



Finance Committee

Meeting Minutes

Judge Welsh Meeting Room
October 9, 2013

Members Present: Mike Canizales, Doug Cliggott, Raphael Richter, Catherine Russo, Stan Sikorski, Doug Steele, Clarence Walker

Others Present: Austin Knight, Board of Selectman, Dan Hoort, Finance Director

Public Comments: None at this time. Mike stated that public comments could be made at any time during the meeting.

Member Statements:

Duane stated that at the last meeting he made a motion to ask law enforcement to investigate the hacked e-mails from personal accounts of board members. He requested that the motion be withdrawn as he feels that this will be a distraction to the upcoming Town Meeting. He stated that this issue can be followed up at a later date.

Clarence discussed the issue around site location of the police station and acquisition of land. He stated that Dr. Murray's presentation came to grips with the issue between the Finance Committee and the Building Committee, and he commented on the reconciliation of the two committees and that the healing process was started. He commended Dr. Murray and the Building Committee. He discussed the VFW stating that he did not think it should be a topic of discussion with regard to the site specific location, that there is a need to hear the financial point of view, but to consider it as a potential valuable asset. He feels there needs to be discussion from the Finance Committee, and analysis from the assessor to show the pro's and con's. He sees the acquisition of land at a reasonable price a no lose proposition as it can be flipped and resold to an investor or used for the town. He states that the discussion of the site location and type of building for the police department as well as acquisition of land shows that the Finance Committee is working to bring people together.

Stan and Doug stated they have no comments at this time.

Catherine stated she was concerned that there was thought about a police station or affordable housing being there. She feels that in the past affordable housing money was not used in the right places. She stated the housing summit will help decide what the needs are for affordable units.

Raphael spoke and encouraged people to attend the Town Meeting on the 21st at 6:00 P.M.

Clarence addressed Catherine's comments stating that he said purchase of land, but did not mention affordable housing, and in fact, there should be a discussion about affordable rentals.

Mike stated he has watched a lot of affordable housing discussion online. He discussed component of housing summit regarding year around rentals at different pricing points. He feels that year around takes out the seasonal temptation. Stated that we need to be aware of classic definition of affordable housing, and that many people are discussing the need for year around rentals, and that terminology is important.

Duane stated that he feels it is premature to consider the VFW purchase at any point right now. He feels it should not be purchased at this time because we are approaching the debt limit if not already exceeding it. He states that he does feel that it would make a better residential situation than a police station, and that he also feels that if it is purchased, it will be pursued as a police station. He states that it still needs to be determined if a police station is needed, where to put it, and how much to pay. He stated that elections for public office will be coming up.

Mike read a letter from Sean Patrick Harrington who was unable to attend the meeting. The letter stated that Sean feels it is a good purchase, fair for the VFW, and he is in favor of the purchase. The letter stated that he feels the Marine Patrol discussion should be left alone at this time, and also discussed funding OPED but that more information is needed so that free cash is not tied up. Clarence commented on the letter stating that it should be considered as comments only, and should not be considered as an alternate vote because there is a full board present.

Mike brought up past minutes. Doug stated the minutes include Tim Grobleski and Tom Donegan and should be read by them. Mike suggested unanimously approving minutes and sending them to Tim and Tom to review.

Town Warrants:

Mike stated the need to focus on the ones that are financial in nature. He asked if there was any information on prior year bills. Dan stated no, but probably less than \$1,000.

Mike suggested first discussing OPED Liability Fund (Article 4). Mike asked if there were any comments from the public, and no comments were made. Duane recused himself as he is a retiree and did not want conflict of interest. Doug stated we as a town are following a “pay as you go” to fund retiree health care costs, stating that 90% of the cities and towns use this method. He went on to say it is the most expensive way, and by not saving up along the way, there is no return on the money. He stated there is no perfect number to put aside each year, and need to know what return the town is comfortable with. Doug stated that the rate of return is critical to know how much to put aside, and it is also critical to know how much time is needed to pay it down. He states that it mirrors having a mortgage on a house. Doug discussed current numbers for healthcare budget. Mike discussed recommendations from the Segal report regarding premiums. Doug stated that assuming a 7 ³/₄ return is unrealistic, but historically (using the pension fund numbers) during the prior 10 years the return was about 7%, and during the past five years the return was 1.5%. He feels that 5% would be a good working assumption. Doug stated that as a town, we need to choose what type of investments to make. He mentioned that management of the OPED trust could be done in the same way as the pension fund. Doug’s preference would be to pay it down in 20 – 25 years, recommend assuming a 5% return, and the figure would be around 700 – 900,000. Mike discussed the figures. Doug stated that right now we are somewhere between 55-60% funded, and that possibly in 3 - 4 years, we could be mandated to increase funding. Mike asked for recommendations for Article 4, and Doug recommended \$800,000 was a starting point. Mike suggesting tabling as a draft proposal and recommending the \$800,000. Clarence asked where the \$800,000 was coming from. Doug stated that the current budgeting is still working on benefits numbers.

Public comments:

Bill Dougal commended the Finance Committee for looking at this issue that represents the debt obligation. States he has heard percentages and so far feels it has been a repetitive process. He recommends using free cash to pay down the bond each year which may lead to financial security. Mike stated that in Article 17, the first budget item would be OPED liability, and that it is recommended that it be built in. Doug stated we would be setting aside money instead of waiting for the last minute.

Peter Petas stated the importance of looking at the pre-funding idea and paying down the debt. Mike stated that based on our 5 year planning goals, OPED needs to become a priority. Purchasing of the VFW needs to go to the ballot box. Mike asked for a motion on Article 4. Raphael made a motion for the town to vote to transfer free cash in the amount of \$800,000 to fund the OPED trust fund. Clarence seconded the motion. The vote was _____?

The Committee discussed and agreed on the importance of paying the current debt before making more debts. Mike again stated the need for the ballot box, not just the Town Meeting. The total debt will increase with the purchase of the VFW. The vote passed and no one opposed.

Article #3 – Contribution to OPED Liability Fund and Prescription Drug Fund

Mike stated the need to see if the Town will vote to authorize and direct the Town Treasurer to deposit in the post benefit trust fund. Dan discussed healthcare yearly refunds. The vote passed with no one opposing.

Cable Reserve Fund Transfer:

Mike discussed whether the town will vote to transfer funds from the Cable Reserve Fund for upgrades to the Town Hall audio and video equipment. Dan stated that the amount needed is \$41,614, and that there is approximately \$48,000 of unused funds in the account. He stated that each year Comcast pays money to the town for public television which goes into that account, and that they are still fully funded for the their budget, but they need upgrades and purchase of equipment. Dan stated they need \$31,614 for equipment upgrades and \$10,000 for new a new employee. Vote passed – no one opposed.

Article 6:

Duane read a letter from the VFW pertaining to by-laws regarding the sale of the VFW to the town (a copy of the by-laws was attached to the letter). Mike discussed that comments of concern and possible controversy with the purchase have been made. Peter Petas spoke regarding his support to purchase the VFW, and the possibility of municipal uses. He stated that two possible uses could be affordable housing and a police station, but spoke of the extreme need of affordable year round rentals. He commented first on the positive dialogue during the last meeting between Rick Murray and Clarence Walker, and second on the discussion to pursue funds to explore regionalization of police station. He then spoke on Article 7 stating that spending money on design at this time would not be responsible. Mike then commented on resistance related to keeping debt under control and the 5 year plan.

Peter Petas stated his support for the VFW purchase which would include three lots already on the sewer. Stated this has potential for good municipal usage, and need to preserve their options. He discussed the two main potentials discussed were affordable housing and the police station, but need affordable year round rentals for people working and living here year round. He stated he was encouraged in the last meeting by dialogue by Rick Murray and Clarence Walker that put Shank Painter back on the table, and regionalization to explore funds. He also stated that under Article 7, he feels that the design fees for VFW are not responsible at this time and should be dropped.

Mike Canizales discussed with Peter Petas that there is some resistance due to getting the debt under control and the 5-Year Plan. He shared some thoughts for brainstorming: 1 – possibly doing a covenant that the VFW property could only be used for year round rentals, and then it could be sold to a developer, and 2 – could the town co-sign with Seamen’s Bank that everything would be sorted out by April meeting, and that if there was a shortage on the mortgage, we would be responsible which would take some of the pressure off to purchase. Mike asked Dan Hoort if there were funds to buy and option or possibly swap another surplus building. Peter supported the brainstorming ideas, but again stated to vote down the design fees. Doug Cliggott asked who would manage or develop the property, questioning an economic development corp. He questioned who would get us from point A to point B, and needing someone with talent and experience. Bill Dougal stated his feeling that the VFW purchase was a good possibility, suggesting not to complicate the matter with too many options. He supports Peter Petas’ idea that the design fees should be voted down. He stated that this is a crossing point for the community, and this opportunity will not be available again. He also agrees that affordable rentals are necessary for people who work and make too much money to get on list for affordable housing, and that will make them part of the community. Bill feels that seasonal housing and affordable rentals are critical. CPA funding was discussed as well as the need to research future needs. Bill supported the purchase due to its value. Duane stated that even the property is purchased by a developer, there will still be a tax revenue. Clarence Walker stated that flood plain maps relative to Shank Painter show it will not be a problem or additional expense. Clarence also asked if articles can be changed, and Mike stated articles can be amended if procedures are followed. Clarence stated it is necessary to leave out discussion of use of the property, and stay on target, and the need to look at Federal requirements if using Federal funds. Bill stated it would be helpful to check out what other towns have done regarding requirements for affordable housing, and Mike discussed using the term affordable housing as it is a very specific term.

Raphael Richter stated that the town should think as a business. He feels the town will approve the purchase, but also agrees to strike down the language of use. Mike

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feels the vote should be against until the article wording is amended. Bill recommends approving with proposed amendment. Austin Knight stated the motion gives several options for purpose, and that the town is not in the business of building houses. He mentioned considering funding sources outside of state and federal. He stated the price is fair, that the town has tried for a while to get the entire property, not just a section of it, and that it is a once in a lifetime opportunity. He also stated there is a letter from State acknowledging that the process was done correctly. Austin went on to say that at the BOS meeting they will discuss the best way to move forward. He was assured that the Commonwealth is working with the Legislature (House Bill #59). Will make a recommendation to indefinitely postpone.

Duane stated that due to political atmosphere, strike down the use. Clarence agreed and said to look at it for what it is, a good, sound financial opportunity. He went on to also say to strike specific purposes. Mike stated to be very careful about using free cash use to get it through at 50% which could fracture the tenuous trust being built with the community, and will seem that they don't trust the community to put it to the ballot box.

Doug thanked Bill and Peter for their advocacy. He stated that there needs to be leaders in the community outside of government to take responsibility to develop in a rationale and cash generating way for the town. Mike asked Dan Hoort if they could create an Enterprise Fund to which Dan answered possibly in the future to look at what property to own, and what property to get rid of. Doug stated the need to know how to develop because there are now assets that are generating nothing.

Bill stated the next for the community – channel the true community visioning process. The total answer is – what should the community be and do to generate more revenue to get bigger and better, and to harness the community energy in a positive direction.

Duane discussed the need to determine if the police station is viable at its present site or if it should be considered for the VFW property in addition to some type of housing. He feels there is much to consider regarding housing at that location. Catherine stated that it's all about the land – Provincetown has lost land so don't sell anything. She went on to say the land is needed for the locals so we need to buy this, and the BOS should listen and open their minds.

Mike stated that he feels strongly about the need to eliminate the wording “transfer from available funds”. Raphael agreed and wants to vote in favor of the article. Duane stated he can't vote without the amendment. He stated the need to be careful about how it is recommended – need to say how property will be acquired, reserve use of the property for another debate, and state how it will be paid for. Mike asked

the Committee to consider voting to recommend this purchase by asking Selectmen to amend to take out the wording: for police station, for affordable housing, and to eliminate transfer from available funds.

There was much further discussion regarding the Article, and Mike suggested writing a letter to the voters, and that they meet on the 16th and at that time will have clarification. Mike suggested the Article be tabled until the October 16th meeting. Raphael Richter made a motion to table the Article until a special meeting one week from today's date, seconded by Duane Steele, and passed 7-0-0.

David Gerden, DPW Director, Rich Waldo, Deputy Director, and Sherry Prader, Operation Director asked to discuss Articles 8 and 9. Mr. Gerden reported that the new water superintendent had departed. They want to purchase property of land in Truro – they are interested in Lot 5 (South wall of Welfleet). Additional funding for purchase would come from Water Enterprise Fund. He stated the price would be approximately 284,000 (according to Zillo that would cover price for an acre or 1.96 in Truro). They would ask for a deed restriction for conservation. Mr. Gerden also stated that paving projects would be going forward and to fix water lines underneath them during the paving. Move to recommend both Articles passed 6-0-0 (Catherine had left the meeting).

Committee members again discussed Article 6. Raphael Richter will write up and submit to Mike a letter stating “without limitation” contingent on ballot box. Wayne Martin voiced his opinion that the decision to sell the VFW at this time was not legal. The Committee will meet to review the letter.

Discussion of other Articles:

Article 7 – Duane Steele moved to not recommend which was seconded by Clarence Walker.

The motion passed 6-0-0.

Articles 11, 12, 13, 14, 15, 16 – tabled

Article 17 – Duane Steele recused himself. Clarence made a motion to recommend Article 17 as printed which was seconded by Doug Cliggott. Discussed growth rate, OPED priority, and will be built into budget. Doug will make slides for presentation.

Article 18 – to Defund Marine Patrol – Pier Corp voted 3-1-0 to recommend defunding. Motion to recommend by Clarence Walker and seconded by Duane Steele.

The meeting was adjourned (no time mentioned).

Respectfully Submitted , Maghi Geary