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K. Daly, Ass't
ORLEANS TOWN CLERK

FINANCE COMMITTEE MINUTES

The July 11, 2013 meeting of the Orleans Finance Committee was convened by Vice-chairman Mr. Dale Fuller at 7:00 pm in the Nauset Room of the Orleans Town Hall. Present and constituting a quorum were members Mr. Ralph Cuomo, Mr. John Laurino, Mr. Mark Carron, Mr. William Weil, and Mr. Peter O'Meara. Absent were members Mr. Paul Rooker, Ms. Gwen Holden- Kelly, and Mr. Joshua Larson.

Guests

Mr. Alan McClennen, member of the Orleans Board of Selectmen

Public Comment

None

Reserve fund transfer requests 1:10 on video recording

Mr. Fuller opened the discussion with two reserve fund transfer requests that required approval. The first request amounted to \$205.76, and was for the zoning department's additional stationary and mailing supply needs. Mr. Fuller stated their budget was not always sufficient, and it would be the zoning board's final expense of the year. The second transfer request amounted to \$41,506.39, and was for the snow removal fund to cover the expense incurred over the winter for salt, sand, and independent contractors. Mr. Fuller reminded members that the snow removal budget is based on a rolling five-year calculation, and it is the only town budget that can be overspent. After the two reserve fund transfer requests are processed, the reserve fund will have a balance return of \$11,180.11

On a motion made by Mr. Carron, seconded by Mr. Weil, the Finance Committee approved the reserve fund transfer request of \$205.76 for the zoning board of appeals unanimously 6-0-0.

On a motion made by Mr. Carron, seconded by Mr. Weil, the Finance Committee approved the reserve fund transfer request of \$41,506.39 for the snow removal fund unanimously 6-0-0.

Minutes Approved
9/12/2013
P O' Meara

Introduction of new Finance Committee members 7:08 on video recording

Mr. Fuller continued with an introduction of the two new Finance Committee members, Mr. Peter O'Meara and Mr. Ralph Cuomo. Both men related some of their work history and admiration for the Town of Orleans.

Mr. O'Meara discussed his work background in health services. In one of his various roles, he worked as superintendent overseeing services for individuals and families with medical disabilities in both Pennsylvania and Massachusetts. Mr. O'Meara stated he was familiar with sizeable budgets, and served as the Commissioner of Developmental Services in Connecticut and directed a billion dollar budget.

Mr. Ralph Cuomo related his background in information technology. He worked in roles mainly focused in industrial manufacturing companies. He has had various consulting experience with software companies, including IBM. Mr. Cuomo has also held positions as treasurer of multiple organizations, such as the Harvard Club of Cape Cod.

Election of Officers 12:17 on video recording

Mr. Fuller then transitioned into elections for the Finance Committee officers. Mr. Carron nominated Ms. Holden-Kelly for chairwoman. He expressed appreciation for her leadership over the previous two years. He also commended Ms. Holden-Kelly's work on the letter to the taxpayers, as he felt it gained the Committee considerable standing in the public.

On a motion made by Mr. Carron, seconded by Mr. Laurino, the Finance Committee approved electing Ms. Gwen Holden-Kelly to the position of Chairwoman of the Finance Committee unanimously 6-0-0.

Mr. Carron nominated Mr. Fuller for the position of Vice-Chairman of the Finance Committee, seconded by Mr. Weil.

On a motion made by Mr. Carron, seconded by Mr. Laurino, the Finance Committee approved electing Mr. Dale Fuller to the position of Vice-Chairman of the Finance Committee unanimously 6-0-0.

Mr. Fuller nominated Mr. O'Meara for the position of Recording Secretary of the Finance Committee, seconded by Mr. Weil.

On a motion made by Mr. Fuller, seconded by Mr. Laurino, the Finance Committee approved electing Mr. O'Meara to the position of recording secretary of the Finance Committee unanimously 6-0-0.

Town Charter Overview 17:30 on video recording

Mr. Carron moved the discussion into Town Charter regulations. He highlighted the main

purpose of the Finance Committee, and the expectations held for its members.

The main regulations noted in the Orleans Charter were:

2-7-7 The Finance Committee is responsible for making recommendations based only on articles that have a financial implication. Last year the Committee did not take a position on around 3 articles, as they felt there was no financial impact to the town.

8-1-5 Finance Committee members may not serve on any other town committee. They may be assigned as liaisons to a town committee and report back to the group, but must keep a neutral position when financial issues come before them.

8-1-6 The Finance Committee members are appointed by the town moderator and are responsible only to him and the Orleans taxpayers. The Finance Committee is responsible for providing input on the best financial decision for the public.

8-2-3 There are specific dates in which all votes must be completed. After the town meeting date is set all due dates are put in place after that point.

8-2-10 The past year was the first use of 0 base budgeting, first implemented with the Council on Aging's budget. Mr. Carron noted the practice was brought about by the Finance Committee's recommendations. He felt the new budget system worked well in uncovering the needs of the council, and it was a beneficial exercise that will be used in future budgets.

8-3-3 The Finance Committee issues recommendations on all articles of finance. Most of these articles are addressed in the warrant, but some articles are discussed directly at town meeting due to last minute information leading to a delayed vote.

8-3-4 The Finance Committee's sole responsibility is to recommend the best financial policies for the town. The Board of Selectman is responsible for presenting the budget to the town.

Mr. Carron recommended the new members review the town budget online, and note the last page of the packet he handed out with significant dates in the upcoming months.

Briefing for new Finance Committee members on Committee responsibilities; procedures and protocols; and activities 26:40 on video recording

Mr. Fuller highlighted some important points about the Finance Committee procedures and protocols. He noted the GASB municipal public accounting system had some similarities to the privatized FASB accounting system, but differed due to municipal regulations. He recommended Committee members press for explanations about budget issues, but keep in mind they are often due to complex state and GASB regulations.

Some components that make up the town budget include the school budgets, debt and capital expenditures, and revenue. Revenue is made up of aspects such as property tax, non property tax, state fees, and free cash. Free cash is in essence an Orleans Town

savings and emergency account. The account can be expended only after a vote of approval at town meeting. Free cash is normally kept at around 4.5% of the total annual budget balance. Amounts are usually taken from the account to balance the budget or reduce property tax.

Capital expenditures and bonded amounts can only be expended fully, or paid off. Expense budgets are not fluid and can't be transferred between accounts except in the last two months of the budget year, with approval from the Board of Selectman and the Finance Committee. This situation has never had to be enacted, however.

Mr. Fuller noted specifics about certain budgets. The fire department's EMT and ambulance budget is partially subsidized by ambulance receipts, but does not impact the firefighter budget.

School budgets can transfer money back and forth, and while the Finance Committee can make recommendations for budgets in their school jurisdiction they have no control over the school's expenditures. Schools that are included in the town's budget are Orleans Elementary School, Nauset Regional Schools, and Cape Cod Tech.

Protocol for Quorums 31:00 on video recording

Mr. Weil: If five members of the Finance Committee are together in any context this makes up a quorum, and it is considered a meeting. No Finance Committee meeting can take place until there are five members physically present. A Committee member may remote in with a program such as skype, and their votes can be counted, but they cannot be counted among the quorum.

Finance Committee members must be aware of communication between members electronically or in person, as there are communication regulations. Any email correspondence must be included on the town website.

Section 20 of the town charter states any meeting must be open to the public except in an emergency situation. A meeting must be posted 48 business hours prior to a meeting taking place, with an agenda submitted by the chair or vice chair. The agenda must be posted downstairs in the town hall. Every vote taken in session must be made public, and the minutes of an open session must be made available upon request. Finance Committee meeting minutes and video recordings are made available online for public viewing.

Opinions on the Finance Committee 37:51 on video recording

Mr. Laurino felt the Orleans Town was well staffed, and the budget well managed. He recommended Committee members focus on the overall budget, and avoid cutting services. He considered small budget cuts made little impact on budget savings, and turn backs every year exceeded any savings from cutting funds. He felt a strategic approach to the budget would allow money to be put aside for certain large expenditures such as wastewater, and unfunded pension liabilities. He noted the state is attempting to rectify certain liabilities and attempting to edit municipal retirement laws. Until these laws are placed into action, the Orleans Town is postponing any decisions to see if state choices affect their liabilities.

He recommended Committee members read the annual report from last year, as well as

the town warrant. He suggested they also look at the issues list, as that was a comprehensive list of issues the Committee felt were important to focus on.

Mr. Fuller agreed that the purpose of the Finance Committee was to understand why expenditures were being made, and if they were being spent in the most responsible way possible. He felt it was important to use their influence to listen as well as speak on the issues. Meetings with various Department Heads as well as joint meetings with the Board of Selectmen are also quite important. Our objective is to work out issues with the Board of Selectmen before Town Meeting so there are few budget disagreements. He noted town meeting included voluntary presentations based on member's votes. He agreed that he and Ms. Holden-Kelly would try to align a Committee member's preference and talents to areas that addressed their areas of expertise to ensure a knowledgeable approach was given on every issue. He stated he would send out to new Committee members the "Issues List" outlining town issues and how the Committee recommended they should be addressed.

Liaison reports 46:12 on video recording

Mr. Fuller notified members that he would be placing them with a liaison assignment. He asked that if anyone wanted to change their liaison assignment, or select a particular assignment they should notify him, and he would try to place them with the best match.

- Board of Selectmen Report July 10, 2013 [Dale Fuller]
 - Complaints were raised at the meeting that piping plovers are costing the town revenue, and there have been suggestions to the Board of Selectman that more should be done. The state and federal government have been spoken to, but there could be more discussion with other towns.
 - There was a power point shown by the new DPW director. The new director has been upgrading engineering equipment, and also has laid out a plan on what road construction and maintenance will ensure Orleans has uniform road standards. He contrasted what was being done to what plans he wished to implement and felt maintenance was a greater value than repair from a long-term standpoint.
 - The DPW director also wanted to purchase road quality management software that would manage 56 miles of town owned roads, and prioritize which should be repaired and be monitored. While it costs \$37,500, it has been approved to use Chapter 90 funds provided from the state for roads. The state Chapter 90 money will be half what is normally released this year.
 - Mr. Carron was concerned with the purchase of this software, as the town has bought road inventory software previously, and it was too extensive to utilize and update.
 - Mr. Laurino agreed, and asked if there were hidden annual costs, or if it would be a one-time purchase. He also stated software should not be purchased, but rather rented.

- Mr. Carron recommended keeping an eye on the DPW budget as they must keep track of where the money is coming from, as it's a new budget. Mr. Laurino agreed, stating it was the first time the DPW budget has been compartmentalized, and not been several separate budgets. Mr. Fuller agreed that they should keep track, as they want a strong DPW budget for this coming year.
- Mr. McClennen, the Board of Selectman liaison, approached the podium. He said his understanding was that the town had not bought software, but rather the services to run the pavement and management system.
- Mr. Fuller stated he would be setting up a meeting with the new DPW director in September to clear up any confusion. He felt it would be beneficial to meet with the director and understand his decision making process.
- The town now has a bylaw due to traffic jamming roads and town landings by the river during commercial striped bass system. The police chief has permission from the Board of Selectman to enact the law and regulate traffic.

The Town will have to go to town meeting, as the middle school needs a new roof. They will have to go to town meeting as all the budgets have been finished, and if there is a shortfall, it cannot be offset with what the town has recessed.

Future meeting topics 64:30 on video recording

Mr. Laurino recommended letting Mr. David Withrow know the Committee wished to see revenues and expenses on the same piece of paper, so they can see how the budgets are working. Mr. Carron agreed he wanted to see certain budgets like the transfer station revenue displayed on the expense budget, so it could be highlighted if expenses were covered by 75%. Mr. Fuller said he would speak with Mr. Withrow.

Mr. Laurino also recommended fees be monitored so services are provided without having to subsidize activities and increase the tax rate. He felt fees must cover costs, but it was not a good system to wait three years, and then have to go to town meeting in order to raise it by 5%, and risk it being voted down.

Adjournment 76:20 on video recording

There being no further business before the Committee, Mr. Carron moved to adjourn. Mr. Laurino seconded the motion, and the meeting was adjourned at 8:17 pm.

Respectfully submitted

Peter O'Meara



Recording Secretary

Susan Belgrade
Temporary Recording Secretary

Next Meeting

Thursday July 25, 2013