

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

MONDAY FEBRUARY 3, 2020

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

Excused Absence: Kathleen Goodwin (KG).

Staff Present: Robin Craver (RC), Town Manager; Josee Cardinal Young (JY), Finance Director.

Others Present: Mary-Jo Avellar (MJA), Town Moderator.

RC announced that she was happy to be on staff and thanked JY and Assistant Town Manager, David Gardner, for their hard work on the budget, working with a deficit of about \$1 million; reported that the Select Board passed the Budget and have forwarded it to the FINCOM for its review; said she was looking forward to moving ahead with some great initiatives and returning to some previously stalled capital and building projects.

JY confirmed that the Town stood to be about \$1 million in debt following departmental requests as predicted in the Town's financial forecast, but that all departments have made cuts, lowering the deficit to \$250,000; State estimates came back with savings of about 200k which, along with other unexpected changes, balanced the budget.

1. FY2021 Departmental Budget reviews.

Summary Overview

JY announced the FY2021 operating budget proposed at \$31,000,000, representing a 4.9% increase over the FY2020 budget; expressed that the budgeted revenues typically change to about 1% from year-to-year, if at all; that property taxes represent 70% of the operating budget; referenced cheat sheets regarding terms on tax levy and growth topics; reported levy growth as \$22 million for FY2021 which, as usual, rides up close to the allowable amount before prompting an override.

JY went briefly through expenditures and receipts as well as additional revenue sources including the Eversource battery, airport security reimbursements that are going into the General Fund due to a change in the police budget, transport station, parking and marijuana tax; said inflation was not a term that was employed in budget projections.

JY listed highlights in the operating expense category: public education up 3.2%, payroll up 4.7%; benefits and other insurance up 8.5%; non-payroll operating services up 6%; and debt service up 9% based on a bonding issue this spring with the first payments coming in 2021.

Major expense drivers for FY 2021 were quoted by JY as such: fixed expenses in the benefits area of \$530,000; contractual salary increases of \$124,000, while limited or no-discretion expenses include collective bargaining, which is as yet unknown; school budget for early learning at \$148,000; solid waste and recycling disposal costs up \$133,000; and software licensing fees.

Additional major expense drivers were noted as public safety costs related to upcoming Provincetown 400 events to which MH asked if there were monies to offset those expenses. JY replied, not directly outside of increased tax revenues through meals and rooms and such; Harbor Master Marine Department's new component of Marine Coordinator plus related expenditures outside of the Harbor Master's services agreement with the Pier.

MH sought clarity on the designation of the Harbor Service's Coordinator position on the Town staff and how it functions in lieu of reportage. RC replied that she is in talks with the department and the Pier pertaining to the position and its responsibilities.

JY continued with additional major expense drivers including (2) additional police officers as well as the Fire Department and new EMS Coordinator position. MH asked if the job definition of the EMS Coordinator could be a part of the Fire Department studies being conducted which RC said it could, that the job description had already begun, and that the Select Board has tasked her with exploring the needs of the FD in the future.

Highlighted changes include: a new approach to address expenses of the Enterprise Indirect Costs, a function of the Finance Dep't. which saw a reduction last year and now has a different calculating formula; proposed transfer of funds from the Tourism Fund to the General Fund to cover the expected over-time costs related to Provincetown 400; other articles funded by the Tax Levy, including the Town's portion of the Cape Tech Capital Assessment; General Stabilization Fund; and a possible article to present at Special Town Meeting for future funding.

JY reported that the Capital Stabilization Fund still funds requests for the CIP and that other avenues for funding requests are always investigated first in terms of potential for transferring funds to covers those costs; Annual increase of OPEB (Other Post Employment Benefits) at 2.5% is intact in the Operating Budget at 580k.

MDF asked per the school budget pupil allocation which JY said has been reported as numbering 14.

In her closing remarks, JY recommended that no changes be made to the allocated percents until possibly next December when the FINCOM and the Select Board have a full in-season indicator of what the increase might be; reported that short term vs. traditional rooms' tax data is still pending. MH concurred. JY said the Water Protection Fund has no regulations on how to achieve access but that the Town is the third highest contributor behind Barnstable and Yarmouth with \$7 million and that this weighs favorably on eligibility.

MB questioned why there is nothing under coastal erosion, or studies, under highlighted changes. JY said that the Select Board's policy going forward will have language built into financial policies and the budget. MH said it is important to make the distinctions between operating budget items and capital improvement projects.

MDF requested additional clarification for how the deficit was resolved. JY responded with totals of the following: Cherry Sheet estimates at \$200,000; the Tourism Fund to which was added a funding request increase from the Economic Development Commitment, from 25k to 50k; and a request from the Cultural Council for a grant to match a \$4,800 grant, received from Mass Cultural, in order to bring more events to the public, specially regarding the Provincetown 400.

MDF questioned the figure from the Cherry Sheet, and asked if it was double that the Town has had in the past. JY corrected MDF by saying that while the revenues hover around \$600,000 the expenditures fluctuate; that the big factor for the Cherry Sheet is school choices and that this is what went down the most, reporting that the Town is paying less in tuition elsewhere than it pays in Town.

MH asked if there was any expectation per Free Cash. JY said Free Cash for FY2021 usage is at \$1.8 million, certified last October; announced the three modes of Capital breaking down as follows: Operating Budget is funded by Tax Levy; CIP funded by Free Cash; Capital Stabilization Fund gets a percentage of Room Tax, and bonding. JY said there was some movement in the CIP as originally requested based on the framework of the available revenue sources.

MDF said he is a little concerned about next year and the year after, based on the budget deficit and its recovery sources for the FY2021 budget.

JY recognized Lynn Martin for her work on the new online budget presentation. MB requested JY's summary be put up online as it is an excellent resource for the public. MDF requested a PDF option, to which JY and MH said there should be a print function.

Water Enterprise Fund

Rich Waldo, Director of the Department of Public Works and Cody Salisbury, Water Superintendent, presented. Mr. Waldo pointed out that as the Town represents the third largest tourist industry on Cape Cod a lot of work is involved in making these businesses and the Town flourish; said the present budget does not include cost of living increases.

Mr. Salisbury gave a highlight of the A budget to include a 2.6% increase on personnel expenses due to the compensation plan; said union negotiations are underway; highlights from the B budget – the operating budget – to include an almost 6% reduction in energy costs due to the completion of the solar project at the main treatment facility; up 5% on the alarm service, based on projects at both tanks, with the Winslow tank first up; an almost 37% increase for Building Maintenance, based on a combination of line items; plant maintenance is up 14%, or \$5,000, and is due to an increasing number of items requiring maintenance, failures with valves and so forth, things not meeting their life expectancy; chemicals are down 4.7% based on over- budgeting; \$19,000 is attributed to work done in conjunction with the pavement management plan from Bradford St, down to Cemetery Road; water meters are seeing more work; the Pilot Truro item shows an 8% increase. In conclusion, Mr. Salisbury reported a 12.57% decrease in total operating expenditures and total expenditures down 8.56% which reflects Capital projects being paid down. Revenues reported at a 4% increase; cell tower rent at \$185,000.

MB asked for revenue from Coastal Acres two years ago. Mr. Salisbury said this is an error in the listing and that those numbers relate to cell phone rentals. JY clarified the mistake as a function of the MUNIS program, since corrected.

Mr. Salisbury said the department has done well to retain staff with the lowest amount of time employed at two years, and a 19-year veteran at the other end.

Water Enterprise Fund: Capital Improvement Projects

Mr. Salisbury addressed the request for \$500,000 for the Knowles Crossing project, which has been approved to go forward by the Truro Planning Board; \$1.5 million for water main replacement on Shank Painter Road from Jerome Smith to Bradford St. for construction to begin in 2021; \$175,000 for Wellfield Rehabilitation related to the Knowles Crossing project where (3) ground-water wells need cleaning, replacement and redevelopment and \$150,000 for an infiltration membrane system concerning (90) filters and possibly added nodules; 30k for customer service portal, working with MIS, determination to be made by how many rate-payers sign up to the system.

SV asked per the MUNIS system and its effectiveness for meter reading and billing. Discussion followed.

SV made a motion to approve the Water Enterprise Fund budget as presented. MDF seconded the motion and it passed, 6-0-0; SV, MDF, MH, MB, CC, DS.

Wastewater Enterprise Fund

Richard Waldo and Sherry Prada, Operations Director, presented. Mr. Waldo said while the Wastewater Fund is not as strong as the Water Fund, strides are being made and the budget is increased at 4.4%; anticipating expansion of sewer treatment system to be on line by the end of the fiscal year with more expected associated utility and maintenance costs; spoke of a \$6.25 million project application request with the USDA to foster treatment expansion at the facility on Route 6, to which the USDA came back with approval for a \$3 million grant whereupon the DPW scaled back its scope of the project and that the \$3 million approved consists of \$1.7 million in loan with short-term bonding, and \$1.3 in a grant. MH clarified this project relates to last year's overflow tank approval and Mr. Waldo said they would be looking to return to the USDA for another \$3 million.

Mr. Waldo said revenue numbers reflect previously projected targets.

SV asked if any of these costs might come out of the Cape Cod Water Treatment fund, to which JY said the Town is eager and anticipating getting the word from the agency as to what monies might be available and to what end.

SV made a motion to approve the Wastewater Enterprise Fund budget as presented. MB seconded the motion and it passed, 6-0-0; SV, MB, MH, MDF, CC, DS.

Division 4 Public Works **192 Building & Grounds**

Mr. Waldo that overall this budget is dropping by 4.5%; A budget saw retirement of the long-standing buildings & grounds foreman and have promoted from within to fill the vacancy; B budget has a decrease of 10%, saving on electric consumption, LEDES, solar panels, requesting to cut 20k from this budget and move another 20k to the Building & Maintenance Plan. Sewer betterment saw an increase last year in anticipation of funding the new police station and a pump station downtown, and is reduced this year as a result of inactivity on those projects.

MDF made a motion to approve the 192 Buildings & Grounds budget as presented. SV seconded the motion and it passed, 6-0-0; MDF, SV, MH, MB, CC, DS.

Division 4 Public Works
421 DPW Administration

Mr. Waldo announced an increase of less than 1%; A budget reflects step raises; B budget, nearly flat.

MDF made a motion to approve the 192 Buildings & Grounds budget as presented. SV seconded the motion and it passed, 6-0-0; MDF, SV, MH, MB, CC, DS.

Division 4 Public Works
422 Highway

Mr. Waldo reported a budget decrease of 2.2%; step raises for the compensation plan on the A budget and a slight reduction in longevity along with a lower longevity moved up in the staff; B budget requesting a 5k reduction in road materials due to improvement in the Town's road conditions, less pot holes to fill.

MB made a motion to approve the 422 Highway budget as presented. MDF seconded the motion and it passed, 6-0-0; MB, MDF, MH, SV, CC, DS.

Division 4 Public Works
423 Snow & Ice

Budget presented as typically left flat as it can only be increased and is weather-dependent.

DS made a motion to approve the 423 Snow & Ice budget as presented. MDF seconded the motion and it passed, 6-0-0; DS, MDF, MH, SV, MB, CC.

Division 4 Public Works
431 Solid Waste

Mr. Waldo noted a significant increase of about 24% as everyone is getting clobbered in this industry; recyclable materials are encountering problems with movement based on world-wide economic issues and dramatically increased pricing; said that the DPW tried to solicit other local communities to band together to sell all their combined material but no one responded to an RFP; all local land fills are being closed and no new ones are to open; currently paying \$65 a ton, expected to rise to \$95 to \$110 a ton, the latter of which the current budget reflects. MH said he's kept abreast of the situation and is

aware that other communities are looking for ways to stop the recycling program altogether, based on cost, to which Mr. Waldo said is not an option based on the bylaws. Organic waste options are being explored, including compost waste and restaurant food waste. SV noted that moving toward a good composting operation would be prudent.

RC asked Mr. Waldo if there might be other Town resources to help with education and brain-storming toward problem-solving. Mr. Waldo responded that a lot of this needs to be approached on a regional level and help was needed from politicians to get treatment facilities permitted more expediently and lift restrictions; said that for the Town, space is an issue in terms of processing and operations, suggested uncapped landfill space might be utilized for storage of materials.

MB asked per the status of the Eversource battery. Mr. Waldo said it perhaps goes into the General Fund. JY said the department budget reference was requested by the Select Board but that the money doesn't go to any particular budget, estimated receipts are combined although some are designed as department-related; quoted price as 45k.

MDF made a motion to approve the 431 Solid Waste budget as presented. SV seconded the motion and it passed, 6-0-0; MDF, SV, MH, MB, CC, DS.

Division 4 Public Works

432 Recycling & Renewable Energy

Mr. Waldo stated that this budget has been cut \$1,000; had been increased in previous years. MB asked why this was a separate budget to which JY said that this is not one of the committee budgets which had been absorbed into the larger category at this time.

MB made a motion to approve the 432 Recycling & Renewable Energy budget as presented. MDF seconded the motion and it passed, 6-0-0; MB, MDF, MH, SV, CC, DS.

Department of Public Works/Capital Improvement Projects

Per Capital, Mr. Waldo spoke of replacing three vehicles including the big dump truck which would have a hook in the new model at 160k; 2011 Foreman pick-up truck used for snow & ice to be re-purposed; small body packer to assist in new hauling needs for over 200 barrels picked up daily, at 110k.

Mr. Waldo spoke of the \$100,000 for the storm water program which he noted as the most important of the CIP requests and explained how it has been used on Commercial St. and elsewhere to receive millions of dollars in matching grants.

Pavement Management Plan, which utilizes a county bid was highlighted by Mr. Waldo for areas of Town where the work has been employed; estimated cost at 350k; street/sidewalk/bike path budget that is used for painted lines and other budgetary needs such as sidewalk replacement; re-occurring fund coming in 55k; larger line item of 415k to include painting of the Library at a cost of 350k.

Outlying DPW CIP Items

Mr. Waldo spoke of previous CIP requests including the Court Street pump station, which is being addressed prior to the rehab of Shank Painter Road; said request for a reconstruct of the pump station will come next week; other outstanding item is the new public works facility which Mr. Waldo said pre-dates to 2009 and is a key need based on OSHA and other concerns, noted how spread-out are the DPW operations which serves as a handicap to oversight.

MH advised leaving the DPW CIP as presented with the hearing to follow. JY requested to take Recreation last, due to staff scheduling.

Division 4 Public Service
512 Human Services

Chris Hottle, Director of Human Services and Council on Aging, presented; announced the budget is fairly small for Human Services and concerns six or seven programs; reported monies taken out of office supplies to help with the requested inter-departmental budget cuts, but that everything else is level-funded.

SV made a motion to approve the 512 Human Services budget as presented. MB seconded the motion and it passed, 6-0-0; SV, MB, MH, MDF, CC, DS.

Division 5 Public Service
541 Council on Aging

Ms. Hottle said the senior population is growing and reported having served over 900 people for the first time; that people over 60 make up 45% of the total population where the national average for that frame is 23%; said they are dependent on the Friends Organization, a 501(3)c, for funding everything beyond operating expenses, as well as the core of volunteers; reported a decrease in funding for education and training , combined office and stationary lines where a decrease was made, as well.

DS asked how much was the non-profits' contribution, which Ms. Hottle stated for volunteer contributions was about 96k, and in an average year the Friends Organization contributes 15k-20k to the overall budget.

MB made a motion to approve the 541 Council on Aging budget as presented. CC seconded the motion and it passed, 6-0-0; MB, CC, MH, SV, MDF, DS.

Division 5 Public Service
610 Library

Amy Raff, Library Director, presented; said the budget has an increase of less than 2%; to keep the Library in compliance with the Municipal Appropriation requirement for books and materials, support staff; A budget has step increases, including additional part-time staff, and B budget eliminated some categories; reported circulation up about 15% and that the Library received promotion from the New York Times and Lonely Planet. New features include wireless printing and movie streaming. Ms. Raff spoke of the Crop Swap program which, since September, has given out over 5,000 pounds of donated produce and that the Library has received a \$500 donation from the Cape Cod Hunger Network toward the Crop Swap and coordinates with the Food Pantry.

SV made a motion to approve the 610 Library budget as presented. CC seconded the motion and it passed, 6-0-0; SV, CC, MH, MB, MDF, DS.

Division 5 Public Service

630 Recreation

No presentation for Recreation was made as, per JY, the Recreation Director, Brandon Motta, is on paternity leave. JY said she would communicate any budgetary concerns or comments from the FINCOM to Mr. Motta. MDF spoke highly of Mr. Motta and all the programs and food work done at the Recreation Department.

SV made a motion to approve the 630 Recreation budget as printed. MB seconded the motion and it passed, 6-0-0; SV, MB, MH, MDF, CC, DS.

JY reported one CIP Recreation budget item regarding improvement to the park at the Hall property, seeking grant money, working with CPA, PARC and Land & Water Conservation Funding grants. Assistant Town Manager, David Gardner, explained how purview of the property is allocated to a working group and of the planning for usage and upgrades based on Public Hearings and outreach to the public; 50k is intended to hire a consultant or landscape architect to design the Park and the work group would report back in 2022 to facilitate improvements; said that if the CPA grant is improved, this money could offset other funding streams.

Division 6 Public Education

300 Local Public Schools

MH said that after reviewing the School budget he found it in line with everything that is usually seen, noted new Superintendent looking to gain more familiarity. JY said the Public Schools portion of the budget is flat; high school is at 6.2, and the Early Learning Center is an increase of 28.7. JY gave requested numbers of students as follows: (44) in the Early Learning Program; (9) in kindergarten; (10) in first grade and (154) in total, which RC broke down as (90) from Town and (64) incoming from elsewhere.

MB made a motion to approve the School budget with an increase of 3.2% as printed. CC seconded the motion and it passed, 6-0-0; MB, CC, MH, SV, MDF, DS.

MH said he would bring up a couple of articles for the Warrant at tomorrow's meeting including parking bylaws and funding of two rainbow crosswalks; invited other FINCOM members to do likewise if they so choose.

SV made a motion to adjourn the meeting at 12:26pm. CC seconded the motion and it passed, 6-0-0; SV, CC, MH, MB, MDF, DS.

Respectfully Submitted,
Jody O'Neil