

Finance Committee Meeting  
 February 13, 2008  
 10:00am  
 Judge Welsh Meeting Room  
 Called to Order: 10:00am

**Membership:**

<b>P</b>	<b>E</b>	<b>U</b>	<b>Name</b>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Gary Delius, Chair	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Ruth Gilbert, Vice Chair	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robert Vetrick	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Virginia Ross	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Thomas Thurston	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Walt Winnowski	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Edward Gage (joined at 12:57)	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Thomas Coen	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	David Bedard	
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Alice Foley, Alternate	<input type="checkbox"/> Voting
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Frederic Biddle, Alternate	<input checked="" type="checkbox"/> Voting (minutes only)

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

**Also Present:**

Sharon Lynn, Town Manager	Michelle Couture, Vice Chair, Board
Alix Heilala, Finance Director	of Selectman
Mark Abrahams, Consultant	Austin Knight, Selectman
David Guertin, DPW Director	Lynn Davies, Selectman

**Order of Business:**

1. To hear a presentation by Mark Abrahams on the audit of the Waste Water Enterprise Fund and the School budget requirements from DOE.
2. To review the Budget for Division VI, Public Schools.
3. To review other Division budgets as time permits.
4. To consider minutes of previous meetings.
5. To consider other business which may legally come before the Finance Committee.

## **Presentations by Mark Abrahams**

### **FY09 Schools Spending Requirements from DOE**

*(This portion of the meeting was held jointly with the Board of Selectmen).*

Mr. Abrahams presented the FY09 Required Net School Spending (RNSS) for Provincetown as calculated by the Massachusetts Department of Education (DOE). Key points raised during the presentation are as follows:

- The DOE changed the formula for calculating RNSS in FY06 resulting in a dramatic drop in Provincetown's RNSS
- Provincetown's actual school spending is 109% of the State requirement; statewide, the average is 14% above.

Lengthy discussion ensued about possible ways to close the multi-million dollar gap between the State's RNSS and our actual spending. No firm conclusions were reached.

*(The meeting was in recess from 11:50 to 12:57).*

### **Wastewater Proforma<sup>1</sup>**

Mr. Abrahams reviewed the Wastewater proforma. Key points raised during the presentation are as follows.

- Based on current projections, the Wastewater Enterprise Fund will show a surplus over the next five years.
- Analysis of gallons used shows that there is still room for expansion to support economic development.
- Betterments and usage charges for Town buildings are now budgeted to paid for from the Town's General Fund.

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<sup>1</sup> A Proforma is a "comprehensive financial analysis of a project".

- The betterment charge for the Manor which is a Town obligation will be payed in part through a grant. The difference will be paid from the General Fund.
- The charge for indirect expenses from the municipal budget has been reduced to more accurately reflect the actual cost of services provided.
- Room Tax revenue going into the WWEF has leveled off.
- The Wastewater Enterprise Fund (WWEF) has no reserves for operating expenses. Best practice would be 25%.
- The WWEF has no capital reserves to pay for replacement of large equipment. Currently the most expensive piece of capital equipment is a \$150K pump station.

There was a discussion about rate relief. Provincetown's rates are at the very top end of the State. Some property owners, including red-dot delays, are reluctant to hook up because of the rates. Some rate relief (14%?) will come as new users come online. There is ongoing debate about providing additional relief from the General Fund because the sewer benefits the entire town, not just sewer users. This appears to be unlikely in the near future given the Town's fiscal situation.

### **Water Proforma**

Mr. Abrahams reviewed the Water proforma. Key points raised during the discussion are as follows:

- The operating budget is based on three year trend analysis.
- Committed usage has been within 1% of the average of the last three years.
- The State Department of Environmental Protection will set a new cap in FY10/11.
- Provincetown has one of the lowest water rates in the State.
- There has been an increase in abatement requests.
- The Enterprise fund has no reserves for operating or capital expenses

## Budget Reviews

### 450 Water Enterprise Fund - Presented by David Guertin, Sandra Turner & Dana Faris

The Committee conducted a detailed review of the many line items in the budget, focusing in particular on Overtime, Repairs and Maintenance costs, Meter Purchases, the Reserve for Abatements, the proposed vehicle purchase and Chemical purchases. The Finance Director provided YTD actual expenditures so that the Committee could determine whether or not the proposed budget for FY09 is in line with current outlays.

After reviewing all of the detail, the Committee agreed that the purchase of a new utility truck could be deferred (\$42,000) and that another \$3,000 of expenses could be cut.

**Motion # 1:** To amend budget 450, Water Enterprise Fund, as follows:

- Reduce the B Budget (Expenses) by \$1,500 from the 54200 Office Equipment line; by \$42,000 from the 54207 Capital Outlay – Vehicle Purchase line; and by \$1,500 from the 58300 Computer Hardware/Software line;

And to recommend the revised total amount of \$1,764,401.

Motion By: Ruth Gilbert		Second By: Tom Thurston	
For: 9	Against: 0	Abstain: 0	Recuse:

## Meeting Minutes

Minutes from prior Finance Committee meetings were reviewed and approved as follows.

**Motion # 2:** To accept the minutes of the February 13, 2007 meeting as written.

Motion By: Thomas Thurston		Second By: Walter Winnowski	
For: 9	Against: 0	Abstain: 0	Recuse:

<b>Motion # 3:</b> To accept the minutes of the February 26, 2007 P.M. meeting as written.			
Motion By: Walter Winnowski		Second By: Frederic Biddle	
For: 7	Against: 0	Abstain: 0	Recuse:

<b>Motion # 4:</b> To accept the minutes of the February 26, 2007 A.M. meeting as written.			
Motion By: David Bedard		Second By: Walter Winnowski	
For: 6	Against: 0	Abstain: 0	Recuse:

<b>Motion # 5:</b> To accept the minutes of the February 28, 2007 meeting as written.			
Motion By: Frederic Biddle		Second By: Thomas Thurston	
For: 5	Against: 0	Abstain: 0	Recuse:

<b>Motion # 6:</b> To accept the minutes of the March 13, 2007 P.M. meeting as written.			
Motion By: Virginia Ross		Second By: Ruth Gilbert	
For: 8	Against: 0	Abstain: 0	Recuse:

<b>Motion # 7:</b> To accept the minutes of the March 19, 2007 A.M. meeting as written.			
Motion By: Virginia Ross		Second By: Walter Winnowski	
For: 7	Against: 0	Abstain: 0	Recuse:

<b>Motion # 8 :</b> To accept the minutes of the April 26, 2007 meeting as written.			
Motion By: Thomas Thurston		Second By: Edward Gage	
For: 6	Against: 0	Abstain: 0	Recuse:

<b>Motion # 9:</b> To accept the minutes of the July 6, 2007 meeting as written.			
Motion By: Robert Vetrick		Second By: Thomas Coen	
For: 7	Against: 0	Abstain: 0	Recuse:

<b>Motion # 10:</b> To accept the minutes of the December 14 , 2007 meeting as written.			
Motion By: Thomas Thurston		Second By: Robert Vetrick	
For: 9	Against: 0	Abstain: 0	Recuse:

**Additional Meetings**

More meetings will be needed to complete the budget process. The following dates were proposed:

- Monday afternoons Feb. 25<sup>th</sup> & March 3<sup>rd</sup> from 1:00 – 4:00
- Friday afternoon, March 7<sup>th</sup> from 1:00 – 4:00
- March 10<sup>th</sup> joint meeting with the Board of Selectman
- March 15<sup>th</sup> for work session to write the Letter to the Voters

Next Meeting:	February 20, 2008
Adjourn:	4:00 pm
Minutes by:	Thomas Coen

Approved by \_\_\_\_\_ on \_\_\_\_\_, 2008  
 Gary Delius, Chair