



## FINANCE COMMITTEE MINUTES

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The July 8, 2010, meeting of the Orleans Finance Committee was convened by Chairman Walter Bennett at 7:00 p.m. in the Nauset Room of the Orleans Town Hall. Present constituting a quorum were Chairman; Walter Bennett, Vice Chairman; Mr. Lawrence Hayward, Mr. Mark Carron, Mr. Dale Fuller, Mr. John Hodgson, Secretary; Gwen A. Holden Kelly. Absent members; Mr. Paul Rooker and Mr. Rick Sigel.

### **Approval of Minutes:**

**On a motion made by the secretary, the minutes of the June 24, 2010, Finance Committee meeting were approved (6-0-1).**

### **Guests:**

None

### **(NB) New Business:**

#### *Election of Officers:*

**On a motion made by Chairman Bennett, Mr. Lawrence Hayward was nominated to be Chairman, and seconded. There being no other nominations the motion past unanimously. Chairman Bennett then turned the meeting over to Chairman Hayward.**

**On a motion made by Chairman Hayward, and seconded, Ms. Gwen A. Holden Kelly was nominated to be Vice Chairman. There being no other nominations the motion past unanimously.**

**On a motion made by Chairman Hayward, and seconded, Mr. Mark E. Carron was nominated to be Secretary. There being no other nominations, the motion past unanimously.**

#### *Member assignments:*

The Chairman requested that Vice Chairman Holden Kelly outline committee member assignments for the new fiscal year and bring them to our next regularly scheduled meeting. There was discussion on the merits of past practice of changing committee member assignments. It was the feeling of some members that changes in assignments annually did not give members an opportunity to fully understand the departments.



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### **(OB) Old Business:**

#### *Continuation of Town-to-Town Data Comparisons/Performance Benchmarks Discussion:*

(OB.07.1) Mr. Barr reviewed information gathered in his research comparing Sturbridge, MA. to Orleans. Some similarities, both are tourist destinations, same town structure and Orleans is one of ten towns that Sturbridge compares themselves to also. Members questioned the cost of living index, state aid and population mix. The Chairman asked Mr. Barr to gather additional information on the questions asked and report those findings to the committee.

#### *Review Capital Projects:*

(OB.07.2) The Chairman reviewed where the Capital Budget stands after Town Meeting rejected the proposed Plan as presented. It was decided that the committee would review all known capital expenditures before proceeding. The Chairman indicated he would develop a list for the committee to begin to review.

#### *Waste Water Review:*

(OB.07.3) It was the feeling of the committee that it would be best if this topic was held for discussion until after the Board of Selectman's meeting on July 14<sup>th</sup> when the county collaborative would be making a report. Mr. Bennett offered to make available to any member reports which he had gathered during his liaison to the Waste Water Steering Committee.

### **(A) Topics for future Agenda's:**

(A.07.1) Mr. Fuller asked that the committee discuss the type of financial reporting they would find beneficial. He referenced the financial data prepared by the town's Finance Director for the Board of Selectmen as an example of the type of reporting he would find beneficial.

(A.07.2) Mr. Fuller requested that the committee complete its review of the type of request that should be honored and approved by the Finance Committee when using the town's Reserve Funds.

(A.07.3) Mr. Fuller asked that the committee review the type and level of Insurance coverage each member of the Finance Committee has? He was particularly concerned now with the implementation of the new Ethics Laws effective July 1, 2010.



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(A.07.4) Mr. Hodgson asked that the committee investigate the potential exposure Finance Committee members may be under should recommendations be approved knowing there may be a possible Conflict of Interest.

(A.07.5) Mr. Bennett inquired into the rate structure the region will be using for Provincetown students who attend the Nauset School system.

### **(BOS) Board of Selectman Meeting Report:**

*BOS meeting of 6/30/10:*

(BOS.07.1) Mr. Fuller reported that there no discussions that had a financial impact, but did report on the new Sunday liquor Law enabling restaurants to serve at 11:00 a.m. on Sundays.

### **(C/D) Committee and Department Reports:**

*Water and Sewer Commissioners:*

(C/D.07.1) Mr. Barr reported that the committee voted in their new slate of officers. Mr. Barr also updated the committee on the efforts of the Commission to regionalize the town's water service with Eastham. While the talks continue, it would seem that the needs to utilize the water service from Orleans to Eastham will not be until their phase 5.

*Community Preservation Committee:*

(C/D.07.2) Ms. Holden Kelly indicated the committee discussed grants for the Putnam purchase approved by Town Meeting. They committee also discussed the possible opportunities to purchase condominiums within Orleans for affordable Housing.

*Board of Health:*

(C/D.07.3) Mr. Fuller noted that the Board of Health will be meeting with the Board of Selectmen on Wednesday July 14, 2010 to appoint a new member for the vacancy caused by the election of Susan Christie to the Board of Selectmen. They will also be discussing the options available to them for increasing the fees at the Transfer Station to offset future cost. The committee also discussed the Home Inspection concept for taxpayers that rent their homes during the summer months. It was noted that it would/could take as long as 6-8 hours to inspect a home properly. Mr. Fuller also commented on the format of the Boards minutes and suggested that our Secretary review for possible ideas.



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### **Adjournment:**

**There being no further business before the committee the meeting was adjourned at 8:45 p.m.**

Respectfully submitted

Mark E. Carron  
Secretary

### **Next Meeting:**

*Wednesday, July 14, 2010 at 5:30 at the Town Office Building, Nauset Room.*

### **Attachments:**



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From: Dalekfuller@aol.com  
To: lkayward1@verizon.net  
CC: gah.nausetgroup@gmail.com  
Sent: 7/9/2010 11:35:34 A.M. Eastern Daylight Time  
Subj: Finance Committee

Larry,

You asked me to send you detail on the suggestions I voiced last night.

**(A.07.1)** The first, on getting financial reports, is covered in the email at the bottom of this note. I agree we should get the reports when they are given or made available to the BOS.

**(A.07.2)** The second concerned advice on the circumstances where we can disburse our reserve funds. *The law follows and I have highlighted the controlling wording. "Extraordinary" seems clear, but "Unforeseen" ...* just what is an unforeseen expense? Depending on the response from town officials, we may need advice from Town Council. I don't think any of us want to again be put into the position we faced last month. :

### PART I. ADMINISTRATION OF THE GOVERNMENT

#### TITLE VII. CITIES, TOWNS AND DISTRICTS

#### CHAPTER 40. POWERS AND DUTIES OF CITIES AND TOWNS

#### PURPOSES FOR WHICH TOWNS MAY APPROPRIATE MONEY

**Chapter 40: Section 6. Towns; reserve funds for extraordinary expenditures; establishment**

**Section 6. To provide for extraordinary or unforeseen expenditures, a town may at an annual or special town meeting appropriate or transfer a sum or sums not exceeding in the aggregate five per cent of the levy of the fiscal year preceding the fiscal year for which the fund, to be known as the reserve fund, is established. No direct drafts against this fund shall be made, but transfers from the fund may from time to time be voted by the finance or appropriation committee of the town, in towns having such a committee, and in other towns by the selectmen; and the town accountant in towns having such an official, and in other towns the auditor or board of auditors, shall make such transfers accordingly.**

**(A.07.3)** The third concerns the new ethics laws. The example I gave was: an individual feels there was a breach of ethics by a third party and we made a financial decision tied to the breach. We are sued by the individual on the basis we knew or should have known of the breach and our decision was tainted by the breach. I am sure the D&O liability policy the town has covers us as members of the committee (correct?), but what if we are also sued as individuals? As we discussed, defense is very expensive and there is always a chance a jury would find against us. Does the town hold us harmless and will it indemnify us in suits like this?



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Thanks,

Dale

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From: Dalekfuller@aol.com  
To: walterbenett@comcast.net  
CC: lk Hayward1@verizon.net  
Sent: 7/7/2010 2:21:01 P.M. Eastern Daylight Time  
Subj: Finance Committee

Walt, and Larry,

As we begin the new year, I hope we can reach an understanding on financial reports. We regularly get the Monthly Expense Reports placed in our mailbox. Why can't we get the Monthly Revenue Reports the same way? Now, we have to wait until the TA includes them in the BOS's Packet which seems to happen irregularly each month. The new quarterly summary we saw looks good also, but will it include all revenue (ambulance receipts, etc.) as we suggested, and will Dave meet with us quarterly to go over revenue and expenses?

Thanks,

Dale



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### **(OB.07.1)** Observations, Comments and Notes on Orleans to Sturbridge Metrics

- 1) With about 3,000 more people and three times the land area Sturbridge runs their town on about a million dollars less per year.
- 2) Long tenured members of the Finance Committee have intimate knowledge of the operation and financials of the town of Sturbridge as there are no term limits. Chair of the finance committee has served for over ten years.
- 3) Sturbridge has a much lower debt load than Orleans. Debt service is \$282K versus \$2.5 M.
- 4) Sturbridge gets almost 46 times more state aid than Orleans
- 5) There is a "Capital Planning Committee" in Sturbridge but I am not aware of a comparable committee in Orleans. Additionally, Sturbridge seems to place much more emphasis on proactive citizen involvement in the planning process. For example in addition to the usual Open Space, Historical, Cultural, Planning etc. committees, there are other committees in Sturbridge with mission statements that invoke strong planning charters, such as: Design Review Committee, Insurance Study Committee, Personnel Classification and Policy Committee, Betterment Committee, Traffic Study Committee, Public Lands Advisory Committee, Trails Committee, Recreational Trails Master Plan Steering Committee, Economic Development Committee, Lake Advisory Committee, Tree Warden Advisory Committee and a Master Plan Steering Committee,
- 6) While the cost of living index is higher in Sturbridge than it is in Orleans, in general, town employees are paid much better here than in Sturbridge.
- 7) It is easy to see the contribution the "McMansions" make to Orleans. With three times the assessed value we have one third the tax rate! \$4.88 versus \$14.55.
- 8) Sturbridge, which is also basically a tourist based economy, generates \$254,000 per year from the room tax and spends 16.5% of that on the tourist association.
- 9) At the elementary school level we spend twice as much per pupil to get MCAS scores 12 and 6 points higher in English and Math
- 10) Orleans has four times the national average of police officers per 1000 residents than the national average.
- 11) With comparable numbers of incidents and three times the land area to cover Sturbridge manages with one third the number of firefighters using three companies of call fireman instead. (of course the town also has an average age 15 years younger than Orleans)
- 12) The water and sewer services in Sturbridge have been outsourced to the same contractor (Violia Water North America) for over 20 years. The



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system is managed 365/24 with seven employees who are cross trained to operate both the water treatment and wastewater plants.





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13) Some observations on departmental spending. Orleans spends

- a) roughly twice as much on the TA and BOS
- b) almost four times as much on planning
- c) twice as much on assessing
- d) twice as much on conservation
- e) four times as much on town hall
- f) three times as much on fire and rescue
- g) twice as much on the transfer station
- h) twice as much on 15 miles of less roads
- i) five times as much on the COA



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### (OB.07.1) Town to Town Metrics Comparison

Code for Data Sources:

#### 2009 Town Reports

**CITY-DATA.COM FOR ORLEANS AND STURBRIDGE (USER SUPPLIED DATA – NOT AS ACCURATE AS MA DOR)**

**ORLEANS** [HTTP://WWW.CITY-DATA.COM/CITY/ORLEANS-MASSACHUSETTS.HTML](http://www.city-data.com/city/orleans-massachusetts.html)

**STURBRIDGE** [HTTP://WWW.CITY-DATA.COM/CITY/STURBRIDGE-MASSACHUSETTS.HTML](http://www.city-data.com/city/sturbridge-massachusetts.html)

MA DOR “At a Glance Reports”:

Orleans <http://www.mass.gov/Ador/docs/dls/mdmstuf/aag/aag224.doc>

Sturbridge <http://www.mass.gov/Ador/docs/dls/mdmstuf/aag/aag287.doc>

Issue for Comparison	Town of Orleans	Town of Sturbridge
<b>Demographics</b>		
Population		
2006 <b>CITY-DATA</b>	6382	9786
2008 MA DOR	6269	9103
Density <b>CITY-DATA</b>	743/ sq. mi.	398/ sq. mi.
2008 MA DOR	442.41/ sq. mi.	243.33/ sq. mi.
Registered Voters	5574	6448
Median Age <b>CITY-DATA</b>	53.7	38.7
Average household size <b>CITY-DATA</b>	1.9	2.6
<b>Government Structure Town Reports</b>		
Town Administrator	Long tenured	Hired 7/09
Board of Selectmen	5 members	5 members
FinCom	9 members (two term limit)	7 members (no term limits)



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Issue for Comparison	Town of Orleans	Town of Sturbridge
Finance	Director	Director
Capital Planning Committee	Not specified	5 members: TA, Fire Chief, DPW Director, Town Planner, Chair of FinCom
<b>Land area</b> (Google)	13.94 square miles	39.0 square miles.
<b>Financials</b>		
Cherry Sheet (estimate 2010)		
Education Aid	\$252,295	\$2,024,230
General Govt.	\$225,802	\$857,673
Net State Aid	\$59,554	\$2,726,858
Other Available Funds		
Free Cash 7/1/09	\$1,756,518	\$488,443
Stabilization Fund	\$32,452	\$960,678
Overlay reserve	\$181,287	\$110,127
Total other funds	\$1,972,257	\$1,559,248
Debt Service	\$2,582,330	\$281,560
Debt Exclusion	\$1,841,675	\$439,992
Health Insurance	\$1,751,739	\$944,219
Pension	Not reported	\$536,405



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Issue for Comparison	Town of Orleans	Town of Sturbridge
Bond Ratings (12/09)		
Moody's	Not rated	A2
S & P	AA+	AA
Economic Facts <b>CITY-DATA</b>		
Median Income '08	\$37, 730	\$79,356
Below the poverty level	6.9%	5.7%
COL Index	114.3	115.9
Real Estate Taxes and Values		
Tax Rate '09	\$4.88	\$14.55
# single family parcels	3,720	4,456
Total tax	\$28,577,702	\$27,657,173
Assessed values '09	\$3,887,216,150	\$1,205,578,619
'09 Assessments by class:		
Residential	\$3,593,788,279	\$979,988,971
Commercial	\$242,255,361	\$148,557,249
Industrial	\$8,692,400	\$29,011,799
Personal	\$42,480,110	\$48,020,600
2010 average home value	\$751,795	\$277,918
2010 average tax bill	\$3,872	\$4,044
Levy '10	\$19,486,884	\$17,541,169
Levy limit	\$19,487,632	\$17,632,589
Meals Tax (date/anticipated \$)	5/10 \$230,000	10/09 \$200,000



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Issue for Comparison	Town of Orleans	Town of Sturbridge
Room tax	N/A	Increased from 4 to 6% '09 revenue of \$254,000 67% to general fund, 16.5% each to betterment and tourist association.
<b>Schools</b>		
Elementary	PreK-5 (OES)	PreK-6 (Burgess)
Enrollment	200	919
Student/Teacher ratio	9:1	12:1
Budget expended	\$3,713,473	\$8,268,365
Per Pupil	\$18,567	\$9,236
MCAS 2009 (grade 4)		
English	74%	62%
Math	70%	64%
Middle	6,7,8	7,8
Enrollment	591	593
Student/Teacher ratio	10:1	12:1
High	9-12	9-12
Enrollment	1100	965 (plus 299 in tech)
Student/Teacher ratio	15:1	10:1 (3:1 in tech school)
Regional Assessments		
Education	\$3,446,174	\$5,347,457
Transportation		\$63,940
Debt	\$80,871	\$487,535
<b>Police</b>		



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Issue for Comparison	Town of Orleans	Town of Sturbridge
<b>CITY-DATA 2006</b>		
# full time law enforcement	27	23
# full time police officers	21	17
# per 1000 residents	12.31	7.99
Average in U. S.	3.0	3.0
<b>2009 Town Reports</b>		
# law enforcement	30	29
# full time police officers	22	18
# reserve and summer	9	1
<b>Fire 2009 Town Reports</b>		
Staffing	Chief and 21 full time firefighter/paramedics only one of which is also a call firefighter	Chief and 7 full time firefighters all of whom are also members of a call company and 5 of whom are also paramedics
Ambulance Service	All of the above serve in dual capacity	22 paramedics (all but one of whom are also call or full time fireman)
Call Fireman	One company total of 9 personnel	3 Companies totaling 24 call personnel
<b>Incident Reports 2006 CITY-DATA</b>		
Fires	48 (43%)	37 (31%)
Hazardous Condition	59 (53%)	66 (55%)
Service Call	1 (n/a)	5 (4%)
Good Intent Call	5 (4%)	11 (9%)



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Issue for Comparison	Town of Orleans	Town of Sturbridge
<b>Library Data CITY-DATA</b>		
Operating Income	\$404,582	\$278,112
# books	58,758	35,277
# serial subscriptions	96	91
<b>Educational Statistics CITY-DATA</b>		
High School or higher	92.8%	90.1%
Bachelor's or higher	33.6. %	36.0%
Graduate or Professional	13.9%	10.9%
<b>Departmental Costs ('09 expended)</b>		
TA and BOS	\$499,652	\$196,488
Finance and Accounting	\$222,182	\$285,385
Planning	\$422,695	\$93,141
Assessing	\$209,886	\$110,285
Town Clerk	\$124,047	\$85,848
Conservation	\$109,224	\$55,214
Town Hall	\$133,424	\$26,000
C of C, Tourist Assoc.	\$18,550	\$88,052
Police	\$2,107,424	\$1,707,580
Fire/Rescue	\$2,780,116	\$798,273
Transfer Station	\$506,861	\$239,392
Snow Removal	\$161,553	\$269,878
Roads	\$752,425	\$331,815



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Issue for Comparison	Town of Orleans	Town of Sturbridge
COA	\$453,780	\$89,472
Health	\$241,598	\$90,785 (not totally comparable)
Town Counsel	\$88,436	\$89,352
Water		
Revenues	\$	\$1,997,329 (contracted service)
Expenses		\$1,152,582
Sewer		
Revenues	n/a	\$2,044,663 (contracted service)
expenses	n/a	\$2,184,479
<b>Compensation Levels (Selected Positions)</b>		
Town Administrator	\$134,230	\$130,790 (FTE salary)
Asst. Town Administrator	\$73,223	Does not exist
Finance Director	\$125,534	\$73,222
Planning	\$87,131	\$67,026
Assessor	\$78,212	\$33,981
Town Clerk	\$63,257	\$59,066
Health Agent	\$79,362	\$55,463
Chief Librarian	\$72,097	\$60,101
Dir. COA	\$67,253	\$45,327
Parks	\$85,320	\$81,106 (under DPW)
Treasurer/Collector	\$78,012	\$37,066
Building	\$71,947	\$36,085
Highway	\$81,675	Two DPW "crew leaders" @ \$52,000 each





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Issue for Comparison	Town of Orleans	Town of Sturbridge
Police Chief (total comp.)	\$127,722	\$98,970
Fire Chief (total comp.)	\$109,044	\$72,724
Principal Elem. School	\$101,763	\$100,781