

**TOWN OF PROVINCETOWN - BOARD OF SELECTMEN  
MEETING MINUTES - SPECIAL MEETING  
TUESDAY – OCTOBER 18, 2016 – 6:00 p.m.  
JUDGE WELSH ROOM - 260 COMMERCIAL STREET**

Vice-Chairman Yingling convened the open meeting at 6:00 p.m. noting the following attendees:  
Board of Selectmen members: Eric Yingling, Tom Donegan, Cheryl Andrews, and Robert Anthony.

Excused: Raphael Richter

Other attendees: Town Manager David Panagore; Asst. Town Manager David Gardner, Finance Committee members: Mark Hatch, Chairman, Louise Venden, Vice-Chair, Duane Steele, Mark Bjorstrom, Mark Del Franco, Scott Valentino, and Chris Mathieson.

Recorder: Loretta Dougherty

**1. Joint Meeting with the Finance Committee: Review and Discussion of the Financial Forecast and CIP:**

FinCom called to order at 6:01 p.m.

David P. gave a PowerPoint presentation on the Financial Forecast FY2017-FY2027. (See Addendum 1 with new documents). Key points discussed focused on the Financial Forecast and a preview of the Capital Improvement Plan. New growth went up by \$170,000 with valuation by \$87,000. On a percentage basis, our numbers have not changed. Revenues shift a little from FY2017 to FY2018 as reflected on the graphs e.g., in FY2017 Tax Levy Limit is 71% and Cherry Sheets at 3%; in FY2018 Tax Levy Limit is 72% and Cherry Sheets is 2%. The expense side also shifted a little. In the expenses: Health Insurance (910 Employee Benefits) is the largest driver with a projection of 10%+/- year over year being the estimated inflator. Health insurance has to be looked at structurally, what the risk is and how it is allocated. We have time to think about this. Debt of \$163,725 increased for this year and he is investigating where it is coming from. Sources of capital will be better defined when the budget is brought back in December. He is concerned about the way the number estimating has happened at the county level regarding how they are handling their reserves. He will pull the claims run and start looking at it with Jody in our Payroll/Employee Benefits Department.

Tom D. believes that is a lot of opportunity and a lot of risk. The county uses a two person subsidy family policy. We are facing a Cadillac tax this year and an increase by 40% may happen. It is on the books. In 2020, we add the 40%.

Louise what impact does the retirement age make?

David P. stated that the county is considering bringing on an HSC. When you move to those types of plans the employee and employer becomes a deductible. A cap on pharmaceutical is much higher. It does improve risk management but since they are portable, they are attractive to those who do not have claims or cost. Whatever happens will be decided by the mid-cape and we will have to go along with it. David P. will do a department-by-department overview of expenses for the Board. **Recommendation:** Number reflects we are behind Rate of Contribution – graded on a curve we would have an A- if compared to the state. OPEB can be spent on ongoing health care cost. When things start going high you can draw off this fund before you adjust your budget.

**Ideas:** He would like to look at adding a Recording Secretary Position that would add a minutes staff person; look at establishing a Parking Enterprise Fund (cost allocation/accounting), and move the Grants & Housing Specialist off of the CPA funds and into the Operating Budget (if housing is an important as we

say it is she sits by herself and is not integrated in the Community Development area). From the Municipal Modernization Act he recommended looking at revolving accounts; create bylaws so you do not have reenact them every year; initiate a Workforce Housing Tax Assessment Plan for the VFW site which is not defined in this Act but we did this last year. This as one more tool to look at as a way to make workforce housing on the VFW site a more viable option and guaranteeing full taxes in the end.

Concerning the Financial Forecast, David asked whether we continue to budget as conservatively as we have or do we budget closer and on that basis have a more accurate projection of when we will cross the line into the red.

Erik he wants to project closer to where we are heading. He wants to see when we will actually start to get to the deficit.

David P. would like to establish a set of fixed assets and work with staff to stand still where we are (\$2 million a year) and build that in as a minimum and then have conversations about budgeting new fixed assets. We do not know what new growth is and what revenues will be for stabilization so we cannot come up with a tax figure.

Cheryl asked FinCom what kinds of things they vote no on and what their thoughts are.

Finance Director Mark Hatch stated that we are underfunding OPEB again and there are unknowns we run across over the course of a year. Health Insurance and all of those things error on the side of having more on hand. Fire engines need to be replaced and health insurance could go up 15% instead of 10%. We want to look at the bottom line. Should we be doing large expenditures? Do we need to do something now is always on his mind. Do we replace a police car or do we wait another year? Things will always cost more when purchased later on. Are we meeting our obligations? If we do it now, it will cost less than if we wait another 5 years or so. FinCom always looks at the long-term. Are we looking at all of our options regarding health insurance? Why are we still on the county plan? Are there other plans that could serve us better?

Tom referenced the chart for revenue year over year. We get our revenue from local estimated receipts, mostly parking. One hurricane in August puts that at a big risk. The idea of having sandbagging on the estimated local receipts because we do have a risk should be considered. The property tax line is locked; it is fixed revenue. We need to be careful that we have more risk in our revenue side than most towns. If free cash comes that means we do not go to bonds. Capital exclusions as opposed to debt exclusions make more sense.

David P. believes we should reexamine our reserves. We have unique risks; identify new sources of revenue; conservative estimating and increase our reserves.

Vice-Chair of Finance Committee Louise Venden stated they are looking more carefully at how departments are working and performing better with the money they have.

David P. stated the UMass Boston has started working on performance training with staff. Chief Golden is working with staff in improving their performance. Quarterly reports will reflect some changes. We are updating our Accounting Department and the cashbook and receipts are going over to MUNIS.

Mark H. believes it is much better to have reliable figures when people get their tax bills. He wants to have excess in free cash and not go out to bond to get money. When people get their tax bill and it has jumped due to going out to bond that becomes an issue.

Erik asked to start discussion on the CIP.

David P. believes a budget is an expression of community values, and a capital plan is a budget that sequences community priorities (both are principal management tools). There are three debt sources: the Capital Stabilization Fund with is approximately \$550,000 +/-; Free Cash \$1 million +/-, and the General Obligation Bonds.

Robert asked about an Enterprise Fund (for Pier Corp.) instead of going through this process every year.

David P. thinks he would rather have a well-functioning Pier Corp. than having a conversation about a bad functioning Pier Corp. He wants to get it to a place where it is functioning then have the conversation as to whether the Pier Corp. is needed or not.

David referred to the next steps to be taken such as preparing the Operating Budget and reviewing the operating and capital items at department hearings; closing the books on FY2016 to obtain the free cash figure, and looking at the Capital Budget Review to allocate projects across appropriate funding sources, investigate further annual "fixed" capital costs, review the Capital Improvement Stabilization Use and Function to investigate retaining some capital reserve funds and financial, procedural and operational constraints.

A brief discussion was held about capital improvements:

Mark H. pointed out that we make traffic decisions and then we change them again two years later which is a waste of money and time. The reality in this town is that we do not have a lot of space to work with. When doing any reconfiguring we should take a long hard look at it.

Tom D. wants to look at the cost of the servers (MIS) and when do we begin to migrate away from servers into the cloud. Microsoft has stopped supporting servers last year. We should start moving toward it slowly but at some point, our hand will be forced.

David P. believes that as long as we believe that the cloud will never disappear or collapse we should start movement, but he expressed the need to always have a backup or storage of data in place.

Mark H. believes that by 2022 we should not have a server left in Town.

Erik wants to have the discussion again to get rid of the servers and move to the cloud. There will be a savings there.

Mark H. wants to have a meeting on going to the cloud.

**2. Other: None.**

Without objection, Eric adjourned the Board of Selectmen meeting at 7:34 p.m.

Without objection, Mark H. adjourned the Finance Committee meeting at 7:34 p.m.

Minutes transcribed by: Loretta Dougherty