



# Finance Committee

Finance Committee Meeting Minutes  
 Thursday, February 17<sup>th</sup>, 2011, @ 1:00 pm  
 Judge Welsh Room at the Provincetown Town Hall  
 Called to Order: 1:06 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Thomas Thurston	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	David McChesney	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Erik Yingling	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Thomas Donegan	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Glen Dombrow	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Frederic Biddle (Dep. 3:00 pm)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(Open)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(Open), Alternate	<input type="checkbox"/> Voting
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(Open), Alternate	<input type="checkbox"/> Voting

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

*These minutes are in brief format. This meeting was filmed and is available for viewing at <http://www.provincetowntv.org> or on DVD at the Provincetown Television office.*

<b>Also Present:</b>	
Sharon Lynn, Town Manager	Dan Hoort, Finance Director

<p><b>Order of Business:</b></p> <ol style="list-style-type: none"> <li>1. Revenue &amp; Expense Budget Overview.</li> <li>2. Division III – Public Safety budgets:             <ul style="list-style-type: none"> <li>220– Fire Department</li> <li>CIP – Fire</li> </ul> </li> <li>3. Revisit previously reviewed departmental budgets, as necessary.</li> </ol>
--

4. Minutes of prior meetings, as time permits.
5. Any other business that may legally come before the Finance Committee.

**Revenue & Expense Budget Overview**

*(None).*

**Division III – Public Safety Budgets**

**220 – Fire Department**, presented by Warren Alexander (Deputy Chief) & Gerard Menangas (Deputy Chief)

There are small increases in the Rescue Standby and Part Time Fire line items under Personal Services. All line items in the Expenses budget are level funded except for Energy/Heat and Repair/Maintenance Vehicles.

Other items of note:

- The Arson Investigation line item only covers direct investigation costs by the department, not state investigations.
- The Repair Maintenance – Bldgs line item is for ongoing maintenance, separate from the Capital Improvements Program.
- Provincetown is the only totally volunteer fire department on the Cape. The volunteers receive a stipend only.

The Finance Director and Town Manager originally proposed decreases in the Rescue Standby and Part Time Fire line items, based on the last five years of actual expenses. The Board of Selectmen disagreed and restored those cuts.

**Motion # 1:** To recommend budget 220 – Fire, in the amount of \$549,809.

Motion By: Ann Maguire

Second By: Glen Dombrow

For: 6

Against: 0

Abstain: 0

Recuse:

**CIP – Fire**

*(This discussion will take place after the Board of Selectmen review the Capital Improvements Program next Tuesday).*

**Previously Reviewed Departmental Budgets**

**511 – Health Inspector/Agent**, presented by Sharon Lynn and Dan Hoort

Mr. Hoort asked that the Committee reconsider this budget to eliminate the proposed \$20,000 part-time Compliance Officer. Ms. Lynn explained that this would be consistent with the decision to add no new positions, and to selectively replace open positions.

<b>Motion # 2:</b> To reconsider budget 511 – Health Inspector/Agent.			
Motion By: Ann Maguire		Second By: Frederic Biddle	
For: 5	Against: 1	Abstain: 0	Recuse:

This position would support the state’s new beach water quality requirements and other health related inspections. These responsibilities will be taken on by existing staff.

The current projected deficit is \$180K, but if we generate an additional \$200K in parking revenues, as recommended by the Committee, the budget will be in balance. However, there are other possible increases in expenses including a 4% increase in the retirement assessment to help fund the unfunded future liability. The amount would be roughly \$48K.

Mr. Yingling expressed his concern that cutting this position may have an adverse impact on the Health Agent’s ability to do her job. Ms Lynn responded that this has been discussed with everyone involved, and they agree that they can get the job done without the position this year, and bring back the request next year if needed.

Mr. Yingling explained that he will vote against this budget for three reasons:

1. He supports any opportunity to create a new job in Town;

2. \$20,000 seems like a paltry sum that we can come up with somehow;  
and
3. The Health Inspector made it clear that this position is needed.

Mr. Biddle said that will vote for the change, but questioned how this proposal was brought before the Committee in the first place given the revenue situation. Ms. Lynn explained that the departmental requests start out as “wish lists” but have to be tempered in light of fiscal reality as the process goes forward.

<b>Motion # 3:</b> To recommend budget 511 – Health Inspector/Agent in the amount of \$109,972.			
Motion By: Ann Maguire		Second By: Glen Dombrow	
For: 5	Against: 1	Abstain: 0	Recuse:

### **Other Business**

#### **Parking Revenues**

Mr. Coen reviewed several tables and charts showing the trends of parking revenues and expenses over the last 10 years. The bottom line is that net parking revenues have declined, in constant dollar terms, by nearly 18% over that time period. The high end estimate of additional revenue, based on the Committee’s recommendation raise the fees by 20%, could be as high as \$317K. A conservative estimate, for budgeting purposes, would be \$200K – sufficient to balance the budget.

Some of this information will be included in the packet that Mr. Coen in putting together for the Board of Selectmen explaining the Committee’s recommendation that parking fees be increased.

#### **Health Insurance**

Mr. Coen stated that the bottom line is what, if anything, we want to propose for this Town Meeting to reduce the Town’s unfunded liability for retiree health insurance.

An open question is what, if anything will happen at the State level. There are proposals that would require municipalities to join the state's Government Insurance Corporation (GIC), or an equivalent plan. Under the GIC plan, employees pay 50% of their health care premiums and higher co-pays. Retirees are also required to join Medicare when they are eligible.

Ms. Maguire suggested that the 3% Land Bank surtax be re-purposed for funding the liability. That would generate approximately \$400k per year, without any additional tax increase. The alternative would be to cut budget or raise additional taxes.

Adopting MGL Chapter 32B, Section 18, would require that all eligible Town retirees join Medicare. It would also decrease the Town's annual cost of retiree health insurance by \$200K, and significantly reduce the Town's unfunded liability.

The alternative, Section 18A, would grandfather all current retirees. However, it would take much longer to realize any savings. It is also viewed as unfair by some current employees because young retirees would not be required to make the switch, while older current employees would.

**Motion # 4:** To request that the Board of Selectmen and the Town Manager insert an article into to the Town Meeting Warrant to accept MGL Chapter 32B, Section 18 (Medicare for Retirees).

Motion By: Ann Maguire	Second By: Erik Yingling
For: 6	Against: 0
Abstain: 0	Recuse:

*(The Committee went into recess at 2:49 pm and resumed its meeting at 2:55 pm).*

Discussion turned to funding the unfunded liability. Creation of a trust fund alone, even without funding, is considered a positive step by bond rating agencies. It has to be set up as a true trust fund, with trustees, and it can be used exclusively for payment of employee health care.

The issue of making a nominal contribution was raised, but the Committee agreed that it was not necessary. It's better to wait until we identify a funding mechanism. Perhaps we could use some of our free cash in the Fall.

**Motion # 5:** To request that the Board of Selectmen and the Town Manager insert an article into the Town Meeting Warrant to create an OPEB Trust Fund.

Motion By: Ann Maguire

Second By: Erik Yingling

For: 5

Against: 0

Abstain: 0

Recuse:

Ms. Maguire reiterated her proposal to repurpose the current Land Bank surtax as a source of funding for the OPEB Trust Fund. If we are able to redirect those dollars (\$400K) it would send a strong message to the rating agencies.

Mr. Hoort noted that we can't do away with Land Bank, but we can combine it with the CPA. The State used to provide matching funds, but no longer. If we adopt the modified land bank both debt service and assets would be transferred to the Community Preservation Fund.

Mr. McChesney asked if we have a projection of contributions that would be required. We don't. The switch to Section 18 will reduce the unfunded liability. Increasing the employee contribution percent would also lower the liability. The rate of return on investments would also have an impact.

Pursuing this strategy would require a home rule petition. Unlike a stabilization fund, where voters can approve a permanent override that has to go into the stabilization fund, no such mechanism exists for a trust fund.

Mr. Coen will see if Representative Sarah Peake can meet with the Committee at 4:00 pm on Thursday, 24<sup>th</sup> to discuss this strategy and what it would entail to implement it.

## **Parking Fees Public Hearing Notice**

The Committee reviewed the parking fee changes proposed the public hearing notice. They reflect the Committee's recommendations, with a few minor changes:

- Maximum daily rates for the Grace Hall and Macmillan parking lots were added.
- The hourly and daily rates for Grace Hall were rounded up to even numbers.

The parking meters rates at \$1.50/hour may be the most controversial from a tourist point of view. It will require more quarters to feed the meter because we don't have credit/debit card readers.

The Committee discussed possible ways to encourage residents to use the Grace Hall parking lot for long term parking, rather than the Municipal Parking Lot. It was agreed

## **Booklet / Letter to the Voters**

Mr. Coen has updated key terms and added latest S&P bond rating report. The long term debt summary needs to be added, along with new sections on Enterprise Fund and Pier budgets.

The front section of the letter seemed to work well last year. It needs to be updated with next year's numbers. A special section on health insurance costs (long term unfunded liability, warrant articles, etc.) also needs to be added.

## **Schedule A**

Mr. Hoort noted that he submitted the Town's FY10 year end financial report (Schedule A) to the Department of Revenue.

---

List of documents reviewed:

1. *Various departmental budgets, as proposed by the Town Manager and the Board of Selectmen*
2. *Draft parking revenue tables and charts*
3. *Parking Fees Public Hearing Notice*
4. *Rough draft of the Committee's Report and Recommendations to the Voters*

Next Meeting:	Thursday, February 24 <sup>th</sup> @ 4:00 pm
Adjourn:	3:40 pm
Minutes by:	Thomas Coen

Approved by  on Monday, May 23, 2011  
Thomas Coen, Chair