Town of Newbury

Finance Committee Meeting

Tuesday April 2, 7:00 pm, Town Hall

Meeting Summary

Committee (alphabetical): Gene Case (Vice Chair), Bob Connors, Larry Guay, Frank Remley (Chair)

Ex-Officio: Tracy Blais, Town Administrator/Finance Director

1. **2.26.13 and 3.14.13 Meeting Summaries:** The summary for 2.26.13 was unanimously approved as a quorum of those attending that meeting was present. Summaries for 3.4.13 and 3.14.13 were deferred as a quorum of those attending those meetings were not present.
2. **February 2013 YTD Revenue and Expense Summaries:**

* **Revenues:** as of February, overall YTD revenues are $278,775 ahead of projections for FY13. Fees are $152,603 below those collected YTD in FY12, but that is the result of the outsourcing of Transfer Station operations to a private contractor. Permits previously collected by the town clerk have been eliminated in lieu of a “pay as you go” payment system by users. RE tax collections, and excise tax collections are well ahead of those as of February in FY12.
* **Expenditures:** Overall, the general fund expenditures are slightly ahead of projections (69.6% expended vs. 66.3% budgeted through February). There are several reasons:

**-**Advance debt service payments;

**-**Advance library and insurance expenditures; as well as scheduled prepayments for retirement commission;

**-**the Ice and Snow removal budget is 25% over projections due to recent storms;

**-**the Police budget is slightly ahead of projections due to the PI storm event;

1. **Reserve Fund update: The Town Administrator presented four requests for transfers from the reserve fund, all of which were unanimously approved, with two modifications:**
2. 15,000 to Byfield Fire Protection Flat Rate expense to begin purchase of new turnout protective clothing: $10,000 was approved for this due to the near depletion of the reserve fund;
3. $15,000 to Newbury Fire Protection Flat Rate expense for the same reason: $10,000 was approved;
4. $9586.11 to Police Dept. salary and wages for additional staffing at the PI Storm event;
5. $629.75 to Police Dept. expenses resulting from the PI storm event.

Discussion focused on the need to examine further the future of the fire companies with respect to acquiring capital equipment. It was resolved that further examination of the financial status and funding of the two separate fire companies was needed.

1. **Fiscal Impact of recent storm damage on PI assessments, abatements, etc:** Budd Kelly, Chairman of the Board of Assessors was present and provided a summary of the current status of property losses on PI, and the process and timing of assessing and collecting initial taxes on new construction. He was accompanied by Wayne ??? from Patriot Properties.

* **Assessing and taxing new properties:**
  1. **What is the process for assessing and taxing new construction?** Ans. Currently new properties are recorded for the tax rolls in June 30 of each year, regardless of when completed during the prior year.
  2. **Are there any internal bottlenecks? If so, how can they be corrected?** State tax law has been the biggest deterrent in the past. Supplemental tax Legislation is in process to enable taxation based on % complete as of January; however, the ability to pick up full taxes based on the date of CO.
  3. **Can this process be accelerated, or modified to achieve earlier collections on partial construction? If so how?** Acquisition of improved software might improve the efficiency and accuracy of the internal process of filing and tracking permits, assessments, payments, record keeping and reporting in general.
* **Impact of recent March storm on PI property losses**

1. **What is the potential fiscal impact on Newbury as a result of the recent property losses (occupancy permit revocations, demolitions, abatements, etc) on Plum Island? Timing? How many homes were lost?** Six homes have been lost so far. Five others have been evacuated for safety reasons. However, those five may be restored. Total losses in building value so far is roughly estimated at $1.4 – 1.5 million. (Note: land value unchanged).

1. **How many properties are potentially rebuilding? What impediments may exist for generating building permits?** Potentially five currently have lost their Certificates of Occupancy for safety reasons, but may be corrected or rebuilt per permits. Data to be gathered from Building Inspectors office.
2. **How many properties are at risk of loss and how many parcels may file for Abatements? Timing?** Not known at this point**.** $10,000-$15,000 may be requested to add to the Overlay account.

1. **What is the projected impact on the Overlay Account for the near future? E.g. FY14, FY13?** Not know as yet, but impact on overlay account likely minimal for FY13. Current overlay account budgeted at $150,000 for FY13 vs. as low as $65,000 in prior years. Losses for FY13 may be up to Governor, and may be subject to a Home Rule petition.
2. **What is the total fiscal exposure for the Newbury residential properties on Plum Island?** $1.18 Billion in total EQV for Newbury overall vs. about 25% of this on PI. (627 taxable properties on PI, vs. about 2400 for Newbury overall.) $301 million is the total EQV for PI. However, only $1.4-1.5 million in value currently is at risk due to March storm losses. Current average RE taxes are around $3000-$4,000 per parcel on PI, depending on whether beachfront or not. Beachfront properties average higher. (Whole value at risk is just those homes on the southern Beachfront). Non Beachfront homes have been increasing in value.

* **What percentage of our total real Property income comes from Plum Island?** About 25% per above.
* **What is the average property tax for PI property owners?** About $3000-$4000 for all homes on PI per above.

1. **Update on Transfer Station outsourcing:** No new information was presented or discussed**.**
2. **Other:**

* **Review role and mission of the Finance Committee (nest steps?)**. No further discussion.
* **Candidates for vacant position on Finance Committee.** Two have been interviewed, one remains. BOS to make decision, but not sure when**.**
* **TRSD update**. Frank reiterated that the final FY14 operating assessment for Newbury would be reduced by $353,000 for FY14. This is due to the DESE re-centering of the target of 82.5% of maximum potential minimum contribution for Newbury. Without this, Newbury would have been assessed at %89.5%.
* Current projection of new growth revenues for FY13 (permits and tax impact?) Town Administrator

1. **Next Meeting: Tuesday, May 7, 2013, 7:00 pm, Town Hall (Tentative)**