

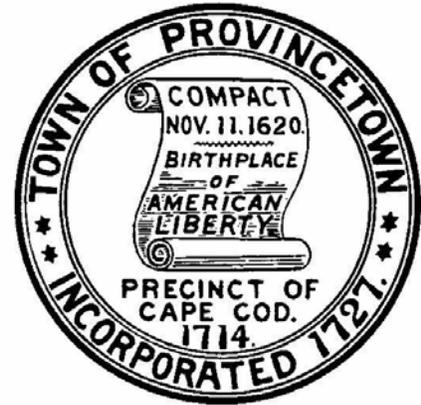
PROVINCETOWN FINANCE COMMITTEE

Report and Recommendations

on Articles for the

September 21, 2020 Annual

Town Meeting



Town Hall
Provincetown, Massachusetts

PROVINCETOWN FINANCE COMMITTEE

Dear Town Voters,

Fiscal management and community housing top the list of the policy goals established by our Board of Selectmen. To quote specifically:

“A 10-year financial plan has been constructed last to serve as the foundation of our fiscal management efforts. Prudent financial planning requires looking out over a longer-term time horizon to understand the financial implications of the decisions we take as we move from one budget year to the next.”

During this unprecedented time, the Finance Committee is happy to report that, given the hard work and dedication of Town Staff working together with this committee, we are in far better fiscal shape to weather the storm than we would have been otherwise. The budget, now belatedly before you, is one where we avoided cutting local jobs, kept our departments as funded as possible, and have even been able to put almost half a million dollars aside into a reserve fund to deal with any budget shortfalls that may happen for the rest of fiscal 2020. We have also not tapped into the emergency funds we've established to present to you this balanced budget.

How did we do this and how does the Town keep a balanced budget that meets our needs all while continuing to put money aside to fund unforeseen circumstances like we find ourselves in? By following the philosophies laid down by this committee and our Staff that we have for the past better than few years: prudent spending and an eye towards opportunities to manage and invest our income streams while keeping our budget growth to the 2.5% figure we've been aiming at.

We should all now know that paying salaries and benefits of current and retired Town employees accounts for 70% of the Town's operating budget. We also know the cost of health care and retirement benefits tends to grow 6-to-10% per year. This means our employees and Staff are an investment, as well as the biggest part of our spending. If you have been following along these past few years we have been prudent about Town Staff and the associated costs, also while making sure that our future obligations are funded, especially our pension obligations. This management and control of growth provides the Town with the services it needs and deserves, all while keeping an eye on the future. This year has proved that our stress on thinking about the future has been right, and we're in a far better place than many other Cities and Towns.

Does this mean we must cut back on some of our most dire projects and investments? Certainly not. This year, you will see the Finance Committee supporting one of the projects to receive the highest number of votes in recent history; Harbor Hill as run through the Year-Round Rental Housing Trust whose legislation we spearheaded. We are all proud of what we were able to do here and the investment in supporting full-time local residents with quality near market-rate housing aimed at people who would not qualify for housing in any other programs. This year we ask you to not only fund the remaining improvements and costs, but to simply move the debt service into the regular

budget as, truth be told, this is now a Town asset and a non-negotiable Town Debt expense. As you can see, we have the funding to service this debt in the regular budget and this will make the operating expenses more clearly tied to the actual revenue the project produces. The goal of the Trust can then move from servicing the debt of this Town asset, to trying to come up positive on operating revenue to further invest in more housing, which was always the goal of the Trust. More year-round residents translates into more local business and more local economic activity on a year-round basis. That's something we all want to see.

Provincetown is also very, very fortunate when it comes to the income side of what we look at. We have a very stable tax base value-wise, and robust local receipts due to our heavy and board tourism industry. This year, that industry was responsible for keep our local receipts higher than many other places, and keeping our income at reasonable levels, even in the face of quarantines, lockdowns, and travel and hospitality restrictions. We should also applaud the hard work of our business community in keeping our lifeblood industry going, and for adapting to the circumstances as they unfolded. This resiliency and spirit of cooperation we should never forget. Again, local receipts are about 20% of our revenue over and above our tax base, and it held up this year because of these heroic efforts, including efforts by the Town to help out as we could easing restrictions and making business possible and flexible. I think that this will have to continue into the early part, at least, of the 2021 season, but we have great faith in our ability now to, once again, rise to the occasion and be open for business. The entire business community from business owners, to workers, to supporting staff, to local committees and boards all deserve a round of applause for pulling together and keeping the Town highly functioning.

Conclusion.

The Finance Committee strongly advocates restraining growth in the Town's operating budget to approximately 2.5% beyond FY2020 as we have in the recent past, with a close eye on what will unfold in 2021 as we reach the end of this extraordinary time. We believe the best way accomplish this is through personnel attrition and continued restraint when it comes to expenses and near-term projects. Let us keep this good work that has prevented catastrophic consequences from overtaking us as we move forward.

Respectfully submitted,

The Provincetown Finance Committee

Mark Hatch, Chair
Tony Valentino, Vice Chair
Mark Bjorstrom
Mark Del Franco
Dorie Seavey
Chip Capelli
David Panagore
Kathleen Goodwin
Bertram Perkel