



Minutes Finance Committee August 20, 2020

NOTE: THIS IS A REMOTE PARTICIPATION MEETING

Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, the Governor's March 23, 2020 Order imposing strict limitation on the number of people that may gather in one place, and Chapter 53 of the Acts of 2020, this meeting of the Provincetown Finance Committee will be conducted via remote participation to the greatest extent possible. Specific information and the general guidelines for remote participation by members of the public and/or parties with a right and/or requirement to attend this meeting can be found on the Provincetown website, at <https://www.provincetown-ma.gov/>. For this meeting, members of the public who wish to watch/listen and participate in the meeting may do so in the following manner:

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No in-person attendance of members of the public will be permitted, but every effort will be made to ensure that the public can adequately access the proceedings in real time, via telephone. In the event that we are unable to do so, despite best efforts, we will post on the Provincetown website an audio or video recording or other comprehensive record of proceedings as soon as possible after the meeting.

The Finance Committee will hold a Virtual public Hearing and meeting available for the public, in accordance with local distancing requirements on **Thursday, September 10, 2020 at 6:00pm. Meeting information will be assigned and posted for the public.** The purpose of this meeting is to review the Warrant Articles prior to Town Meeting.

Members Present by Remote: Mark Hatch (MH), Chairman; Mark Del Franco (MDF); Mark Bjorstrom (MB); Kathleen Goodwin (KG); Chip Cappelli (CC); Dorey Seavey (DS); David B. Panagore (DP); Alternate.

Excused Absence: Scott Valentino, Vice-Chair.

Staff Present: Josee Young (JY), Director of Finance; Thaddeus Soule (TS), Town Planner.

MH opened the meeting at 6:02pm. TS read through the meeting protocols as determined by the State during the Coronavirus pandemic, then took roll-call by remote.

Opening Discussion

MH announced the date for Special Town Meeting as Monday, Sept. 21, 2020, 5:00pm in the St. Peter's parking lot, with social distancing in place; a quorum of (50) – in a roll-back from the standard quorum of (100). JY said the quorum reduction to (50) hasn't been finalized as yet but is in the process as such and a fact-sheet will probably be placed online on the Town website as well as in the Warrant booklet, and probably on the Town Alert System, which MB promoted as a good idea and added that the Warrant closes tomorrow after the morning meeting.

MH said the drive has been to skinny-down the current Warrant as much as possible and push things off to the spring where possible; proposed to wait on the FINCOM'S article until spring, as well.

MH made a motion to delay the FINCOM Charter article until the Spring 2021 Town Meeting. MB seconded the motion and it passed, 6-0-0; MH, MB, MDF, KG, CC, DS.

MDF asked if other Boards were following suit to delay articles where possible, to which JY said they were. MB noted some noise in Town from second home owners as to what this means in a larger sense, expressing a sense of confusion over these decisions. MH said there would be more clarification forthcoming, including from Town Counsel, John Giorgio.

DS said she hoped going forward that there can be some input from the report of the Charter Compliance Committee and referenced an analysis that is contained in the minutes of the meeting of June 25, 2020.

Amended budget discussion

MH opened the floor to questions and comments on the revised budget, expressed his approval that the furloughing was removed by the Select Board and noted State revenues are counted at 25%. JY led a review of the current budget in Power Point presentation; highlighted cuts in personnel costs, deferred expenditures and capital projects and a minimized reliance on Free Cash to supplement the budget; projecting a 75% reduction in Parking revenue, 75% in Meals and Rooms Tax – all tourism-related.

MB remarked that the Town seemed packed with visitors. JY said the summer revenues, May through June, will not be seen until October, while the July through September will be seen in December, adding that the revenue estimates protect the Town in case there is another closing due to an up-tick in the virus pandemic; reported Parking in July 2020 over July 2019 was down 25%, a figure which she said was comfortably conservative. MH added that if the Town is pleasantly surprised on returns, the overage can flow into Free Cash certified next year.

JY quoted a planned \$262,000 transfer to the General Fund from the Tourism Fund which will not occur due to wide scale cancellations of events; 70k for airport security, 52k for over-time due to special events, and 140k for Provincetown 400 events, nearly all of which are cancelled.

JY reported a bigger projection in marijuana tax revenue, up \$338,849 from \$185,000, approved July 24th, to be received quarterly with revenue from the shops and the State, each awarded at 3%.

JY added that the amount approved as 262k will stay in the Tourism Fund and that the Town has reduced the Tourism Fund's revenue projection by 75%.

MH shared that if the Tourism allocation comes in at 50% and they are only assigned 25%, the other 25% cannot be spent until the following year, or allocated earlier by vote at Special Town Meeting. MDF expressed the notion that extra money could somehow be put toward other things, such as paying down debt, but it was determined it could not.

MB asked per the 75k overlay surplus to be voted on by the Board of Assessors. JY replied that the Assessor's Board can determine past overages to be maintained as abatements or unneeded surpluses which can then be placed elsewhere. DS asked if the Assessor's Board might be prompted to set aside an even bigger overlay going forward considering what might be a recession due to the economy affected by the Covid pandemic. DP said the overlay is calculated based on the level of expected risk or litigation, such as the estimated cost of an appeals loss. JY quoted the Town's property tax collection rate of 98%.

Expenditure Reductions

As reported by JY: Lower Cape Ambulance decreased it's fee by \$77, 257 by putting off some expenditures in order to reduce the fees to the Town in this year of pandemic; Debt Service decreased at \$228,099 due to the postponement of planned bonding and changes to the municipal bond market. Other factors include a decrease of \$476,676 in costs associated with the Cape Cod Municipal Health Group – the Town's health network provider – as well as eliminated increases to the Economic Development Committee of 25k and the Cultural Council at 4.8k.

Personnel Reductions

JY related total deductions of \$632,000 including elimination in cost of living increases and a reduction in the Town Manager's salary and allowances by \$40,747. DS remarked that a recent narrative that furloughing is not consistent with the Town's values is not the way to present a situation where balancing the budget is a priority and said a furloughing program will always be a consideration to that end; asked if anticipated overtime might be a negative result of furloughing. JY said overtime is needed to fill some police and DPW shifts. MH said his recollection of the conversation on furloughing was centered on the best way to save money as well as retaining the people who worked in the community and not causing ill will over what could be very little savings; mentioned attrition as another method of cost saving whereby Town employees retiring would not see their positions refilled during the Covid pandemic.

MB asked per cost of living increases which JY said involves collective bargaining performed every 3 years and that this was an up year. JY said the Town Manager's salary was reduced back to the last approved budget. On the topic of the hiring of a new Town Manager, JY said she thought a consultant was being considered to serve in that regard. JY said there are some people at the high end of the steps headed towards retirement and noted the hard work and express cooperation of all Town departments in finding areas for cuts and considerations.

Other Personnel Considerations reported included possible staff sharing responsibilities, allowing for voluntary part-time status or furloughs in excess of the program as mandated; implementation of an Early Retirement Initiative Program and the potential for a reduction of hours to full and part time positions.

FY2021 Budget Summary of Changes

JY quoted total revenues as \$28,189,153 down from \$31,123,175 with total expenditures coming in at \$29,239,509 from an original sum of \$31,090,849.

Emergency Response Stabilization Fund/Free Cash

MB asked per the CIP and wherein items stand, to which JY said were prioritized. MH recalled the suspension of the CIP as voted on back in the spring with a few items approved based on preference of need. JY noted key articles for airport improvement which received Cares Act money and so are no longer in the CIP, nor on the Warrant as an article to be voted on at Town Meeting; Ryder Beach Nourishment Project, Electrical upgrade, Pier Maintenance and Parking software were all items considered priorities, while 214k in Closed Articles were found and so attributed to the CIP.

DS asked if the 650k to be bonded or borrowed at 30% is typical. JY said there is not a formula per se, but that the Water Enterprise Fund projects, if in excess of 100k, are then paid by bonding or otherwise paid out by Water Fund retained earnings; said the Ambulance exists as a bonded article for debt exclusion where the vote has already been taken.

JY said that due to Covid, the State approved permission for the Town to continue utilizing Free Cash beyond June; Town is currently recommending that the remaining Free Cash be freed up to address near future needs and then the Emergency Stabilization Fund, at about 500k, could be moved out according to Town vote.

DP asked if the Free Cash allotment might be placed in the General Purpose Stabilization Fund, to which JY said that Fund is not as broadly accessed and currently shows just over \$2 million with a target of 10%; added the measure will be out to vote at the next Town meeting.

Concluding Remarks

MB asked JY what keeps her up at night regarding the actual budget. JY responded by saying that the potential of another close-down is unsettling but the creation of the Emergency Response Stabilization Fund has helped to manage the reserves of Free Cash and keep them intact and usable. MH stated his concerns lie with the way things might unfold in 2021 and the current low visibility on numbers and projections.

MH announced that the next joint meeting with the Select Board will be on Monday, August 24th at 7pm and any differences they have with the Board's budget can be addressed at that time. The next required FINCOM meeting is scheduled for Sept. 10th at 6pm, and open to the public. Town meeting: Monday, September 21st at 5pm in St. Peter's parking lot.

MB thanked MH for keeping the Board connected and JY for a great walk-through and job performance overall.

DS asked per forming Agendas and referenced her talking point relating to Board Alternates, which MH said he had declined to place on the Agenda as it is not the FINCOM's appointing-authority, but exclusively under the aegis of the Town Moderator, Mary Jo Avellar, as voted on

at Town Meeting. DS said her intention was not to undermine the authority of the Town Moderator, but to have it explained more clearly to the public the ramifications of this vote. MDF questioned why this item is still being raised after having been discussed at length previously and concluded upon.

Approval of minutes

MH made a motion to approve the May 7, 2020 FINCOM meeting minutes. MB seconded the motion and it passed, 7-0-0; MH, MB, MDF, KG, CC, DS, DP.

MH made a motion to approve the December 1, 2019 FINCOM meeting minutes. MB seconded the motion and it passed, 7-0-0; MH, MB, MDF, KG, CC, DS, DP.

MB thanked Recording Secretary, Jody O'Neil, for catching up the FINCOM on its minutes, as did MH.

Budget Approval Vote

MH made a motion to approve the Town Manager's revised FY2021 Budget for the September 21, 2020 Town Meeting in the amount of \$27,797,884 as printed. MB seconded the motion and it passed, 7-0-0; MH, MB, MDF, KG, CC, DS, DP.

MH adjourned the meeting at 6:43pm.

Respectfully Submitted,
Jody O'Neil