



Meeting Minutes

PROVINCETOWN FINANCE COMMITTEE

Judge Welsh Meeting Room - 4:10 p.m.

October 14, 2014

Present: Mike Canizales, Clarence Walker, Doug Cliggott, Duane Steele, Dan Hoort, Louise Venden, Mark Hatch

In preparation for the meeting following with the Board of Selectmen, those present reviewed and discussed the warrant articles and which articles would be recommended or not recommended. Mike Canizales stated he would make a brief comment and then introduce Doug Cliggott. He stated they would discuss Provincetown's debts, provide information regarding the warrant articles, give the group's sense on the CIP debt, and then open up the meeting.

Doug Cliggott stated he would first thank Dan Hoort for the numbers. He would then discuss finances and the five kinds of debt in town which are:

1. Monies for the employee's pension fund – 15 million
2. Monies owed for employees for healthcare in retirement – 21 million
3. Monies borrowed from investors (Bond Market) for Capital Improvements (i.e. building repairs) – referred to as General Fund Debt - 15 million
4. Monies borrowed from investors for water and waste water infrastructure – 31 million all together
5. Monies borrowed from investors for the Community Preservation Funds – 4 million

Doug stated that the five debts equal approximately 86 million, but that the first three are in a different category. He shared that pensions are managed by Barnstable County. The town has

budgeted 1.4 million to pay pensions, and add to pension fund assets. The healthcare debt is 22 million, and that a trust fund has been started that has 1 million, leaving 21 million unfunded. The Capital Improvement Debt is 15 million. All of this equals 51 million. Pension and healthcare should be shown in the Operating Budget. He shared that in 2020-2025, these three will increase 7.1 million as the costs of these three will increase approximately 33% - especially healthcare and pensions. The water and wastewater are special assessments, and the Community Preservation Funds are budgeted to pay interest.

Louise asked if the report could be copied and if they could receive a copy which Doug replied it could be copied.

Mike Canizales stated that the figures being discussed drive a tax increase for the town. Dan added that figuring the 2016 budget is based on the figures in the 2014 budget and that the figures may change when the 2015 budget is actually completed – that you have to estimate. Mike stated that given pension and healthcare is set to be aggressive, it would be most prudent to plan tax increases which would be better than borrowing. He said an override could be used which might be preferable to debt exclusions. Louise added that sometimes postponing ends up costing much more.

The meeting was adjourned at 4:30 p.m.

Respectfully submitted:

Maghi Geary