

MINUTES OF MEETING OF WAREHAM FINANCE COMMITTEE

Date of Meeting: October 12, 2011

I. CALL MEETING TO ORDER

The meeting was called to order at 6:30 P.M.

II. ROLL CALL

Members Present: Frank Heath, Chairman
 David Trudell, Vice Chairman
 Sam Gray, Clerk
 Dick Paulsen
 Donna Bronk
 Bonnie Cottuli
 Dominic Cammarano (Arrived at 6:55 P.M.)
 Larry McDonald
 Rene Pickett

Also Present: Mark Andrews, Town Administrator
 Derek Sullivan, Financial Analyst
 Walter Cruz, BOS Liaison
 Michael Schneider, BOS Liaison (Arrived at 7:25 P.M.)

**III. PUBLIC HEARING ON 2011 ANNUAL FALL TOWN MEETING
 WARRANT ARTICLES**

**MOTION: Ms. Bronk moved to open the public hearing on the 2011 Annual Fall
Town Meeting Warrant Articles. Ms. Cottuli seconded.**

VOTE: Unanimous (8-0-0)

The FinCom proceeded to review the 22 articles of the 2011 Annual Fall Town Meeting Warrant.

Article 1 – Capital Improvements

Mr. Heath explained the FinCom has broken out each item in Article 1 & voted on each item separately. The FinCom voted on the following items as listed in Article 1:

- | | |
|--------------------------------|------------------------|
| A. Defibrillators: | Favorable Action 3-4-0 |
| B. 400 Amp Generator: | Favorable Action 5-2-0 |
| C. Parking Program: | Favorable Action 4-3-0 |
| D. Prisoner Transport Vehicle: | Favorable Action 3-4-0 |
| E. Four-Wheel Drive Vehicle: | Favorable Action 0-7-0 |

F. EMS Ambulance: Favorable Action 7-0-0
G. Seven School Buses: Favorable Action 4-3-0

Present before the FinCom: Nora Bikki

Ms. Bikki stated at several BOS meetings, it was stated that items in Article 1 would be in the FY2013 budget. Mr. Andrews stated notwithstanding any other funding source, Article 1 will be submitted in the FY2013 budget in December.

Ms. Bikki expressed concern re: Town Meeting voting on items in Article 1, but not knowing where the money is coming from. Mr. Heath explained that Article 1 does provide for the purchase of items if funding becomes available. Mr. Andrews feels the article is self-explanatory. He stated the intent of the article is to seek authorization. He is following through w/ safety themes (re: the article). He explained if other funding sources don't become available, these items in Article 1 will be included in his FY2013 budget. He noted other sources of income could be collection of back taxes, Free Cash, etc.

Mr. Paulsen asked if Mr. Andrews expects to collect \$3.1 million that are owed from back taxes & he asked how this will be done by next April. Mr. Andrews stated there is a program that has worked across the Commonwealth w/in the fiscal year. It is called "The Back Sale of Tax Liens". He stated the Town may not get all of the \$3.1 million in taxes back. He intends to pursue the program & plans on putting an RFP out to hire a firm to collect the back taxes. If these taxes are collected, this one-time money could be utilized for items in Article 1.

Mr. Heath explained there was a presentation made to the BOS last night re: this proposed program. He stated an examination of the records re: taxes owed need to be reviewed. The FinCom could ask that the person who made the presentation come before the FinCom if warranted to give the presentation.

Mr. Paulsen stated in his opinion it is absurd to think the Town will collect \$3.1 million in back taxes from now to April. He stated this is not possible. He stated the Town can't be run this way. Mr. Andrews clarified that he never said the Town would collect the whole \$3.1 million. He stated the program will be investigated & the Town may be able to collect 50% of what is owed in back taxes. This would be one-time money going forward. Mr. Heath added that the basics of the program were laid out last night at the BOS meeting.

Mr. Paulsen expressed dismay at the variations of a theme that seems to run the Town as shown in the Town Administrator's answer. He asked what is in this proposed plan. Mr. Heath explained that an attempt would be made to recoup the \$3.1 million & the hope is to recoup at least 50% of the \$3.1 million, but the \$3.1 million in back taxes would not go out all at one time. Mr. Andrews suggested Mr. Paulsen do some research on this program, such as looking at other towns that have incorporated this program successfully. A brief exchange was made between Mr. Paulsen & Mr. Andrews.

Ms. Bronk stated that many people who owe back taxes owe more in interest than the actual taxes. She asked if the Town can work w/ these property owners re: the interest issue & then this could lead to paying off the back taxes. Mr. Andrews explained there are rules & regulations that deal w/ interest & taxes owed. He again discussed putting this program in place to seek out repayment of these back taxes owed & bundling them in a way so a company can bid & get money on the dollar. Mr. Heath explained once a bundle is sold, it is up to those that bought it, to make the deals. What the Town is looking at now (the process the Town is dealing w/) is the foreclosure process. The proposed program is somewhat different. Ms. Pickett asked what the statute is that is applicable to this process. Mr. Andrews stated he will get this information for the FinCom by tomorrow morning.

Mr. McDonald expressed concern that up until last week, he understood that Article 1 was for FY2012, but now he is hearing these items will be included in the FY2013 budget, thus, if approved, these items will be partially included in FY2012 for six months worth of payments which will cause problems. Mr. Andrews explained that the article is very simple. The article asks for authority which will give a threshold to work with. If alternate sources of funding are not found, these items will be placed in the FY2013 budget. Mr. Heath explained that if there is an item not purchased now, it will move to the spring & fall purchasing process list. Mr. Andrews stated this is correct.

Present before the FinCom: Tony Scarsciotti

Mr. Scarsciotti stated there is a lot of language in the article that gives the impression that this article can do more than just "appropriate". He feels Article 1 items should be placed in the FY2013 budget & should not be on this Warrant.

NOTE: Mr. Cammarano arrived at this time.

Mr. Andrews again explained this article is to authorize going forward. He feels the article is clear. He stated the article gives flexibility to use whatever means are available to the Town to purchase these items, absent of any alternative funding, there is a need to have the authorization on the books.

Present before the FinCom: Liz McDonald

Ms. McDonald clarified that the Town Administrator is asking Town Meeting to authorize six month leases & money for that lease. Mr. Andrews explained the article is looking for authorization to fund, if funds become available for purchase in FY2012.

Ms. McDonald asked if the leases will be signed. Mr. Andrews stated the leases will not be signed until the funding sources are in place. Mr. Heath explained that six months would be appropriated out of this fiscal year & a full year would be for the full three year period.

Ms. McDonald feels Town Meeting voters are being asked to pay a six month portion of a three-year lease. She stated Town Meeting can approve a six month portion, but in the spring, if it is not approved, the Town will be stuck w/ the lease. Mr. Andrews stated if this happens; it will then become part of the budget.

Present before the FinCom: Marilyn Donahue

Ms. Donahue stated there are three lease items in Article 1. She questioned if it would be more cost effective to lease vs. purchase. She expressed concern re: borrowing for a lease vs. borrowing for a purchase. Mr. Andrews stated it has been found to be cost effective to lease. He explained in many cases, there is not the maintenance crew to provide maintenance (with a purchase) where w/ a lease, there is a maintenance program.

Present before the FinCom: Nora Bikki

Ms. Bikki stated she understands another alternative source of funding would be Free Cash. She asked what the status of Free Cash is presently. Mr. Andrews explained certified Free Cash is certified by the Dept. of Revenue (DOR) & will be based on the 2011 audit submitted to DOR. This can't be done prior to Town Meeting, but it will be by November/December.

Brief discussion ensued re: Free Cash disallowed last year.

Mr. Paulsen spoke re: the issue of certified Free Cash. He stated the DOR wants audit statements from FY2010 & FY2011. He asked what the status of the FY2010 audit is to satisfy the State's requirements re: FY2010. Mr. Andrews stated he is looking to close down the final stage of FY2010. He explained every city & town needs a certified financial statement prior to getting Free Cash certified. The process is being worked on to close FY2010 & when completed, the information will be submitted to the BOS, DOR, & the FinCom. He stated the DOR is keeping updated w/ the Town re: the closing of the FY2010 books.

Mr. Heath asked if once the FY2010 audit is completed & submitted, will DOR re-certify the FY2010 Free Cash. Mr. Andrews stated yes & this will be carried forward to FY2011.

Ms. Cottuli stated regardless of funding sources, the items in Article 1 are capital items which have been on the capital list for a long time & can not be neglected any longer. There is a need to find the money. She understands Article 1 to be an authorization to move ahead w/ these items.

Mr. McDonald expressed concern re: the article not speaking to the FY2013 budget.

Mr. Andrews stated he cannot give an exact date & time of when the FY2010 & FY2011 audits will be done, but when they become available, it will go through the proper process.

Mr. McDonald stated Schedule A is due October 31, 2011. He stated the problem is, someone is asking to spend money & asking for a blank check, but it isn't known where the Town is at financially. There is a need to address the major issue of where the Town is financially.

Mr. Heath again explained that Article 1 is looking for authorization to purchase the items if funds become available & he understands the BOS & the FinCom would be notified prior to any purchases. Mr. McDonald asked if this is stated in the article. Mr. Heath stated it is not. He stated the issue is money has to be in place first & the law states that a town cannot spend over an appropriated amount.

Mr. Paulsen feels the Town should wait to purchase any items until there is a better idea of what the funding will be. He stated waiting should not be an issue. He feels this article can be dealt with in April. He stated the Town Administrator stated the audits will be done in November/December which is after Town Meeting. Mr. Andrews stated he may have misspoken. He explained that usually, Free Cash certification is received sometime in November/December. He is trying to get all the safety capital items authorized. He stated in the article, it doesn't state FY2012. The article is just looking for authorization. He added that he did not reference the audit being completed in November/December, but Free Cash being certified in November/December.

Mr. Trudell stated if the Town doesn't have certified Free Cash, the items can't be procured. He feels that even if the Town did have certified Free Cash, these items would default & go into the FY2013 budget.

Mr. McDonald expressed concern re: the word "borrowing" in the article. He feels this is different than what is being discussed & this language does not just mean Free Cash.

Article 2 – Repairs to Wareham Free Library
FinCom Vote: No vote – to be withdrawn.

Mr. Heath stated this article is to be withdrawn.

Article 3 – Distribution of Local Options Meals Tax
FinCom Vote: FA 3-3-1

Mr. Heath stated the issue w/ this Local Options Meals Tax is due to the question of, does the Town assign the tax towards capital & sub-divide the tax between the Town & the School Dept. Ms. Bronk feels if the Town doesn't designate this tax 50/50, it will go into the General Fund & be spent any which way. She was under the impression it would be utilized for capital when this tax was first discussed at the last Town Meeting.

Present before the FinCom: Marilyn Donahue

Ms. Donahue stated this tax money wasn't clearly designated for capital & is not currently designated for capital. Mr. Heath stated this is correct.

Present before the FinCom: Alan Slavin

Mr. Slavin feels that Article 3 should be voted upon prior to Article 1 since its approval can impact Article 1.

Mr. McDonald stated the FinCom's issue w/ this article is would the money go to the Town & the School Dept. The FinCom's discussion had been re: the 50/50 split.

Present before the FinCom: Marilyn Donahue

Ms. Donahue asked what the estimates are for the tax income. Mr. Heath stated the estimates are \$386,000. Mr. Paulsen asked what the accurate amount collected thus far is. Mr. Sullivan stated \$42,991.78 was collected for the month of August. The DOR had estimated it would be \$44,144.00, thus a \$1,150.00 difference.

NOTE: Mr. Schneider arrived at this time.

Mr. Trudell discussed documentation submitted to the FinCom re: room occupancy & the local meals option revenue. (Attached as reference).

Mr. Heath stated he will send a letter to the Town Moderator to ask if Town Meeting will consider voting on Article 3 prior to Article 1.

Present before the FinCom: Marilyn Donahue

Ms. Donahue stated the Town is allowed to use the estimate in the FY2012 budget.

Article 4-9 – Collective Bargaining Agreements

FinCom Vote: No vote per Town Administrator's information

Mr. Andrews stated that two agreements (Article 4 & Article 6) have been approved by the BOS. The costs are as follows:

Article 4 - \$19,712

Article 6 - \$40,237

Mr. Heath stated this matter will be placed on the FinCom's next agenda & he asked that all information relative to these agreements be presented to the FinCom so the FinCom can vote. He asked if other agreements are anticipated to be completed prior to Town Meeting. Mr. Andrews stated he will keep the FinCom posted.

Mr. Heath stated that at a previous Town Meeting, it was voted to fund all balances of outstanding agreements.

Present before the FinCom: Tony Scarsciotti

Mr. Scarsciotti asked how long the contracts are for. Mr. Heath stated this will be presented next week to the FinCom. He will put this as an agenda item for discussion of all the information. Ms. Pickett feels that all collective bargaining agreements should be placed on the agenda in case some more agreements are settled.

Article 10 – WPCF Capital Improvements
FinCom Vote: 7-0-0

Mr. Heath stated there had been some discussion re: the use of funding & an amendment to utilize the retained earnings account. Mr. Andrews stated this is where the money will come from (retained earnings). Mr. Heath suggested this be put in the motion for this article.

Article 11 – Harbormaster Maintenance & Improvement Account
FinCom Vote: FA 7-0-0

No discussion.

Article 12 – Community Preservation: Transfer to CP Reserves for Future Appropriations
FinCom Vote: FA 7-0-0

No discussion.

Article 13 – Community Preservation: Unexpended Appropriations Transfer to Affordable Housing Reserve
FinCom Vote: FA 7-0-0

No discussion.

Article 14 – Community Preservation: Debt Service Bryant Farm & Tremont Nail
FinCom Vote: FA 7-0-0

Present before the FinCom: Margaret Ishihara

Ms. Ishihara asked what the status of Tremont Nail is. Mr. Heath stated there is no-one present to answer this question.

Article 15 – Community Preservation: Town Hall Repairs
FinCom Vote: FA 7-0-0

Mr. Heath noted there is a need to confirm if the Town Hall has been designated as a historical preservation site.

Article 16 – Community Preservation: Transfer Funds to Wareham Conservation Fund
FinCom Vote: FA 1-6-0

Mr. Heath gave the reasons why the FinCom did not recommend Favorable Action on this article.

Article 17 – Community Events Fund
FinCom Vote: FA 7-0-0

Mr. McDonald feels this article also goes back to Article 1; the item dealing w/ the parking program. He feels this article ties into the item referenced in Article 1. Thus, 40% of the money from the new parking program would go to the Community Events Fund & he feels this is somewhat of a concern. Mr. Heath explained there is a legislative act re: the 40% & if this article passes, another legislative act would be needed.

Article 18 – Earth Removal Regulations
FinCom Vote: FA 0-6-0

Mr. Paulsen stated the proponent of this article stated if this article passes, it would impact businesses, thus, there is a financial implication. Mr. Heath stated it doesn't deal w/ a financial implication for the Town. Mr. Paulsen stated the Town is experienced w/ lawsuits & if this article is approved, he feels the Town will be asking for lawsuits.

Article 19 – Affordable Housing Local Initiative Program
FinCom Vote: FA 0-6-1

Mr. Heath stated there are some legal issues re: this article.

Selectman Schneider stated the Affordable Housing Committee will be meeting tomorrow & they most likely will be withdrawing this article.

Mr. Trudell stated the FinCom was concerned re: giving money to those who were not in compliance re: their apartments.

Mr. Heath stated this article will be placed on the FinCom's next agenda.

Article 20 – Petition: Removals & Suspensions/Checks & Balances
FinCom Vote: 4-3-0

No discussion.

Article 21 – Petition: Bay Pointe Country Club
FinCom Vote: FA 0-7-0

Discussion ensued re: the status of the owner of BPCC.

Present before the FinCom: David Walton

Mr. Walton stated he understands there is a potential buyer for the property & a price has been offered for the property in the amount of \$1.7 million, but there is a need to wait until Town Meeting votes on this article for the potential buyer to move forward.

Article 22 – Petition: Town Meeting Information Distribution
FinCom Vote: FA 3-5-0

Present before the FinCom: Tony Scarsciotti

Mr. Scarsciotti was under the impression that this article will be withdrawn. Mr. Heath stated he is unaware of this.

MOTION: Mr. Gray moved to close the public hearing on the 2011 Annual Fall Town Meeting Warrant. Mr. McDonald seconded.

VOTE: Unanimous (9-0-0)

NOTE: Mr. McDonald left the table at this time.

IV. APPROVAL OF MEETING MINUTES – SEPTEMBER 28, 2011

MOTION: Ms. Bronk moved to approve the meeting minutes of September 28, 2011. Mr. Cammarano seconded.

VOTE: (6-0-2)

Ms. Pickett & Mr. Gray abstained

V. TOWN ADMINISTRATOR'S REPORT

- a. July 2011 Revenue & Expenditure Report**
- b. August 2011 Revenue & Expenditure Report**

Mr. Sullivan distributed the July & August Revenue & Expenditure Reports to the FinCom. (Attached as reference).

NOTE: Mr. McDonald returned to the table.

Mr. Sullivan stated they are still working out the issues w/ the VADAR system & will look over the reports to see if anything needs to be fixed (such as headings, etc.).

MOTION: Mr. McDonald moved the FinCom place these revenue & expenditure reports on next week's FinCom agenda for discussion. Ms. Pickett seconded.

VOTE: Unanimous (9-0-0)

c. DOR deadlines for required reports.

Mr. Andrews stated the DOR's field representative has been in Town Hall & is monitoring the deadlines along w/ the Town. Schedule A is being worked on. He stated there is a spreadsheet of items that are being done & he can provide this to the FinCom. He stated calculations of Free Cash will be done in November/December & should be submitted prior to November/December. He explained that sometime in the second week of December, information is usually received for setting the Town's tax rate.

Mr. Heath understands that the Town submits its information & then the Town receives information from the State on any adjustments that are needed. Mr. Andrews stated he has requested the FinCom look at the final report that includes the adjustments & other documentation. He stated this is a process & numbers/figures can change several times.

Mr. Paulsen stated he keeps hearing about FY2011, but not FY2010 or any information about the issue of \$919,000. He doesn't feel the State will approve anything until the FY2010 books are closed. Mr. Heath understands that both FY2010 & FY2011 will be submitted. Mr. Andrews stated FY2010 will be completed. Mr. McDonald stated FY2011 can't be done until FY2010 is done. Mr. Andrews stated he will get the audit reports to the FinCom which will show what happened in FY2010. Mr. Andrews explained that no-one "took" the \$919,000 & no money is missing from the treasury. The issue is w/ general ledger issues & the auditors are looking at what the Town Accountant did in FY2010. The audit report will speak for itself & will include an explanation of the \$919,000 issue. Ms. Bronk stated she understands accounting issues were the problem. She feels there is a need to break down the issue to the public relative to the fact that there is no money missing. There is a need to be clear about this matter. Mr. Andrews concurred & spoke re: SASS12. He stated there has been work done to get a Chart of Accounts that is more user-friendly. Mr. McDonald asked if the Town Administrator will have documentation about the \$919,000. Mr. Andrews stated he hopes to have the FY2010 audit report before Town Meeting & if not, he will have a letter or some documentation to provide an explanation. He noted that FY2010 & FY2011 issues have no impact on the 2011 Annual Fall Town Meeting Warrant. Mr. McDonald feels anything that happened in FY2010 impacts FY2011 & so on & so forth.

Mr. McDonald doesn't know if the FinCom should discuss the \$919,000 issue at Town Meeting until the documentation & information is in hand. Mr. Heath stated the \$919,000 issue would just be a presentation. Mr. McDonald doesn't feel the FinCom should discuss this issue at Town Meeting. Ms. Bronk questioned why. Mr. Paulsen stated the errors are apparently general ledger issues. He posed what may have happened. Discussion ensued. Mr. Gray concurred w/ Mr. McDonald about not making any statements at Town Meeting re: the \$919,000 as a committee.

d. Any other matters.

1. Town Accountant

Mr. Andrews stated a second round of resumes have been received & the screening committee will be re-activated again to make recommendations for three applicants for him to interview. He discussed how the search for a Town Accountant was expanded & how the salary structure was increased. The salary range is between \$63,000 & \$84,000 & if the salary needs to be increased, he will ask his board (BOS).

Mr. Gray stated he is happy to hear the “pot was sweetened” & he feels this will help garner new applicants.

VI. TOWN MEETING MATTERS

A. Motion assignments.

B. Presentation of recommendations.

Mr. Heath proposed that whoever makes the motion should read the FinCom recommendation. The following motion assignments were made:

Article 1 – Mr. Heath

Article 2 – This article to be withdrawn.

Article 3 – Ms. Cottuli

Articles 4-9 – Mr. Heath

Article 10 – Mr. McDonald

Article 11 – Mr. Gray

Articles 12-16 – CPC will make the motions. Ms. Pickett will read the recommendations.

Article 17 – Ms. Cottuli

Article 18 – The petitioner will make the motion. Ms. Bronk will read the recommendation.

Article 19 – This article to be withdrawn.

Article 20 – The petitioner will make the motion. Mr. Paulsen will read the recommendation.

Article 21 – The petitioner will make the motion. Mr. Cammarano will read the recommendation.

Article 22 – The petitioner will make the motion. Ms. Bronk & Ms. Cottuli will read the recommendation.

VII. FY 2013 BUDGET DISCUSSION

Mr. Heath stated this item will be on the agenda going forward. The FinCom should receive the first budget on December 15th. January 2012 will be a very busy time w/ the School Department & a public hearing to be held between the School Committee, BOS, & the FinCom.

VIII. ANY OTHER BUSINESS

Ms. Cottuli asked to make a public statement. Mr. Heath explained under open meeting law, she can make this statement in Executive Session or in public. Ms. Cottuli stated she would like to make her statement in public.

Ms. Cottuli stated recently, it has come to attention that her integrity to serve on the FinCom has come into question. She was recently dismissed from her job & it is a personal matter. Her dismissal did not break the law, nor put any patient at her job in danger. It was a disagreement between her & her employer. She did not seek a grievance through her union & she felt that departing was best for her. She wanted to present this to the FinCom & to the public. She stated if the Appointing Authority deems it necessary to make this statement in Executive Session, she will do so. She stated to have her integrity scrutinized in the medial is not right.

Mr. Trudell stated over the years on the FinCom, he feels Ms. Cottuli's integrity is still there, she is a fine person, & he supports her.

Mr. McDonald feels Ms. Cottuli is doing a good job on the FinCom.

Ms. Bronk feels Ms. Cottuli does an excellent job on the FinCom.

Mr. Heath stated if Ms. Cottuli suspects any ethical issues, she should report it to the Town Moderator.

IX. LIAISONS REPORTS

Ms. Bronk stated the BOH will be making a decision shortly on the nitrogen issue. She stated it is critical that everyone attend the BOH public hearing on the matter & to oppose it. She feels this nitrogen matter being proposed will hurt development in Town. She would like this matter to be on the FinCom's agenda to share the information.

Mr. Trudell stated the Capital Planning Committee will be meeting tomorrow & will be discussing Article 1. He stated he will also be distributing a five-year plan to the Capital Planning members tomorrow.

Mr. McDonald stated he may have a conflict of interest issue relating to him being the liaison for the Library Board of Trustees. He stated his wife was just appointed to the Library Board of Trustees & he is the liaison. Mr. Heath stated he will check into this matter.

Mr. Heath stated he will be attending the MA Association of Finance meeting this Saturday.

X. NEW BUSINESS

There was no new business.

XI. NEXT MEETING DATE & TIME

The next FinCom meeting will be held on October 19, 2011 at 6:30 P.M.

NOTE: Present before the FinCom: Claire Smith, Town Moderator

Ms. Smith stated that the motions are almost done & they should be done by Friday morning.

Mr. Heath stated the FinCom has been asked to move their meeting place to Room 225. It will be looked into.

XII. ADJOURNMENT

MOTION: Ms. Bronk moved to adjourn the meeting at 8:40 P.M. Mr. Cammarano seconded.

VOTE: Unanimous (9-0-0)

Respectfully submitted,

Kelly Barrasso
Kelly Barrasso, Transcriptionist

Date signed: 10/19/11

Attest: Sam Gray
Sam Gray, Clerk
WAREHAM FINANCE COMMITTEE

Date filed: 10/20/11
Date copy sent to Town Clerk: 10/20/11

