



FINANCE COMMITTEE MINUTES

The January 27, 2011 meeting of the Orleans Finance Committee was convened by Chairman Larry Hayward at 7:03 p.m. in the Nauset Room of the Orleans Town Hall. Present constituting a quorum were Chairman, Mr. Larry Hayward, Vice Chairman, MS. Gwen Holden Kelly, Secretary, Mr. Mark Carron, Members, Mr. Dale Fuller, Mr. Ed Barr, Mr. Rick Sigel and Mr. Walter Bennett. Absent members; Mr. Paul Rooker and Mr. John Hodgson.

Mr. Bennett informed the committee that as of February 28th he will be leaving his position on the Finance Committee. Mr. Bennett, who will be moving off Cape shortly, has notified our appointing authority, the Town Moderator that he wished to resign as of the end of February. All the members present wish Mr. Bennett good luck in his move and thanked him for his services.

Guests:

Mr. Jon Fuller, Selectman Liaison

Public Comment:

None

Introduction to FY12 Budget and Draft Capital Plan:

Mr. John Kelly, Town Administrator and Mr. David Withrow, Director of Finance reviewed with the committee the Town Administrators budget report presented to the Board of Selectman. The Policy required that a balanced non-school operating budget be presented that did not increase more than 2.5% over FY11. The following instructions were followed: Salary and wage increases were limited to 1% with no general wage increases (COLA's). General expenses had to be level funded. Sustainable cost reductions to equal 1% of the departments operating budget. Capital expenditures had to be reviewed and prioritized.

Currently, the FY12 budget (non-school) expenditures are up 1.3%, Capital expenditures are down 7.2% and debt payments are up 33.1%. These costs make the revenue side reflect Property tax levy would increase 7.7% with the tax rate increasing 6.8%. Free cash will return to 5% (to maintain the policy) of the total budget. In addition, the budget estimates a 9% increase in Motor Vehicle Excise, a 2% increase in local receipts and a 107% increase in Hotel/Meals Tax.

The Town Administrator reviewed some of the significant changes mentioned in the report as well as the long term strategy to address inherent structural deficit and sustainability of the town's operation.



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The Town Administrator also reviewed with the committee the draft Capital Plan which will be presented by the Finance Committee and Board of Selectman at a joint public meeting hosted by the Finance Committee.

Mr. Barr asked the Town Administrator what constituted a Capital Expense. Example would be the study is considered a capital expense while a generator was not.

Ms. Holden-Kelly commented that reductions needed to be sustainable (which is mentioned in the Town Administrators report).

Ms. Holden-Kelly inquired into when the Human Services expenditure became an article vs. a budgeted line item. Mr. Kelly indicated it was several years ago when they implemented that these agencies need to be processed through an RFP funding method due to the type of financial request.

Mr. Bennett applauded the funding change for recurring expenses for roads and drainage.

Mr. Carron inquired into the possible impact the increase in taxes will have on the taxpayers in a devalued market.

Mr. D. Fuller inquired into the desired to drop the Health Insurance rate paid by the town, was it 5% or 5 points. After some discussion it was determined to be 5 points.

Mr. Sigel asked if the town had considered working with the Tech school to see if there was any interest in running the Motel as part of their curriculum. The town administrator indicated that he had not thought of that opportunity.

Mr. D. Fuller inquired of the Town Administrator if he felt the proposed CIP responded to the objections that caused the 2011 plan to not pass at the last Town Meeting? The Town Administrator responded by indicating he removed all of the larger ticketed items (except Waste Water) to concentrate on immediate issues and Waste Water. He felt the town should then build on this foundation in later years as the economy improves.

Ms. Holden-Kelly felt the town needs to concentrate on building needs and hopes that the Town Administrator will enable the firm selected to perform the building study to understand the politics of the issues before they are charged to move forward.

Chairman Hayward thanked the Town Administrator for presenting a sustainable budget.



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Approval of Minutes:

On a motion made by the secretary, seconded by Vice Chairman Holden-Kelly, the minutes of the January 20, 2011, Finance Committee meeting were approved as amended 5-0-1 (with Mr. Bennett abstaining).

Budget Meeting Schedule:

Vice Chairman Holden-Kelly distributed a revised budget hearing schedule.

That followed several comments regarding how the minutes and agenda are posted on the Town's WEB site. Mr. D. Fuller indicated he would follow-up with the Assistant Town Administrator on correcting how the Finance Committee's agendas are posted. Mr. Carron was requested by the Chairman to verify that our scheduled Monday meetings will be televised.

Promoting the Public Hearing:

Mr. Barr presented the first draft of the proposed handout for the public hearing on the Capital Plan. After discussion it was agreed to change the opening paragraph, making it more welcoming. Better description of the capital items. Mr. Barr indicated he will revise the handout and send it to members for their review. He asked any member with suggestions should send them to him so he can present a final draft at our next meeting.

Board, Committee and Department Reports:

Mr. D. Fuller reported on the Board of Selectman meeting. The meeting, which was a budget meeting reviewed Parks & Beaches and Fire and Rescue. Mr. D. Fuller indicated that during the Parks & Beaches review there was a lot of conversation around the Motel recently purchased by the town. There appears to be some major structural issues and septic upgrade requirements. The Fire chief indicated a desire to hire additional personnel this year. Several Selectmen were open to the idea, but wanted to see how the union negotiations went before making a final determination on his personnel request.

Mr. Carron handed out the first draft of the Community Preservation Committee's budget and write-ups. The CPC will be holding their public meeting next week on Thursday.



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Adjournment:

There being no further business before the committee the meeting was adjourned at 9:25 p.m.

Respectfully submitted

Mark E. Carron
Secretary

Next Meeting:

Monday, February 7, 2011 at 7:00pm in the Nauset room at the Town Office Building.

Handouts:

- BOS Coverage Schedule
- Fin Com meeting schedule to Town clerk through May 12, 2011
- 1/22/11 Tentative Budget Review Schedule
- Draft Public Hearing brochure
- Community Preservation Committee Preliminary Recommendations FY2012

Future Agenda Topics:

- Get detail on unfunded Retirement liabilities
- Get details on unfunded Insurance liabilities
- Invite Mark Budnick in to give report on expenditures
- Invite Ken Hull in to review drop in valuation/fluctuation
- Debrief on the Town Hearings on Budget and Capital Plan issues
- Discuss Finance Committee WEB site opportunities