



FINANCE COMMITTEE MINUTES

The February 21, 2013 meeting of the Orleans Finance Committee was convened by Chairman Ms Gwen Holden-Kelly at 7:00 pm in the Nauset Room of the Orleans Town Hall. Present and constituting a quorum were members Mr. Dale Fuller, Mr. Laurence Hayward, Mr. Joshua Larson, Mr. John Laurino, and Mr. Paul Rooker. Absent were members Mr. Rick Sigel and Mr. William Weil. Mr. Mark Carron was present through remote access, but was not counted among the quorum.

Guests

Mr. Jon Fuller, Chairman of the Orleans Board of Selectmen

Public Comment

None

State Changes

Ms. Holden-Kelly opened the meeting with information about changes being implemented by Massachusetts Governor Deval Patrick to conserve state funds. While many of the changes will be challenging, she felt one of the greatest concerns affecting municipal government will be the freezing of retiree contribution rates. These rates will be frozen at the level they are currently at during the time of the employee's retirement.

Approval of Minutes

On a motion made by Mr. Larson, seconded by Mr. Fuller, the minutes of the January 23rd, 2013 Finance Committee meeting were approved unanimously.

On a motion made by Mr. Larson, seconded by Mr. Fuller, the minutes of the February 7th, 2013 Finance Committee meeting were approved 6-0-1 with Mr. Hayward abstaining from the vote.

Public Debrief of the Feb. 14, 2013, joint BoS/FinCom public meeting

Mr. Hayward opened the discussion by suggesting the Committee become more proactive in increasing town participation in public meetings. He recommended handing out fliers from the post office and town hall to help promote public

turnout for these meetings. He also felt the Committee needed to take a closer look at the wastewater issue.

Mr. Rooker also raised concerns about wastewater and the use of funds authorized for the wastewater study. He questioned how and where the money was being spent now that the budget was approved. Mr. Jon Fuller responded that no funds have been appropriated, and the funds are merely a placeholder for the FY14 budget. It would be difficult to appropriate the wastewater funds in FY13, as it would require a two-thirds majority vote in Town Meeting, and additional approval at a budget meeting to be used. He added that he was more concerned about the town's unfunded liabilities than wastewater, but recognized the town has begun to put small amounts of money away for savings.

Mr. Carron recommended revising capital budget headings so that all spending associated with wastewater would be under one heading. By consolidating several budgets under one wastewater section such as moorings, road runoff, and the land building plant, every dollar associated with the wastewater problem could be clarified.

Ms Holden-Kelly then disclosed that the water department project did not receive the grant requested, which would result in a much slower project with a more creative budget. She also added she would clarify when the new regulations would be enacted requiring municipality to make changes on balance sheets visible to investors and other providers of finance.

Administrative items:

- Ms Holden-Kelly informed the Committee that the Orleans Elementary Schools request for reserve funds for security-related enhancements has been approved. Principle Diane Carreiro will be attending the February 28th, 2013 finance meeting to answer questions, and to provide more details on how the funds will fit into a larger security plan. The Board of Selectman members, Finance Director David Withrow, and the Police Chief have all been invited to attend.
- Ms Holden-Kelly then recommended the Finance Committee submit a proposal for the FY14 budget to the Board of Selectman to increase funds for employing a year round recording secretary.
 - Mr. Hayward spoke against this proposal, as he was concerned this would result in every organization and board requesting their own secretary. He questioned how to differentiate which Committees should be granted a secretary, and questioned changing the set policy.
 - Mr. Jon Fuller responded that he felt the finance board was more essential than any regulatory or non-regulatory board, as its advice has been crucial to development. He felt every member of the finance board must participate, and he personally supports the request, though he cannot speak for other members of the Board.
 - Mr. Larson, the current recording secretary, noted it was very difficult to

participate fully while also taking minutes. Mr. Fuller agreed, noting the task also goes to the most junior Committee member, making it difficult for new members to learn and focus on the topics at hand.

- Ms. Holden-Kelly raised it to a vote, with the proposal being approved 6-1-0, with Mr. Hayward voting against.

- Ms. Holden-Kelly asked the Committee for their consent to sign certification that the Committee discussed and voted on bank articles related to Town bonding.

- Mr. Hayward moved to approve the signature, with Mr. Carron seconding the motion. The vote was approved 7-0-0.

FY 2014 budget reviews: Follow up on outstanding items on budgets reviewed presented by Mr. Laurino

Council on Aging:

- This department is in transition after the previous director retired after 19 years. While the new director is doing an excellent job, there are few full time positions. This results in many instances of job sharing, and the director having a very large span of control.
- After the audit done last year it was found the previous director was doing many administrative duties incorrectly. The main issue was union employees working overtime without increased pay. The new director has increased salaries to reflect hours worked to avoid grievances, leading to a budget increase.
- \$18,000 of \$22,000 in expenses have been put towards maintenance. The department has no maintenance agreement, so they are expected to take care of maintaining the building themselves.
- The budget is currently a zero-base budget, and is not transitional, with the budget reflecting the amount needed for annual spending. There is little data on revenue, as all fees are put into one spending account, making it is difficult to determine the revenue side to the budget.
- As previously discussed, Ms Holden-Kelly will obtain a cost comparison of leasing versus purchasing a new van for the council of aging. Mr. Jon Fuller added it was not a possibility to share a van between towns, as no one was able to come to an agreement about a time schedule for a shared van. While the Office of Aging may get a free lease for a van from the transportation facility, this van could not display advertisements on the side. This would result in a loss of \$500 received from Cape Cod Five to advertise on the side of the current van.
- Considering the demographics of Orleans, where more than half of the population is 60 or older, the Council on Aging is very important. There is however, little revenue. There has not been a fundraiser since May 2012, though the Council is considering doing a local chowder fest fundraiser. The fees paid by daycare participants are set by a Cape wide Aging Council, and are not currently covering the costs, including transportation. The Office of Aging has begun requesting out of town residents pay their own transportation costs, but were previously providing this service without charge.

- There is an additional issue of a large increase in demand for services in the summer, when baby boomers visit their parents and find they need more assistance.

8:00 Mr. Carron loses skype connection.

8:02 Mr. Carron reconnects.

Snow Library:

- This department is also in transition since the existing director retired. The assistant director is working as acting director, and there has been a public RFP for a permanent director for the next budget season in July.
- This is a zero-base budget, and on the surface it is a decrease from last year. However, the state of Massachusetts requires a municipal appropriation of a public rolling three-year average increase of 2.5%. There is a deficit under 2.5%, so if the town does not appropriate \$670,000 in funds to the library, it will fall out of compliance with the state. This will make it ineligible to receive state grants, and be a member of Clams. Since the building requires floor maintenance, this would allow the money to be appropriated to the library, but the entire amount does not have to be spent.
- There is little library revenue, as the fees collected are minimal. The Clams organization sets the fees, such as 35 cents a day for overdue books. There is little chance of increasing fees, as the town of Orleans receives only 1 vote out of 35 libraries to increase fees.
- The demand and usage for the library is high. An average of 550 people enter the library per day, with 14,000 entering a month. Event participation has increased, running 18% higher.
- The budget expenses are being driven by building maintenance. Similar to the Office of Aging, the librarians have no maintenance agreement, so are expected to maintain the building. Mr. Laurino questioned whether creating some type of building maintenance department to maintain these buildings could assist these departments. He additionally felt there was a need to create a type of vacation pass, as currently anyone can obtain a library card without being an Orleans town citizen. Many people are using town resources for free who are not even from Massachusetts, and do not pay Orleans taxes.
- Mr. Jon Fuller responded that the town charter does not allow certain changes, and there must be a town meeting to raise fees. Additionally fees can only be raised 5% without an additional town meeting, and many are reluctant to approve new fees. The recreation issue and the use of Orleans services has been present for close to 20 years with no known solution.
- The only increase in the library expense line is the computer services. The Clam system fees go up only if usage goes up, but usage is uncontrolled. The library has cut all connections they can, while still maintaining a functioning library, cutting all but 10 terminals.
- Mr. Carron questioned how the budget reflects the library meeting these unexpected fees, such as the Clam system usage. Mr. Laurino replied that while he also questioned this, the library feels the demand hasn't exceeded

their ability to meet it.

Recreation:

- The total cost in the budget is driven by a union contract increase in one directors salary. BOS consistently votes down any cost for children programs, but they do have a half-day camp and swim lessons with volunteer coaches. They pay only for referees for organized games. There is a non-resident fee, but this offers little additional revenue. There is excess in the day camp, and with some promotion through real estate agencies and other outlets alerting people to the existence of the camp, money could be raised from paying camp members.
- Many programs are not covering costs. An example would be the tennis court, where the fees for residents and non-residents to play tennis do not even cover court maintenance. While these programs do not cover costs, they do serve children and seniors.
- Mr. Laurino will follow up with who is providing funds to maintain the skate park. Mr. Jon Fuller believes the Towns of Eastham and Orleans pay equal shares to maintain the park.

FinCom budget review status report

- Ms Holden-Kelly feels the Committee's schedule is on target for the budget reviews. The joint meetings with the board assisted in jumpstarting the reviews, and gave them a longer period of time for any questions. Maintaining the quorum also made it possible to hold meetings every week, which allowed more topics to be covered.
- All initial reviews will be completed by March 14th. The budget issues from March 14th must be resolved by April 12th before the vote is taken on the budget, Article 2. If there are any changes to be made, there will be an additional meeting held to approve the determined changes.
- Ms Holden-Kelly emphasized the need for a quorum at the March 6th meeting.

Discussion of topics to be addressed in FinCom "annual report" for Annual Town Meeting Warrant

- The issues identified in the previous years report were:
 - The need to manage the debt burden from the town's unfunded liabilities, such as retiree benefits.
 - Sustainability of schools.
 - Lack of infrastructure goals including wastewater issues.
 - Implications of demographic changes in the town.

Demographic Issues

- Mr. Rooker recommended focusing on changing the demographic, and making Orleans more appealing for young people to live.
 - Ms. Holden-Kelly agreed with the importance of this issue, as it was addressed in last years report, and felt focusing on the impact of schools

and the demographic should also be noted in this years report.

- Mr. Larson added that the big picture perspective was to broaden Orleans tax base with young people to keep tax rates stable while increasing revenue. While Orleans has some of the best schools and beaches in the area, it is difficult to attract young families with children due to the high housing costs. From a financial perspective that is not beneficial for the town, and hopefully there is a way to address making Orleans more attractive for young families.
- Mr. Laurino added the town will soon be replacing many talented people, as most town employees have been working for at least 20 years and will be retiring. He also noted many new incoming employees are from other towns, and recommended creating an incentive to make it worthwhile for town employees to also live in Orleans.
- Mr. Fuller felt the town was moving towards, but did need to accelerate, the decisions about what some buildings were being used for, and how people should be housed.
- Mr. Carron felt some facts about long-term debt, and the impact of expenses on the property and tax base should be recognized, as the tax base numbers aren't reflecting the 30% growth that is being claimed.
- Mr. Hayward responded that cost of housing is too high throughout the Cape, and most of the Cape is facing the issue of losing young people.

Managing Debt Burden

- Mr. Laurino recommended the letter reflect the goal of fees meeting the cost of services provided, as he feels the Town has been subsidizing too many departments, such as the library and transfer station. He added that the Committee must remember the transfer station costs will be increasing, due to cost and prepare fees rising.
- Mr. Laurino also felt it was very important to focus on the importance of water quality, as this is what is allowing Orleans to provide funds for so many departments. Since Orleans is on the water, and has some of the best water access, it is attracting many tourists, which generates enough revenue to prevent taxes from increasing in Orleans.
- Mr. Rooker agreed with Mr. Laurino's statement. He added that though he does not know what it would entail, it may be helpful to amend the town charter to increase fees, as the town cannot continue making up the difference, and almost all of the fees are not meeting the costs.
- Mr. Larson agreed with Mr. Rooker that the letter should address amending the town charter to allow selectman to change fees to cover the costs of town activity. He felt there is currently no flexibility to address critical issues about meeting costs.

Infrastructure Goals such as wastewater

- Mr. Carron felt the letter should focus on wastewater issues, and the plans for the spending the \$5,000,000 allotted for the wastewater project.
 - Ms. Holden-Kelly agreed that there was a need to alert people about the wastewater issues, but it would be difficult to discuss these plans, as

they are not yet specific enough to discuss.

- Mr. Fuller agreed it was impossible to be specific and accurate about the wastewater plans when the deadline for the release of the letter was so close to when the wastewater plans are released. He did feel that the issue could be discussed, but without very specific detail.
- Mr. Larson felt the Committee should focus on giving a fair and reasonable estimate about what cost would be held by the town and taxpayers from a financial perspective.

Sustainability of Schools

- Ms Holden- Kelly noted state aid and funding would be acknowledged.
- Mr. Larson also felt the letter should note the likely increase of costs for security improvements such as the extra \$20,000 for a security officer. He added that while the school was trying to understand the sustainability issue, it should be addressed how funding and other items in their working capital are being moved into the category off revenue, when in actuality that is not sustainable.
- Mr. Carron felt the details in the capital plan should be added to highlight the cost of paying for the facilities outside of teaching and learning costs.

Positive Town Additions

- Mr. Fuller recognized the Town was doing well utilizing the bond anticipation notes, as the Town is paying down interest and principle simultaneously, and will be able to set up large bonds if needed.
 - Ms. Holden-Kelly agreed she would add a line about the Town's positive management of debt.
- Mr. Hayward added the chamber and selectman's plans and actions for a more attractive downtown is a positive move for downtown improvement and tourist attraction.

Future Meetings

Ms Holden-Kelly reminded the Committee of the attendance of Principal Diane Carreiro in their next meeting to discuss security enhancements for the schools. She highlighted the importance of giving advance notice about attendance, in order to maintain the quorum.

Adjournment

There being no further business before the Committee, Mr. Hayward moved to adjourn. Mr. Larson seconded the motion and the meeting was adjourned at 9:50pm.

Respectfully submitted

Joshua Larson



Secretary

Susan Belgrade
Temporary Recording Secretary

Next Meeting
Thursday, February 28th, 2013