

SV asked what might happen if the article was tabled and a merchant continued to prep set-up on their shop and then legislature changes to move forward resulting in encumbered resident parking. MH expressed his concern for the Town being sued if a ban is put in place.

DP spoke about the condition of an ANR (Approval Not Required) in terms of situations where an approval is pre-existing non-conforming and that the Town has one approval of this sort already on record.

MDF said he felt it would cause more problems than solutions to not act upon the article at this time.

MDF moved to make a motion that the FINCOM reserve recommendation on petitioned Article 1 for STM; MB seconded the motion and it passed, 5-1-0. MDF, MB, KG, MH, SV, in favor; DS, against. DS said he felt the decision should be made either way at this time, after more discussion.

6. Discussion on Water and Sewer and brief update as to the state of Retained Earnings for the Enterprise Fund.

DP invited everyone to attend, tune-in or watch later the BOS meeting concerning this item, referenced a 35-page document that is a critically important review of the water and sewer report pertaining to health and sustainability. DP said the Town is starting to eat into its retained earnings and that eventually it would fall to the general fund to subsidize.

DP addressed increases found on page 33 in the document; mentioned rates had not been raised in about a decade and that a lot of detail would be expressed tonight at the BOS meeting.

SV asked if anyone had looked at a yearly automatic increase of .25 or .5? DP said what is presented would be a yearly increase until the max is met; that his recommendation is to look at the rate of inflation but the numbers are the numbers; preferred reviews be done every five years.

MH said he understood that that the summer peak season really drives this result; that his inclination is to put the rate increase where it is caused, and not where it is not caused.

DP said he preferred to frame the conversation as not that we want to sock it to the summer season, but how can we ensure the viability of Town in the off-season; not to tax the on-season so much that we kill the golden goose, but questioned where the marker lies.

JY spoke of the reports as to how changes came about including higher interest rates and increased operating system costs.

7. Progress on health insurance consultant and/or work.

DP said the OPEB Trust had met that morning, with Doug Cliggott as the chair and discussion was how to maximize the money and how to reduce the impact on the general fund to provide health care for retirees.

JY said Town was working with Truro to find a joint-consultant; each to have a separate actuarial; that Town had consulted with Sandwich which had already gone through the process and offered advice to avoid mistakes.

MH spoke of dedicating the corresponding taxes to appropriate beneficiaries, such as the marijuana tax going toward health care issues, particularly regarding the aging population; to which MB referenced the Council on Aging (COA).

DP said that the Cape Cod Commission forecast a general population increase of 5% across the Cape over the next ten years; that a guest on his local radio program wondered if the sell-off the Cape has seen by millennials who've left over the last five years may also be found in the baby boomer generation as it enters retirement; asked what the Town is doing to retain that population with healthcare, transportation and other issues. DP said he asked Chris Hottle of the COA to report back on what she learned from the senior forum held recently on the Cape.

MH urged the FINCOM to consider measures to keep the aging population in town and then bring its proposals to the floor of Town Hall.

8. Begin discussion on AirBnB tax and where we feel the proceeds would be a best fit for the Town.

DP said that regarding a proposed AirBnB tax, if he was being properly conservative he'd suggest the Town might see 350k in tax revenues but that 750k is also not unlikely based on a market for rentals that, while they will cap out, are currently doubling in size each year.

DP said one of the proposals was a flat 6%; that the house bill now under consideration is one that sends tiers: once a renter goes past a certain day-numbers he or she enters the next tier and that this formula would also be based on early bookings. Comments were also expressed on the suggestion of a 100-day threshold and how that would affect places like the Berkshires or the Cape & Islands which could represent the whole season. DP said the word he's gotten is that the House would look to

bring this item up in September and pass legislature in October, which, he said, would affect the Town's 2019 season.

9. Begin discussion on land assets owned by the Town and their possible use and/or disposition starting with the VFW and the Police Station lot once the work is complete. These are long lead-time items that we should start discussion on NOW, so let's frame out options and the path forward.

MH said he wanted FINCOM to start what will be, of necessity, a long conversation on the properties that are Town assets.

DP said that selling any one of these properties to a third party developer for market-rate will maximize what the Town will get; anything less than what equity expects the return to be would be a subsidized valuation.

10. Budget Updates from JY.

JY distributed two budget reports; a general fund budget-to-actual summary report and a summary report including assets, liabilities and Fund balance.

11. Any items from the Town Manager that pertain to Finance.

DP mentioned that the Open Gov initiative is going well; will allow public to see expenditures on a good level of detail and allow departments to make savings in not having to print monthly status reports. DP said that the second part will help Town in generating tons of data more efficiently by filtering the data through the Open Gov portal. DP thanked Lynn Martin of Management Operations Systems for all her hard work on the project.

KG departed the meeting about five minutes before it concluded.

MH asked if Tues. Sept. 5th at 10:00 am would work for its next meeting. DP concurred.

MH made a motion to adjourn the meeting at 11:59am.

Respectfully Submitted,
Jody O'Neil