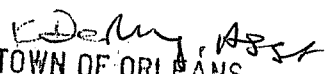


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TOWN OF ORLEANS
TOWN CLERKS OFFICE

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FINANCE COMMITTEE MINUTES

On March 10, 2010 the Orleans Finance Committee convened in the Nauset Room of the Orleans Town Hall in a joint session with the Orleans Board of Selectmen for the purpose of holding a public hearing on the budget for fiscal year 2011.

The members of the Finance Committee were called to order by Assistant Vice Chairman Dale Fuller at 7:00 p.m. Present constituting a quorum were Edwin Barr, Mark Fiegel, Dale Fuller, John Hodgson, Paul Rooker and Rick Sigel.

Public Hearing

Mr. Fuller, presiding officer for the hearing, explained that the public hearing was being held in accordance with provisions of Section 8-3-2 of the Orleans Home Rule Charter to provide Orleans citizens an opportunity to comment on the proposed budget. Approximately sixteen members of the public were in attendance.

Mr. Fuller introduced Finance Director David Withrow who explained the three key terms in the budgeting/revenue/rate setting process and how they relate to the over ride/under ride provisions of proposition 2 ½. The key terms are: the levy, the levy limit and the levy ceiling.

The levy is the amount of revenue raised by the property tax.

The levy limit is based on the prior year levy plus 2.5% plus an allowance for "growth" (defined as the value of new construction) plus "overrides" and "exclusions". He explained that while general overrides carry forward from year to year exclusions do not carry forward.

The levy ceiling is 2.5% of the community's fair market value. In the case of Orleans the levy limit is approximately \$95M (2.5% of \$3,783B).

Withrow continued with an explanation of how these calculations relate to the tax rate and explained that, although the tax rate is required to be based on "full and fair market value", property values may or may not change at the same rate as the valuation of the town in general. Additionally, while property values must be adjusted every year, there is a one year lag in adjustment of property values to the market because of a delay in recording sales at the Registry of Deeds.

With this as background Withrow described some of the key elements impacting on the budgeting process for FY 11.

On the revenue side:

- 1) "Growth" is down by 35% (\$70K)
- 2) State aid, while only 1.5% of revenue, is projected to be down 10%.

- 3) Vehicle Excise taxes will be down.
 - 4) Local Receipts (60% of non property tax revenues), while appearing to increase because of the inclusion of water rates, will actually be down.
 - 5) Free cash is down 45%
 - 6) Quinn bill reimbursements are down 50%
- On the Expense side:

- 1) Pension contribution costs are still uncertain but will most likely be up due to poor returns on invested capital
- 2) The assessment for Cape Cod Tech will increase because the formula is based on both the increase in the number of students from Orleans and the value of properties in Orleans. Thus, an increase of 4 students results in an 18% increase in the Orleans assessment.

Given the above the tax rate will be set at \$5.28 or an increase of 2%.

Town Administrator John Kelly then took the podium for a PowerPoint presentation summarized as follows:

- 1) Budget policy was promulgated as requiring the town department managers to maintain core services while balancing the budget with increases of no more than 2%.
- 2) Wage and Salary expense are limited to no more than .65% increase
- 3) There was to be no increase in expenses.
- 4) Potential cost reductions totaling an additional 2.5%, if required, had to be identified in the first round of budget development.

Within the above guidelines the FY'11 budget is balanced with a 2% increase in the tax rate and a very modest surplus due to rounding of the numbers. Aggressive action will be needed in future years which are projected at deficits of \$367K in FY'12, \$141K in FY'13 and \$82K in FY'14.

Following Mr. Kelly's presentation the floor was opened to questions from the public:

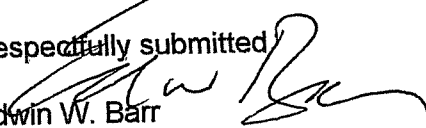
Mr. Ben Buck expressed his opinion that the Water Department should be made a profit making venture for the town. He believes water should be sold as a revenue source and used for general expenses as well as for funding infrastructure and other capital improvement items not necessarily related to the water department.

He added that he believes the town should actively lobby the state DEP to influence the degree to which waste water spending will be necessary.

Mr. Tom Finan stated he believed fees in the building department were too low and behind those charged by other towns. He thinks rates should be gradually adjusted to catch up with fees charged by neighboring towns but stated that, since Orleans is behind by a factor of several years, it will be difficult to catch up. He proposed the town implement a policy to review all fees on an annual basis to ensure we charge fees comparable to those charged by other towns in the region.

All interested parties having been heard, Mr. Fuller closed the Finance Committee/BOS joint public hearing at 7:50 P.M.

Respectfully submitted,


Edwin W. Barr

Acting as Recording Secretary