

FINANCE COMMITTEE
PUBLIC MEETING
Judge Welsh Room, Town Hall
Provincetown MA

TUESDAY, JUNE 12, 2018

Members Present: Mark Hatch (MH), Chairman; Scott Valentino (SV), Vice-Chair; Kathleen Goodwin (KG); Mark Bjorstrom (MB); Mark Del Franco (MDF); Chip Cappelli (CC).

Absent: Duane Steele; Stan Sirkorski.

Others Present: David Panagore (DP), Town Manager; Josee Young (JY), Finance Director; Tom Donegan, Board of Select; Louise Vendon, Board of Select; Jody O'Neil, Recording Secretary.

MH opened the meeting at 2:30pm.

1. Discussion on additional tax revenue, and scheduling a possible round table discussion by the Finance Committee on allocations and direction.

MH ushered in the discussion in terms of what kinds of revenue might be expected and where and how it is allocated; things to look at going forward and how this revenue might be used to alleviate some the burdens on the budget.

Additional Tax Revenue: Short Term Rental Tax

DP addressed the short-term rental tax; said that depending on how the State collects the tax there would be different outcomes; that if it is a stand-alone tax then the Town is able to allocate it as it wishes; but if it comes in as part of the room rental tax scheme, then it falls into four categories; as a stand-alone, Town can start with a 2% tax and then raise as it goes along; but if is part of the tax scheme then it comes in all at once and the question is whether to pay down debt or put the money into the reserves.

MB asked per the previous allocation percentages. DP said he thought they had been tweaked twice. MH reported the tax percentage allocations from the short-term rental tax: Tourism Fund gets 35%; Wastewater Enterprise gets 13%; General Fund gets 27% and Capital Stabilization Fund gets 25%.

Tom Donegan said he thought they changed both of these twice about five years ago – the Meals Tax and the Rooms Tax and the allocations therein; said money was moved to Affordable Housing and that it was a relatively complicated procedure. DP suggested to carry this as an Action Item for a round table in the future. MH tasked the FINCOM with determining appropriate allocations and what changes might be beneficial; said he had advice that the Airbnb tax might help make up for a loss in short term rentals, which have been transferring through the years to the private sector.

MB asked who would comprise the round table. DP said it was a workshop with Town staff, which MH remarked could be a forum to come to terms on how the money is best allocated in spite of the summer being a terrible time for it. DP said Town would facilitate. MB said the history of allocations should be included. MH asked if the number of rooms the tax is collected on might be a component. DP said he could find out the number of rooms but how they tax it is another issue; referenced the Cape Cod Coalition as a source.

Tom Donegan said the State and House are currently reconciling; that the bills are so different in terms of how they impact the Town's revenue; that the House version would produce much more money for the Town whereas the Senate version much less but at present it is not scheduled yet. MH said it was probably a September time-frame.

MDF asked if a round table is too soon in that case. DP said that he felt decisions made in multiple settings are better. MB said the first piece could be a shorter meeting – that it might be a good approach to break it up. MH agreed on information gathering.

Louise Vendon said she felt it was important for the FINCOM to exhibit some leadership on this as other entities are already figuring how they would spend the money. MH concurred and said he felt it was incumbent on the FINCOM to lead the charge. MDF spoke of the goal-setting document DP presented and how this round table would fit into that.

Additional Tax Revenue: Marijuana Tax

DP said what Town is being told is that there are seven or eight retail facilities for marijuana that want to open and that he understood there were very few municipalities that compare to the Town in terms of number of retailers seeking locations here; said he didn't know what 3% brings on volume and that the price points are unknown; that no other town on the Cape, including Barnstable, has as many applications; thought Wellfleet had one application submitted.

MDF asked if it made sense to look at Colorado, possibly Aspen, to draw comparisons, based on town size and seasonal aspect. KG said she thought there were about seven or eight in Aspen.

DP said he hoped for approval on the generic agreement before the next BOS meeting; felt that by next year it should all be in position; that Town had to have a host agreement with each licensee and, in turn, each entity would then have the go-ahead to proceed for State licensure, and that possibly medical might come quicker.

Joint Discussion with FINCOM and BOS

MH said it would be helpful to know how much the allocated additional tax revenues comprise the budgets of the four mentioned categories: Tourism Fund (TF), Wastewater Enterprise, General Fund and Capital Stabilization Fund. DP added to that, asking if the CIP is viewed as a single entity then how much of the budget is not able to be covered by the Capital Stabilization and might there be another million dollars they wouldn't have to go to bond for if that number increased.

MH asked per Wastewater and that if sewer had to be expanded, then could off-setting those costs factor into this revenue stream; asked how many

hotel rooms we've lost over the years and how much the tax would serve to pick up the slack. DP said the number of room is in the Economic Activity Report; that some bed and breakfasts are now Airbnbs and vice-versa.

DP suggested if there is an informational round table before mid-September this new information could be useful in the event there is a fall Town Meeting in mid-October. SV remarked he had town events at the beginning of August.

MH asked how close Town was to the levy limit. JY said un-alarmingly. Tom Donegan said the BOS has tried to minimize the July-August meetings but the urgency of this will dictate the scheduling of the meeting; suggested there are some basic policy decisions on how we fund our wastewater... system; that the rates are set up in a way that allows rates are paid out seasonal and by using TF money diverting from the General Fund; that people who aren't on the sewer are paying for the sewer.

DP said the more complex question is how it gets financed; that adding 150,000 gallons effectively becomes a reserve for the summer but actually comes from the gallons that have been freed up, and so should this be paid for by room taxes in larger percentage because it's protecting the whole system rather than the betterments?

Tom Donegan questioned if the Tourism tax dollars should be set to finance the additional EMT and ambulance service rather than the infrastructure as these hires are specifically for the in-season population. DP remarked that the Fire Chief is in agreement with this assessment. Tom Donegan observed that the BOS would love to be out of the restaurant seat business and that maybe the stabilization tank could make that possible. MH said there are huge costs for water and sewer that go across the board.

MH asked per the TF that the FINCOM should ask how those funds are allocated; that this would be useful at the forthcoming round table.

SV said that if an expansion of the sewer were to free up gallons it might help restaurants to make a better return, stay open longer and so increase the Town's economy. MH said one of his thoughts is that that the TF revenue might well be used to help keep businesses open longer. Tom Donegan said the challenge lies in the blend of applications to the TF and the Economic Development Council (EDC), which is allocated 25k a year. MDF said that while these two entities work hand-in-hand they are separate and suggested he has a little trouble having the for-profits and non-profits being in competition in the same pocket.

Lousie Vendon spoke of the need to have data on how these dollars are spent and proof they are being spent in the most effective way; said there is some survey work under way and hoped to have more market work to address the issue; that the BOS has discussed moving the EDC up the ladder of concerns as without jobs there won't be housing, and to develop more robust ideas of what works and does not work.

DP spoke of two models, one where the character of the recipient is not in question and the other where it plays out as a factor; said he wasn't sure what we could do to promote business in the off-season outside of grant making but suggested there might be better options.

MH added that money coming in should be spread out to work for a much longer period of time than just the July 4th holiday. CC said he'd love to see

different categories in the EDC, on which he serves, but that this is hard to do with only 25k in development; said they are tightening up the application guidelines. MDF said he understood that whereas non-profits must account for every dollar, for-profits do not record the same such information; referenced one for-profit organization, which he did not name, that he said applied for a TF grant with a blank application. CC said he'd love to see some mechanism in place so there can be a differential, directing grantees to either the EDC or the TF.

2. Discussion with the Town Manager on Parking revenue, plans to integrate the parking system, and ideas about inter-modal transportation, shuttles and other related matters.

DP said he would focus on funding as discussed at the last Town Meeting; that Town was authorized to come up with business specs concerning the outdated software as well as physical booths, and that these plans are still under development in the hope that by next season there will be a new parking system in place; said we need to kick up our parking system and better integrate it into Town operations and regional transportation; that as it brings in two million dollars a year this is a good amount for a town with an abbreviated season.

DP proposed questions to be asked concerning the current parking situation such as if we are using our spaces efficiently; would we want to get into demand-pricing, i.e., rates changing on a more frequent basis; new software that could help to slice-and-dice the data to tie parking streams to time of day; better integration of parking with regional transportation including the ferries; improving traffic problem with the three gates down by the Municipal Lot and the Marina – is there a way to eliminate the Marina parking and the Town manage the parking for the Marina as it could be a better use of space. DP presented a scenario where a visitor could consult a phone app to locate where there is available parking in town including at the top of the Monument, along with highway, and through street signage.

SV asked if a Townie exit from each lot could be configured as locals with parking passes are waiting in long lines and also as visitors see many of these cars in a cue and think the exiting will be longer than it actually is, not realizing these cars will not go through the payment process as they exit; asked if it would it be possible to have E-Z pass accepted at the kiosks?

DP said he wasn't sure if the E-Z Pass system could be purchased but possibly an alternative to that idea. JY mentioned a kiosk with a card swipe. Tom Donegan said motorists are supposed to use their credit card to exit after hours and that rather than using electronic gates in the day-time, Town has had a tradition of staffing the parking lots with hires; suggested the Town has enough information to incorporate change if the Town Manager and vetting boards are engaged; that parking is an easy problem to admire and harder to fix.

DP said his priority is getting the software into place and kicking the management up a level; that an RFP is out to be issued after the budget is out; said he'd like to change the policy on the electric charge stations and that license plate reading is the next phase, perhaps.

3. **Discussion of Residential Exemption and publication of simple, easy-to-understand effects to be handed out to all voters, and...**
4. **Prep for sending a yearly letter to the Select Board and voters on recommendations as they relate to the setting of the tax rate.**

MH said it was a wonderful document but that the length of it and profusion of numbers might be confusing to the general reader; advised a one-pager with bullet points that can let the public know clearly: this is how it effects you if you're a resident; this is how it effects you if you're a non-resident; this is what the tax rate is if you're a resident; this is what the tax rate is if you're a non-resident; stated that one of the biggest misconceptions out there is that everybody thinks that residents get 20% down and non-residents get 20% up and that nothing could be further from the truth.

DP remarked that the vote at Town Meeting to raise the residential tax was a non-binding resolution. MDF suggested this is a math thing and that good data in a graphical representation could be helpful. DP referenced page six of the memo to get the clear dollar amount differential of the exemption. Tom Donegan suggested a more formalized role for the FINCOM in advising the BOS for Town Meeting resolutions.

Louise Vendon left the meeting at 3:15pm. Tom Donegan left the meeting at 3:35pm.

DP said staff would put together a cheat-sheet in advance of the BOS tax exemption hearing and that JY and SV can look over the numbers. MH added that a one-pager to sit out on the table for a fall Town Meeting would be helpful to the public.

5. Finance Report and updates from Town Staff.

JY reported that Town had sold a 3.57 tax exempt bond on Harbor Landing today which should produce savings of approximately of 1.5 to 2 million. DP said it was a credit to Tom Donegan and the Trust for pushing the issue a second time at the Trust initiative, and to JY and Alex Williams, Treasurer, who returned to the Bond Council whereupon the Council came to agreement as public use of private benefits, and as long as the termination notices say 50 days for any of the contracts during the negotiations. DP said they'd be going back to the BOS on the 25th for the bond issuance and signage.

MH said this helps the business plan because it's material. DP said it still doesn't make money, but makes an improvement in spite of some kind of a gap which relates back to item #1 on today's agenda which asks, where does that money go?

Boston & Cambridge Short-Term Rental documents

MDF presented copies of the Cambridge and Boston Short-term rental letter and Ordinance; noted that one of the important misconceptions is that these regulations are not about limiting the number of short-term rentals but rather designating who can rent; said the investor is eliminated from the equation and that the rentals are limited to the primary owner and that he thought it was a good way to approach the Town's housing issue where there

are those buying properties specifically to rent them out. MDF said what he thought was additionally interesting is that the Town doesn't need State legislature to make its own determinations, that this could be approached right now; said there are 2,000 units affected in Boston/Cambridge whereas the Town has 300+ units. DP said he felt the Town had more like 700-1,000, to which the FINCOOM agreed and MH remarked is almost a third of Town's total units.

DP noted that Town does have to have approval from the Attorney General whereas Boston and Cambridge as municipalities do not; noted that Cambridge does it as zoning, and Boston does it as business regulation, which, he said, is interesting in that business regulation would not involve the Zoning Board. MH said he felt the issue belonged in the round table based on the variables of the outcomes regarding residential room tax.

MDF asked if collected revenues would be rolled into the room tax or not.

Boats on Breakwater

DP noted a number of boats stranded or abandoned on the Breakwater; one owner who is cooperating, another they had to go to court against; said a letter had been issued stating that if he doesn't take action that after 21 days Town can remove the boat and the owner then be subjected to a fine or imposed costs. DP said the boats cannot remain there all summer as they are a safety issue and traffic nuisance.

DP said the estimated cost to remove the Artemis, chop it up and cart it away, is 35k to 38k. DP said it can possibly be floated out, but that would not be the Town's option. KG said she saw the owner working out there and he said he was trying to float it up. DP attributed the situation with Artemis as a result of the 2nd winter storm.

Goals

DP said there was a good staff meeting that morning where they assigned one, three and five year plans to items; that Emergency Management is one of the goals now and that staff would update the FINCOM with the newly formulated documents on the strategic plans.

6. Minute Approval

No discussion was had nor approval made.

7. Any other business that may legally come before the Committee.

July Meeting

After a short discussion, the FINCOM settled on Wed., July 11th at 2:30pm for the next FINCOM board meeting.

MH adjourned the meeting at 3:57pm.

Respectfully Submitted,
Jody O'Neil