

**TOWN OF PROVINCETOWN
FINANCE COMMITTEE**

MONDAY, FEBRUARY 6, 2006

JUDGE WELSH MEETING ROOM

Chairman Ruth Gilbert convened the meeting at 1:00 p.m. noting the following attendees:

Members present: Ruth Gilbert, Chairman; Mathew Clark; Virginia Ross; Thomas Thurston; Sue Buerkel; Alice Foley; Robert Vetrick; Mark Leach; Edward Gage, Alternate; Walt Winnowski, Alternate

Absent FinCom Member: Gary Delius (excused absence)

Other Attendees: Keith Bergman, Town Manager; Douglas Taylor, Building Commissioner; Alex Hellala, Town Accountant; Beau Jackett, Information Systems Director; Paul Gavin, Principal Assessor; John Fitzgerald, Treasurer

Recorder: Cynthia Curran

The following are meeting minutes, in brief:

REVIEW FY 2007 OPERATING BUDGET REQUESTS

Keith Bergman started with an overview of the budget process. He said that the BOS had submitted the budget even though it is out of balance by \$315,000.00. The BOS will meet next week and will make cuts. The Governor's budget had promised a 17% increase in local aid, but Mr. Bergman had thought it might be only 10%. On the Cherry Sheet instead of an increase there was a net loss of \$130,000. This information came in on 1/25/06, after the BOS had reviewed the budget. On the plus side, they had figured that the group health insurance costs would increase by 10%, but they increased by 7.7% for next year which cut \$58,000 from the budget. Other good news in the Governor's budget was that the Chapter 70 funding assessment would decrease. The Senate and the House still have to vote on this. The net impact is that instead of being \$340,000 in the red, the budget is \$315,000 in the red. The BOS directed the Town Manager to investigate three possible ways to balance the budget:

1. Have the entire shortfall covered by the Municipal budget.
2. Have the Municipal budget cut by 80% and the School budget cut by 20%.
3. Have the cuts split equally between the Municipal and the School budgets.

The Cape End Manor will be out of the budget next year. The cost for a Grade 6 employee with benefits is \$45,000. If the Municipal budget covers the whole amount, seven fulltime employees will have to be cut. At 80%, six Municipal employees will be cut. At 50%, four Municipal employees will be cut.

Mr. Bergman said that they are working to cut health costs even more by asking employees to switch to lower cost health plans. The switch would be voluntary. The Chairman asked if Mr. Bergman knew what percent of the employees was in each plan (Master Health, PPO, or HMO). Mr. Bergman said that there about fifty active and fifty retired employees in the Master Health plan, but he did not have the complete breakdown. He said that a \$50,000 saving was possible if the employees switched to cheaper plans.

Keith Bergman said that he is looking for other places to cut the budget. \$50,000 is in the budget for the 4th of July, but he will not cut that at this time. Mr. Bergman said that the Airport Commission may cut their budget by \$10,000. He has met with staff to talk about which employees may be cut. If they do not make cuts, there will have to be a Proposition 2 ½ override and the BOS has not given him the directive to do this. Mr. Bergman said that the Governor has also proposed significant changes to the Chapter 70 formula which would affect the foundation enrollment, the foundation budget, Chapter 70 aid, and required local contributions for each school district. These changes would affect Provincetown in that the foundation budget would be reduced. Provincetown's foundation enrollment is 155 students. This does not include students from Truro. Mr. Bergman said that the old formula did not take into account the Town's declining enrollment. The required budget was over 300% previously. He said that these rule changes significantly alter the discussion.

Mr. Bergman says that the School Committee budget goes on the warrant, but a budget could be adopted that doesn't meet Proposition 2 ½ requirements. He said that the DOE has issued figures and the minimum requirement is \$2,605,000. The sole reason for the reduction is the new cap in the Governor's budget. Ruth Gilbert asked if there was any fear that the changes would not be passed by the legislature. Mr. Bergman

said that there was no way to know. He said that the Legislature might oppose the changes and then the DOE would have to crunch the numbers. Mr. Bergman said that the Legislature might not vote on this before Town Meeting. He said that the impact of the formula change would be that the budget would be based only on our own students (42) and not include outside students (which would be 95).

Ginny Ross asked about regionalization. Mr. Bergman said that he believed that the cap (150%) is the reason why the regional assessment decreased. He said that it suggests that if regionalization goes through it would not be a disadvantage. There are transportation costs. He said that Truro pays about \$50,000 a year. Provincetown's cost could be double or triple that. It was thought that more information was needed to know if sending students to Nauset was a good idea. Ruth Gilbert said that the Committee might want to visit Nauset, but it is not appropriate now. Mr. Bergman said that they could consider what information would be needed in order to make the decision. He said that it would be good to know if it is worth asking the questions because many people may be upset by the thought of regionalization. Ms. Gilbert wondered if Nauset was even interested in taking our students. She had heard in the past that they weren't. Mathew Clark wondered if the Committee was allowed to ask Nauset. Mr. Bergman said he thought they could ask any questions, but that if the answer doesn't exist, they are not compelled to create one. Ruth Gilbert said that there are state guidelines on how and when a municipality can close a school. She said that the discussion was perhaps going far a field, but the questions would be a) Is Nauset interested; b) what is the quality of the education there; c) what are the guidelines for closing a high school. Walt Winnowski said that some parents are adamant about not busing their children for an hour to go to school. Mr. Bergman said that eleven students go to Nauset now.

Keith Bergman said that a question for the School Committee would be: if you close the High School, which building would you keep for the younger students? He said that it would probably be better to keep the high school.

At 1:55 Ruth Gilbert began the budget hearing. She noted that Gary Delius was an excused absence and the Walt Winnowski (Alternate Member) would be voting today. The first budgets came under the Finance heading.

#131 Finance Committee

Ruth Gilbert said that the Finance Committee has offered to reduce the reserve budget by \$10,000. She said that in the past couple of years they haven't had requests for the reserve. Keith Bergman said he was pleased with the suggestion.

MOTION: Move to accept Budget #131 as presented in the amount of \$30,300.00.

Motion by: Bob Vetrick Secoded by: Mark Leach Yea 9 Nay 0

#135 Town Accountant

Alex Hellala said that this budget was level-funded. Ms. Hellala said there was nowhere to make cuts and that much of the money went to audits. Mathew Clark questioned whether the Town was getting quality work from its auditors. Ms. Hellala and Mr. Bergman thought that they were. The Town changed auditors three or four years ago. Ruth Gilbert asked if there any cuts in personnel which could be made. Ms. Hellala said that the only way that could be done was with more automation. She said that they are working to do that by having the departments enter their invoices into the computer system themselves. Mr. Bergman said that the School Department is also trying to cooperate in this area.

MOTION: Move to accept Budget #135 as presented in the amount of \$184,282.00.

Motion by: Bob Vetrick Secoded by: Mark Leach Yea 9 Nay 0

#136 Information Systems Department

Beau Jackett said that they have been working for the Town as well as for the schools. The schools would like to have more support from them. Mr. Jackett said he would like to hire two more staff persons and eliminate the current two contracted service positions. This would be a net increase to the budget of \$20,000 due to health insurance costs. The School Department would reimburse the Town with \$32,500. The schools used to have a fulltime director of information. Mr. Bergman wants the schools to pay their fair share. He said there should be one MIS for the municipality and the schools. Beau Jackett said right now they are just doing technical trouble-shooting for the schools and not helping them with their strategic planning, as he would like.

Tom Thurston said that the Information Systems Department would have to be moved out of Town Hall while the renovations were being done. He wondered if the cost of the move would be included in their budget. Mr. Bergman said the moving costs would be in the renovation project's own budget. He said that

the next step has not been worked out, so they are not moving yet. Ruth Gilbert asked what percent of time was Mr. Jackett supposed to spend with the schools when he was hired. Mr. Bergman said that he was not hired to work for the School Department, but Mr. Jackett had seen that his department could assist both the Town and the School Department. The BOS had made this change with a memo. Mr. Bergman said that all of the MIS staff are coordinated by Mr. Jackett and the School Department reimburses the Town for the time the staff works there. Mr. Jackett said that the School Department has been happy with the arrangement, but would like more. He said that eliminating the contract service positions and hiring two fulltime staff would cause a shortfall of \$20,000 due to health insurance benefits. Mr. Bergman said his only objection was that they would be stuck with the health insurance bill, but they could still get stuck with it (if the School Department hires its own staff). He thought that it was better to come to an agreement with the School Department. Ginny Ross asked if the MIS paid for the schools' supplies. Mr. Jackett said that the schools buy their own supplies. Mathew Clark asked about the second biggest item in the budget: software and licensing. Mr. Jackett said there were a lot of recurring expenses such as Internet access, maintenance cost, licensing fees and updates. He said that they are using old software just to get them by. Mark Leach asked if money could be saved if the MIS bought the schools' supplies. Mr. Jackett said that schools usually get bigger discounts than municipalities, so it is better if they buy their own supplies. Mr. Jackett said that the virtual private network discussed earlier can be used with the School Department. He said that a lot of the schools' equipment is old. He is trying to get more suitable equipment.

MOTION: Move to accept Budget #136 as presented in the amount of \$142,678.00.

Motion by: Bob Vetrick Seconded by: Ginny Ross Yea 9 Nay 0

#141 Board of Assessors

Paul Gavin, Principal Assessor, said that their budget is down, but that they would try to level fund from now on. Ruth Gilbert asked if any jobs could be combined or eliminated. Mr. Gavin said that he didn't think so. He said that they are always very busy and that their workload is increasing.

MOTION: Move to accept Budget #141 as presented in the amount of \$166,727.00.

Motion by: Ginny Ross Seconded by: Walt Winnowski Yea 9 Nay 0

#145 Treasurer

John Fitzgerald said that the revenues were fairly fixed. He said earnings from investments may go up, but only by about five or ten thousand dollars. Penalties and interest are fixed by the state and can't go up. Ruth Gilbert asked about the possible elimination of some of the staff. Mr. Fitzgerald said that they were thinly staffed already and had lost two people in the last nine years. He said that services would suffer if there were cutbacks in staffing.

MOTION: Move to accept Budget #145 as presented in the amount of \$182,725.00.

Motion by: Bob Vetrick Seconded by: Ginny Ross Yea 9 Nay 0

#710 Debt Service

Ruth Gilbert asked if the bond rating were stable. Mr. Bergman replied that it is.

MOTION: Move to accept Budget #710 as presented in the amount of \$1,546,597.00.

Motion by: Bob Vetrick Seconded by: Ginny Ross Yea 9 Nay 0

#820 Tax and Title

John Fitzgerald said that the average age of outstanding tax bills is three years. Previously it had been ten years. They are following standards set by the state. They wait six months and then start foreclosure.

MOTION: Move to accept Budget #820 as presented in the amount of \$25,000.00.

Motion by: Tom Thurston Seconded by: Sue Buerkel Yea 9 Nay 0

#910 Retirement/Benefits/Insurance

Mr. Fitzgerald said that he had the breakdown of percentage of employees by health insurance coverage:

27% - Master Health

30% - HMO

23% - PPO

20% - Medicare

Mr. Bergman said that he hoped they could cut back on people with Master Health, but the changes had to

be voluntary. Ruth Gilbert suggested that perhaps employees could be covered by their spouses' health plans. Mr. Fitzgerald said that they will have a workshop to explain the different plans and encourage people to switch. He said that they do talk about switching to a spouse's plan, but the Town's health plans tend to be better than other plans. He said that they are having open enrollment for three months. Twelve retirees have switched from Master Health to PPO. Mark Leach asked about labor negotiations to change the 80/20 split to another split. Mr. Bergman said that they have initiated negotiations with the unions, but that it would take time. Mr. Fitzgerald said that one of the retirees is calling other retirees to talk to them about switching to a cheaper health plan. He said that once they realize that they will still be covered, they do switch. Mr. Bergman said that their incentive for changing is to reduce the amount that they have to pay for coverage. Alice Foley asked if the workshop would be for retirees as well as active employees and she was told that it would be.

MOTION: Move to accept Budget #910 as presented in the amount of \$4,365,040.00.

Motion by: Bob Vetrick Seconded by: Tom Thurston Yea 9 Nay 0

#169 Licensing

Douglas Taylor said that this is level-funded. This department has one employee, the licensing agent. Mr. Taylor said that new fees were developed with the BOS this year and there is a ten percent increase in the licensing fees. Ruth Gilbert asked about the inspections of condos which are rented weekly. Mr. Taylor said that there have been many requests for information. Ms. Gilbert wondered how many would come on board and Mr. Taylor said that he did not know. Mr. Taylor said that they are trying to make people aware that the department is actively looking for them. He felt that the base of compliance would increase every year. Mr. Taylor said that they contact people who rent weekly first by letter, email or phone, but then go further if necessary. He said that they don't know how many condos should be in compliance, but they monitor real estate ads. If a condo isn't advertised, it might slip through. Walt Winnowski thought there should be more publicity. Mr. Taylor said that a letter went out last year, but they did not send one this year because of the cost. Ms. Gilbert thought that pressure would be put on unlicensed condo owners by others at an annual condo meeting.

MOTION: Move to accept Budget #169 as presented in the amount of \$39,693.00.

Motion by: Bob Vetrick Seconded by: Sue Buerkel Yea 9 Nay 0

#171 Conservation Commission

This budget has increased due to the cost of paying for a conservation agent. They had been able to pay for the services with surplus funds for Barnstable, but the credit will run out. They need \$10,800 to get two days of service per week. Mr. Bergman says that the conservation agent gives professional assistance to the Conservation Commission. Mr. Taylor said that he didn't think that the position could be cut back to one day because of their agreement with Barnstable. He said that, with the level of development, there is enough work for two days. Bob Vetrick asked what harm it would do not to have one. Mr. Bergman said that other staff members would have to take over the work. He said that they don't have the technical staff on board and would have to hire people. Mr. Bergman said that the BOS is in full support of having a conservation agent, but they haven't had to pay for one before. Doug Taylor said he likes having the conservation agent, but he would cut the position totally rather than go down to one day. He suggested that if a consultant needed to be hired, the applicant would have to pay. Ruth Gilbert suggested giving \$5,000 to pay for consultants when needed. Mr. Taylor said that \$5,000 would not go far in hiring consultants. Doug Taylor said that he would really like to continue to have the conservation agent for one year, because it has really helped the Conservation Commission.

MOTION: Move to reserve recommendation for now.

Motion by: Bob Vetrick Seconded by: Mathew Clark Yea 9 Nay 0

#173 Housing Partnership

This is level-funded. Doug Taylor said that they have a symbiotic relationship with zoning and planning, but

are not overlapping. Mr. Taylor said that they are all volunteers and deserve a clerk, photocopying, etc.

MOTION: Move to accept Budget #173 as presented in the amount of \$1,060.00.

Motion by: Bob Vetrick **Seconded by:** Ginny Ross **Yea 9 Nay 0**

#175 Planning

This budget was reduced by \$3,410.

MOTION: Move to accept Budget #175 as presented in the amount of \$3,883.00.

Motion by: Bob Vetrick **Seconded by:** Tom Thurston **Yea 9 Nay 0**

#176 Zoning Board of Appeals

This is level-funded.

MOTION: Move to accept Budget #176 as presented in the amount of \$2665.00.

Motion by: Alice Foley **Seconded by:** Walt Winnowski **Yea 9 Nay 0**

#179 Historical Commission

This is decreased by \$105.00.

MOTION: Move to accept Budget #179 as presented in the amount of \$500.00.

Motion by: Bob Vetrick **Seconded by:** Sue Buerkel **Yea 9 Nay 0**

#180 Historic District Commission

This is level-funded. Mr. Taylor said that their work is very time-consuming and very important for tourism.

MOTION: Move to accept Budget #180 as presented in the amount of \$1,697.00.

Motion by: Bob Vetrick **Seconded by:** Walt Winnowski **Yea 9 Nay 0**

#240 Inspections

This is level-funded. Doug Taylor said that he is looking at possible staff reductions. Ruth Gilbert said that the budget will come back if there is a reduction in employees. Bob Vetrick wondered if they should reserve recommendation. Ms. Gilbert said that they could do that, but the Committee decided to go ahead with their recommendation.

MOTION: Move to accept Budget #240 as presented in the amount of \$155,863.00.

Motion by: Tom Thurston **Seconded by:** Walt Winnowski **Yea 9 Nay 0**

#241 Community Development

Ruth Gilbert said that the clerical personnel work with all the other departments downstairs.

MOTION: Move to accept Budget #241 as presented in the amount of \$108,184.00.

Motion by: Tom Thurston **Seconded by:** Mathew Clark **Yea 9 Nay 0**

#511 Health Inspector/Agent

This budget was reduced by \$1890. Mr. Taylor said that there was a reduction in contracted services. He said that hazardous waste was mandated by the county. He said that the health inspector is fulltime and the agent works three days a week.

MOTION: Move to accept Budget #511 as presented in the amount of \$98,366.00.

Motion by: Bob Vetrick **Seconded by:** Ginny Ross **Yea 9 Nay 0**

#513 Board of Health

There is a decrease of \$845.00. Doug Taylor said that they are raising fees now and also in January 2007.

MOTION: Move to accept Budget #513 as presented in the amount of \$1,472.00.

Motion by: Mark Leach **Seconded by:** Sue Buerkel **Yea 9 Nay 0**

Ruth Gilbert said that there is a change in the schedule of the meeting with the School Committee. It will be on February 15 from 1-4 p.m.. She said there will probably more than one meeting.

MOTION: Move to adjourn the meeting at 4:33 p.m..

Motion by: Mark Leach **Seconded by:** Ginny Ross **Yea 9 Nay 0**