



Finance Committee

Finance Committee Meeting Minutes
Monday, April 5, 2010 @ 5:30 pm
Multi-Purpose Room at the Veterans Memorial Elementary School
Called to Order: 5:30 pm

Membership:

P	E	U	Name	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Thomas Coen, Chair	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Ann Maguire, Vice Chair	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Thomas Thurston	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Philip Gaudiano	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Gabrielle Hanna	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Daniel Hoort	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	David McChesney	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(Vacant)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(Vacant)	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Erik Yingling, Alternate	<input type="checkbox"/> Voting
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Oliver Kamm, Alternate	<input checked="" type="checkbox"/> Voting

(Note: **P** = Present **E** = Excused **U** = Unexcused)

These minutes are in brief format. The Committee's pre-Town Meeting was not filmed. The Special Town Meeting was filmed and is available on DVD at the Provincetown Television office.

Also Present:
Alix Heilala, Finance Director

- Order of Business:**
1. To consider any business that may legally come before the Finance Committee.
 2. To review the minutes of prior meetings, as time permits.
 3. To attend Town Meeting and present the Finance Committee's reports and recommendations on the articles in the Town Warrant.

Other Business: Warrant Articles

ATM 11: Fund Collective Bargaining Agreement

(The Committee had not yet voted on this article).

Ms. Heilala explained that the police union contract calls for a 0% salary increase in FY11, a 2% increase in FY12 & FY13, followed by a ½ % bump in the last 6 months of FY13. The Committee agreed that was a responsible agreement that the Town can afford to fund.

Motion #6: To recommend ATM Article 11.			
Motion By: Ann Maguire		Second By: Daniel Hoort	
For: 8	Against: 0	Abstain: 0	Recuse:

AMT 19: Land Bank – Acquisition of Hawthorne Property, Scenario 2

(The Committee had previously voted to reserve recommendation on this article).

Mr. Coen informed the Committee members that the Open Space Committee is going to move the article for the full \$660,000 amount, rather than the \$600,000 that was expected. The Selectmen are going to make a motion to amend the amount down to \$600,000. At the lower amount, the net cost to the Town, after the 52% PARC grant from the state, would be less than \$300K. The Committee agreed to reconsider its previous decision.

Motion #7: To reconsider ATM Article 19.			
Motion By: Thomas Thurston		Second By: Gabrielle Hanna	
For: 8	Against: 0	Abstain: 0	Recuse:

The Committee was deeply split on whether or not the property should be purchased at all, and if so at what price. There is still no signed and agreed purchase agreement. Voting for the full amount (\$660K) would, in effect,

signal agreement with the seller’s full offering price. The assessed value of this property, as undeveloped land, is \$535,000. The appraised “highest and best use” value (\$675,000) includes development rights.

After further discussion, the Committee narrowly voted to support the article in the lower amount, which is closer to the current assessed value.

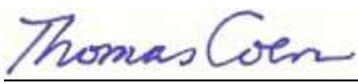
Motion #8: To recommend ATM Article 19 in the amount of \$600,000.			
Motion By: Daniel Hoort		Second By: Gabrielle Hanna	
For: 4	Against: 3	Abstain: 1	Recuse:

(The Committee went into recess at 5:50 until the Town Moderator called the Special Town Meeting to order at 6:00 pm).

Special Town Meeting

The Committee attended the Special Town Meeting and made its reports on the articles in the warrant. *(Copies of the reports are attached).*

Next Meeting:	Tuesday, April 6 th , @ 5:30 pm
Adjourn:	10:40 pm
Minutes by:	Thomas Coen

Approved by  on April 29, 2010
 Thomas Coen, Chair

Finance Committee Report

2010 STM Article 1 Budget Adjustments

This article requests a change in the source of funding for the 2010 Budget, it does not authorize any additional expenditures.

The first part of the article changes the funding source of the Wastewater Enterprise Fund (WWEF) budget by adding \$280,000 from the Wastewater Fund Reserve for Debt Service. This is necessary because the WWEF revenues are coming in lower than anticipated.

The second part of the article transfer funds between department line items. The total amount requested to be transferred is \$121,500.

The source of the funds is as follows:

Line Item: 910-B Retirement / Benefits / Insurance \$120,000
From 2007 ATM Article 10, By-law Raises \$1,650
For a total of \$121,650

The funds are being transferred to the following accounts:

Line Item: 122-A Selectmen Salary Longevity \$1,100 (Selectmen Sect'y)
Line Item: 161-A Town Clerk Salary Longevity \$550
Line Item: 431-A Transfer Station Seasonal \$17,075
Line Item: 440-B Wastewater Debt Service \$87,925
Line Item: 450-B Water Enterprise Debt Service \$15,000
For a total of \$121,650

The first three line items were mistakenly omitted from the 2010 budget. The last two items were underfunded in the 2010 budget.

The Finance Committee considered this article and recommends it to you tonight with a vote of 6-0-0.

Respectfully submitted,

Dan Hoort



Finance Committee Town Meeting Report

STM Article 2 – Rescind Unused Borrowing Authority

This is a housekeeping article intended to cancel remaining unspent balances from articles approved in the past. The amount of \$76,825 represents four of the five articles listed on page 14 of your Finance Committee booklet. The amount of \$25,000 listed for SCADA equipment for the Water Department has been deleted from the list, resulting in the new amount proposed by the Selectmen.

The Finance Committee voted 8-0-0 to recommend you support this article.

Respectfully submitted,

Thomas F. Thurston

STM Article 3 – Transfer of Funds into Provincetown Public Pier Corporation Reserve Account

First, I'd like to provide a little history on why this article is before you tonight. In the original grant from the State for the reconstruction of MacMillan Pier, \$400,000 was designated for startup costs of the Pier Corporation. In 2002, the Board of Selectmen voted to transfer this amount from the MacMillan Pier Reconstruction fund to the Pier Corporation.

The money was duly transferred into the Pier Corporation's bank account. *However*, there were three significant problems with the way it was done:

1. The MacMillan Pier Reconstruction fund was already overspent, meaning that the \$400,000 designated for the Pier Corporation wasn't actually there.
2. Town Meeting never appropriated the funds for the transfer. Therefore, the transfer was technically "illegal" according to generally accepted government accounting practices.
3. The transfer was never recorded in the Town's general ledger.

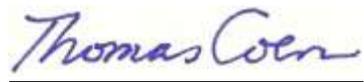
In addition, various other payments and charges between the Town and the Pier were never recorded in the Town's books. As a result, the Town Auditor has never been able to reconcile the Pier Corporation's cash balance to the balance recorded on the Town's books. That is why the Pier's financial statements have remained in "draft" state.

After conducting a detailed audit and reconciliation of the Pier's books to the Town's, the Town Auditor has determined that the current discrepancy nets out to \$140,504. This article will correct this discrepancy by transferring \$140,504 from free cash into the Provincetown Public Pier Reserve Account.

I'd like to stress that no cash will be transferred to the Pier Corporation if this article passes. It is strictly a one-sided adjustment to the Town's books to correct the accounting mistakes of the prior administration. Basically, we have no choice but to clean up this mess.

The Finance Committee recommends this article to you tonight by a vote of 6-0-0.

Respectfully submitted,

A handwritten signature in blue ink that reads "Thomas Coen". The signature is written in a cursive style and is positioned above a horizontal line.

on April 5, 2010

Thomas Coen

Finance Committee Report

STM Article 4 *Replace Fueling Station*

This article will vote to transfer from free cash the sum of \$200,000 to fund the replacement of the fueling station at the highway garage.

The Fueling Station overwhelmingly failed its Commonwealth of MA inspection and was taken out of service. It is urgent that we replace it as soon as possible.

The Finance Committee considered this article and recommends it to you tonight with a vote of 8, 0, 0.

Respectfully submitted,

Gabrielle Hanna

STM Article 5 – North Union Field Land Acquisition (Section 1)

This article, if approved by a 2/3rd vote of Town Meeting, will authorize and fund the following:

1. The permitting, design, and construction of one or more water supply wells in the North Union Well Field in Truro; and related water distribution facilities;
2. The acquisition or lease of land owned by the Town of Truro that is critical to securing the water supply, subject to a vote of Truro Town Meeting; and
3. The acquisition of privately owned land that is also critical to securing the water supply.

Once approved by both Towns', Provincetown will apply for a \$7.2M federal stimulus grant from the United States Department of Agriculture. The grant will require a 25% match by the Town.

For the last 12 years, the Department of Environmental Protection and the National Seashore have required that the Town develop a redundant water source to meet our water demands.

A clean supply of fresh water is, without doubt, our most critical economic resource. Our tourism based businesses such as hotels, motels, guesthouses, and restaurants depend on a fresh water supply to keep their businesses running.

For years, we have been substantially over-pumping our existing wells. This puts the wells at risk of failure. The Department of Environment Protection is likely to impose much tighter restrictions on over-pumping in the near future.

If our existing wells were to fail during the height of the season, the consequences for our local economy would be disastrous. Therefore, it is essential that we move forward with the development of a redundant water source.

The Finance Committee *strongly* recommends this article to you tonight by a vote of 8-0-0.

Respectfully submitted,

A handwritten signature in blue ink that reads "Thomas Coen". The signature is written in a cursive style and is positioned above a horizontal line.

on April 5, 2010

Thomas Coen

STM Article 5 – North Union Field Land Acquisition (Section 2)

This part of the article is a home rule petition that, if approved by the voters, would expand membership on the Water and Sewer Board. When the Water and Sewer Board is acting as a Water Board, one member of the board would be designated as an alternate, and three representatives from the Town of Truro would be voting members.

This is a fair agreement with Truro given the importance of water related issues to its business district in Beach Point.

The Finance Committee recommends this article to you tonight by a vote of 8-0-0.

Respectfully submitted,



on April 5, 2010

Thomas Coen



Finance Committee Town Meeting Report

STM Article 6 – Stabilization Fund

One of many efforts under our new Town Administration has been to conform with various Massachusetts Department of Revenue recommendations regarding the handling of the Town's finances. Until recently we had been in the unenviable position for years of having no significant savings available in the event of some major unforeseen need. Yes, we have had the Finance Committee's Reserve Fund of twenty-five to fifty-thousand dollars, but that is not considered sufficient for a Town of our size.

In the Department of Revenue's "Guide to Financial Management for Town Officials," Stabilization Funds are explained as follows:

"Stabilization funds [exist in order to] avoid having to incur debt and [to save] the interest cost of borrowing. Monies accumulated in a stabilization fund carry forward from one fiscal year to another. Interest earned from the investment of monies in the stabilization fund remains with that fund. A two-thirds vote of town meeting is required to establish each fund, appropriate into and from a fund, and amend the purpose of a fund."

This past fall the Finance Committee developed a set of Cash Reserves Policies for the Town, using guidelines from the Department of Revenue, which were presented for review to the Board of Selectmen, and adopted by them in December. Here are several points from those policies regarding the size and use of a Stabilization Fund:

The Town will endeavor to maintain in the Stabilization Fund a minimum amount equal to five percent (5%) of general fund operating revenues.

- The Town may make withdrawals from the Stabilization Fund that will reduce the



Finance Committee Town Meeting Report

balance of the fund below the 5% target only in response to extraordinary and unforeseen financial obligations that *pose an immediate threat to the Town's financial stability*, and that cannot be funded in cash using other available sources.

- In the event of a fiscal emergency requiring an immediate withdrawal from the Stabilization Fund, the Town will call an Emergency Town Meeting as quickly as allowed by the Town Charter.
- If and when the Town draws monies from the Stabilization Fund that would reduce the balance of the fund below the 5% target, the Town must also present a plan for replenishing the fund.
- The Town will not use the Stabilization Fund as a source of funding for the annual operating budget, except as a last resort.

At the present time our Stabilization Fund has a balance of \$328,595.24. This article requests an additional \$250,000 to bring the fund to \$578,595.24. The amount needed to reach the goal of 5% of general fund operating revenues is \$1.3 million. This year's deposit to the fund we will put us approximately two-fifths of the way toward the recommended goal. The Finance Committee feels it is very important for Provincetown to have this emergency fund available and voted 8-0-0 to recommend your support of this article.

Respectfully submitted,

Thomas F. Thurston

STM Article 7 – Meals Tax Option

This article, if approved by the voters, will raise the meals tax in Provincetown by .75%, from 6.25% to 7%, effective July 1st. All of the additional proceeds will go directly to the Town.

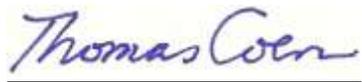
According to a March 7th article in the Boston Globe, one in five Massachusetts communities have already enacted the .75% local meals tax in the last seven months. Most of the early adopters have collected more money than predicted. Many more towns have the meals tax option on their town meeting warrants this Spring. It is one of the few options that municipalities have to generate new revenue to pay for municipal services and limit property tax increases.

In addition to restaurant meals, the meals tax also applies to catered meals and prepared foods of all kinds. If enacted in Provincetown, the meals tax would generate at least \$400,000 to help us balance the budget. That same amount of free cash would be then be available for other uses such as capital improvements.

Looking at it from a consumer point of view, the tax would only amount to an additional 75¢ on a \$100.00 dinner. Given the fact that we have a tourism-based economy, taxing tourism related activities makes sense.

The Finance Committee recommends this article to you tonight by a vote of 8-0-0.

Respectfully submitted,



on April 5, 2010

Thomas Coen

STM Article 8 – Room Tax Option

This article, if approved by the voters, will raise the room tax in Provincetown by 2%, effective July 1st. All of the additional proceeds will go directly to the Town. Even with the increase, the room tax in Provincetown will be in line with the room taxes of other seasonal resorts that we compete with.

The 2% local option room tax increase would raise approximately \$490,000 of additional income for the Town. Provided that we dedicate a significant portion of the proceeds to capital improvements, as proposed in STM Article 11, this presents an excellent opportunity to create a reliable source of funding for our capital improvement projects.

We have an important and difficult decision to make tonight. Put simply, it is a choice between raising a tax that will be paid by tourists and raising your property taxes to pay for capital improvements.

The additional room tax revenue would allow us to do the following:

1. To pay for more of our capital improvements in cash;
2. To sharply reduce the amount of borrowing and interest payments for small to medium size projects; and
3. To limit the number of Proposition 2 ½ overrides for funding capital improvements.

At the same time, we have to acknowledge the current room tax is unfair because it does not apply to private, short-term rentals of condos, apartments and homes. STM Article 12 will offer you the opportunity to vote for an extension of the room tax to these rentals, subject to approval of the legislature. Getting the home rule petition through the Finance Committee Meeting Minutes

legislative process will require a concerted effort by officials from Provincetown and other towns on the Cape that are pursuing this option.

It is not an either/or choice – you can vote for both this article and STM article 12.

The Finance Committee recommends this article to you tonight by a vote of 7-0-0.

Respectfully submitted,

A handwritten signature in blue ink that reads "Thomas Coen". The signature is written in a cursive style and is positioned above a horizontal line.

on April 5, 2010

Thomas Coen

STM Article 9 – Create a Special Purpose Stabilization Fund for Capital Improvements

This article, if approved by the voters, will create a stabilization fund dedicated to Capital Improvement Projects. Essentially, it will act as a savings account for future projects.

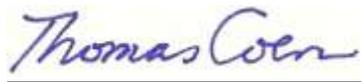
25% of the expanded room tax will go into this fund, subject to voter approval of STM Article 11. We estimate that the amount would be \$368,000 in the first year.

In addition to the proceeds from the room tax, Town Meeting could also transfer free cash and other one-time revenues into the fund by a 2/3rd vote.

The Finance Committee will work with the Board of Selectmen, the Town Manager and the Finance Director to update the Town's Cash Reserves Policies by incorporating detailed guidelines on the appropriate use of this fund. Transferring any monies from the fund will also require a 2/3rd vote of Town Meeting.

The Finance Committee recommends this article to you tonight by a vote of 8-0-0.

Respectfully submitted,



on April 5, 2010

Thomas Coen

STM Article 10 – Create a Special Purpose Stabilization Fund for Special Events

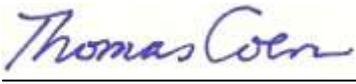
This article, if approved by the voters, will create a fund to pay for public works and public safety costs associated with special events such as the July 4th fireworks, the 100th anniversary celebration of the Pilgrim Monument, and other special celebrations. In the case of the July 4th, it would *not* be used to cover the costs of the fireworks themselves nor the barge. Funding from private donations would still be required.

3% of the expanded room tax will go into this fund, subject to voter approval of STM Article 11. We estimate the amount to be \$44,000 in the first year.

The Finance Committee will work with the Board of Selectmen, the Town Manager and the Finance Director to update the Town’s Cash Reserves Policies by incorporating detailed guidelines on the appropriate use of this fund. The use of any monies in this fund will be subject to a 2/3rd vote of Town Meeting.

The Finance Committee recommends this article to you tonight by a vote of 6-1-1.

Respectfully submitted,

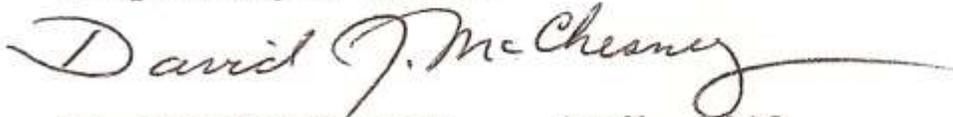
 on April 5, 2010
Thomas Coen

STM Article 13-Cemetery Improvements

This article will provide \$5,000.00 for the Provincetown Cemetery. This appropriation will allow for cemetery expansion and new equipment using proceeds from the sale of cemetery lots.

The Finance Committee recommends this article to you tonight by a vote of 8-0-0.

Respectfully submitted,

A handwritten signature in cursive script that reads "David J. McChesney". The signature is written in black ink and has a long, sweeping horizontal line extending to the right.

David J. McChesney

April 2010



**Finance Committee
Town Meeting Report**

STM Article 14 – PARC Land Grant – Suzanne's Garden

As outlined in the Selectmen's statement, a reference to Massachusetts General Law Chapter 45, Section 14, was not contained in the article approved at last year's Town Meeting for the acquisition of Suzanne's Garden on Commercial Street in the East End.

In order to receive the grant funds for this acquisition this error must be corrected.

The Finance Committee voted 8-0-0 to recommend you support this article.

Respectfully submitted,

Thomas F. Thurston

STM Article 15 – Land Bank Pre-acquisition Expenses

This article will transfer \$25,000 from the Land Bank Fund to be used for pre-acquisition expenses related to Land Bank purchases. These include appraisals, title searches and updating the Open Space plan to qualify Land Bank purchase for state grants.

The Finance Committee recommends this article to you tonight by a vote of 8-0-0.

Respectfully submitted,

Gabrielle Hanna

Finance Committee Report

2010 STM Article 16

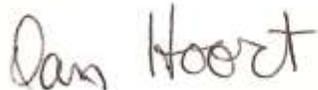
Hours of Entertainment and Amusement Operation

This article requests a change in the bylaws regarding the closing time for businesses holding an entertainment license. The article provides an option for those businesses to have a closing time of 2:00 a.m. from the Friday of Memorial Day Weekend through the Saturday following Labor Day.

The Finance Committee believes there could be a possibility of additional revenue for these businesses with extended hours which could potentially create additional tax revenue for the town. The Finance Committee debated this idea and while the committee did have some apprehensions, it felt that it was worth trying. If issues do arise because of this change, the town's voters always have the option of changing this bylaw back to its original wording.

The Finance Committee considered this article and recommends it to you tonight with a vote of 8-0-0.

Respectfully submitted,



Dan Hoort