

MINUTES OF MEETING OF WAREHAM FINANCE COMMITTEE

Date of Meeting: January 29, 2014

I. CALL MEETING TO ORDER

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

II. ROLL CALL

Members Present: Larry McDonald, Chairman
Marilyn Donahue, Vice Chairman (Arrived at 6:31 P.M.)
Bonnie Cottuli
Dominic Cammarano
Tom Worthen
Joan Fontes
Marilyn Jordan
David Heard (Arrived at 6:45 P.M.)
Jeffrey Tufts (Arrived at 6:45 P.M.)

Also Present: Derek Sullivan, Town Administrator

III. CITIZENS PARTICIPATION

No-one came forward for Citizens Participation.

IV. BUSINESS

A. Vote on request of Municipal Maintenance Dept. to seek Community Preservation Funds for various projects.

Present before the FinCom: David Menard, Interim Municipal Maintenance Director

Mr. Menard stated the Municipal Maintenance Dept. has four applications to submit to the Community Preservation Committee re: four projects. They are as follows:

1. Onset Bathhouse engineering study.

Mr. Menard explained that \$10,000 is needed for an engineering study to see what can be done w/ the bathhouse.

Mr. McDonald asked Mr. Menard if he has met w/ the CPC to see how this project fits their criteria. Mr. Menard stated he has spoken to the CPC & he will go back before them after he gets feedback from the FinCom.

Mr. Cammarano asked if the kayak company has applied for use of the bathhouse this coming season. Mr. Sullivan stated the company has applied. He stated there is a three-year lease between the company & the Town. He stated the Town has the option to terminate the lease at any time.

Mr. Sullivan noted that the bathhouse is a jewel & has the potential to bring revenue into the Town. He also noted the FEMA rules re: upgrading this building. Brief discussion ensued re: FEMA regulations dealing w/ upgrading the building.

Mr. Sullivan stated the Town will be looking at the engineering study to see what it would cost to fix up the building. Mr. Worthen asked what the estimated cost is to fix up the building. Mr. Sullivan stated the Town is looking at possibly six figures to fix it up. Ms. Cottuli feels cost estimates at this point are “putting the cart before the horse.” She stated the study needs to be done first to see what can be done w/ the building.

Brief discussion ensued re: use of CP monies.

Mr. McDonald stated all the FinCom is being asked to do right now is to approve or disapprove Municipal Maintenance bringing these projects forward for funding by the CPC.

MOTION: Ms. Donahue moved Favorable Action for Municipal Maintenance to go before the CPC for funding of an engineering study re: the Onset Bathhouse. Ms. Cottuli seconded.

VOTE: (6-0-1)

2. Old Town Hall.

Mr. Menard explained that the painting project at the Old Town Hall is on-going. He stated insect damage & rot damage has been found. He has a few quotes for fixing this damage & he is looking to keep the repair work under \$25,000 so that the painting project can resume.

Ms. Donahue asked if there were more Municipal Maintenance staff, could they do the repair work. Mr. Menard stated if there were more staff & more money in the Municipal Maintenance budget they could do the work, but this isn't the case & the repair work needs to be resourced out. He explained that the painting project has been halted because of the wood damage found & there are no monies available for the repairs.

Mr. Worthen stated there should be a contingency on projects that once they are approved, the projects need to be finished w/in 90 days. Mr. McDonald stated this is not a FinCom matter, but a contract issue w/ the Town.

Brief discussion ensued re: procurement laws & the approval process for CP projects.

MOTION: Ms. Donahue moved Favorable Action for Municipal Maintenance to go before the CPC for funding of wood damage repairs to the Old Town Hall & for funding not to exceed \$25,000. Mr. Cammarano seconded.

VOTE: Unanimous (8-0-0)

3. Tremont Nail Building Fire Suppression System.

Mr. Menard stated Municipal Maintenance is requesting \$595,000 for a new fire system at the Tremont Nail building. He explained the fire system at the building has failed three times in one month. He stated the bills to reset the system & to repair the pipes add up. He stated it is not feasible w/in his budget to keep paying for these repairs. He stated the Fire Dept. will not allow shutting down the fire system in the building. He has spoken to a fire engineer & was told that trying to repair these fire systems is futile & the engineer recommended a full replacement of the fire system. He noted that the building is completely vacant.

Mr. Cammarano stated he doesn't understand how a fire system is needed for a vacant Town building & further, how the Fire Department can make the Town have a working fire system in the building. Mr. Menard stated the Fire Department is saying there needs to be a working fire system because of the size of the building, safety of firefighters, & the building's location to Little People's College. Mr. Sullivan added if something were to happen to this building, it would be devastating financially for the Town. Mr. Cammarano would like to know if there is any clause in documentation re: this building that states there is a fire system requirement. Mr. Sullivan noted various documents & their contents.

Mr. McDonald feels this matter will be a hard sell at Town Meeting.

Mr. Worthen stated the Town owes \$600,000 on the building & there is now a request for an additional \$600,000 for a fire system. He stated this may make sense if the building was generating revenue for the Town.

Mr. Tufts asked what another year of maintenance cost. Mr. Menard stated the system is currently off-line & another \$10,000 or more could be spent just to fix it. He again reiterated what the fire engineer told him that once these systems start to fail, you will be chasing the problems all the time.

Mr. Tufts questioned if it is worth the risk to wait another year before spending \$600,000. Mr. Menard stated he is uncertain what action the Fire Dept. may take if this matter is not remedied.

MOTION: Ms. Donahue moved Favorable Action for Municipal Maintenance to go before the CPC for funding re: a fire suppression system at the Tremont Nail building. Ms. Cottuli seconded.

VOTE: (3-4-1)

The motion failed to pass.

Mr. Menard stated the BOS have approved Municipal Maintenance going before the CPC w/ this request.

MOTION: Mr. Cammarano moved to reconsider the FinCom's vote on request #3. Ms. Cottuli seconded.

VOTE: (5-2-1)

MOTION: Ms. Donahue moved Favorable Action for Municipal Maintenance to go before the CPC for funding re: a fire suppression system at the Tremont Nail building. Ms. Cottuli seconded.

NOTE: Mr. Tufts stated voting is a right & there is a reason why these issues stop at the FinCom relative to the process of going before the CPC. Brief discussion ensued.

Ms. Cottuli asked if Mr. Tufts has an alternative to saving a \$2 million building. Mr. Tufts stated he doesn't feel use of CPC funds should be utilized for projects such as this. He doesn't know the full extent of the situation w/ the fire system. Ms. Cottuli stated this project will be vetted prior to Town Meeting & at Town Meeting. She stated the FinCom's actions right now are just procedural.

VOTE: (6-3-0)

4. Parker Mills Dam Repair.

Mr. Menard explained that a grant was applied for. \$165,000 was received from the grant & a \$835,000 loan was offered for 20 years at 2% interest. He stated CP funding is being sought to back up the loan. He briefly discussed the grant offering.

Mr. Sullivan explained a grant of \$1 million was awarded, but \$835,000 is in the form of a low interest loan. He stated the request is seeking to have the CPC make the payments on the \$835,000. Mr. Heard clarified that this would be a 20 year commitment on behalf of the CPC. Mr. Sullivan noted that the CPC would also be paying the interest charges. Mr. Menard added that the \$165,000 is being given free & clear.

Discussion ensued re: the figures.

MOTION: Ms. Donahue moved Favorable Action for Municipal Maintenance to go before the CPC for funding re: the repair of the Parker Mills Dam in an amount not to exceed \$835,005. Mr. Heard seconded.

VOTE: Unanimous (9-0-0)

B. Town Meeting schedule (dates to remember).

The FinCom members reviewed the Town Meeting schedule & dates to remember. Mr. McDonald noted that a public hearing will need to be scheduled sometime in March for the Warrant.

Mr. McDonald also noted that the FinCom will be involved w/ making up the motions & one FinCom member will read the motions at Town Meeting.

V. TOWN ADMINISTRATOR'S REPORT

NOTE: Mr. McDonald stated that a joint meeting of the FinCom, BOS, & School Committee was held yesterday re: the budget.

A. DOR request to reduce FY 2014 budget by \$500,000.

Mr. Sullivan stated next week, the BOS will have a list of where reductions have occurred. He stated currently, \$250,000 of the needed \$500,000 has been reached. He noted there has been savings on the unemployment line & Town department reductions.

Mr. Sullivan stated there is nothing left to reduce on the Town side. He stated the DOR requested the Town to reduce the FY 2014 budget by \$500,000 due to concerns over revenue.

Ms. Donahue asked if revenue projections come in on target, will the DOR say the Town doesn't have to cut \$500,000. Mr. Sullivan stated no. He stated there has been a vote by the BOS to make this cut. He noted he sent a memo to the School Superintendent re: assisting in the goal to reduce the budget by \$500,000 as well as conversations w/ the Superintendent.

B. Tax rate update.

Mr. Sullivan stated the tax rate was certified in December 2013. He stated he received a letter from DOR stating there will be specific requirements the Town will have to meet for the DOR to certify the tax rate for FY 2015. He stated the Town needs to show DOR the effort the Town is putting forth to be a stable community. He stated the letter also noted that Free Cash needs to be certified before the tax rate is set. This means the auditors will have to come in earlier than previous times. He stated DOR will be coming to Town in late February/early March to go over setting up the budget for FY 2015, going over revenues, & making sure everything the Town is putting down is acceptable to DOR. He stated the Town should be receiving a draft Management Letter very soon. He explained that the last audit was received late. He stated changes that have been implemented should be included in the next audit. He added that there are still outstanding issues to be resolved.

Brief discussion ensued re: estimated Free Cash. Mr. Sullivan stated he will be looking to put 50% of Free Cash into the Stabilization Fund as DOR had issues w/ the Town's low amount in the Stabilization Fund & the Town's low Free Cash figure. He stated the rest of Free Cash should be split up into capital & roll-over.

C. Assessor Revaluation.

Mr. Sullivan explained at the last Town Meeting, approx. \$22,000 - \$24,000 was moved from the Assessor's salary line item to the Revaluation Acct. & \$89,000 from the sale of real estate from debt back to the Revaluation Acct. There was a total of \$104,413 placed in the Revaluation Acct.

Mr. Sullivan stated bids have been received for the revaluation. He discussed the expenses for the revaluation. The total is \$129,500. He explained the problem is the contract can't be signed because there isn't enough money in the account. He stated if the residential & commercial real estate are separate, the Town will be penalized by the high bidder. There is a need for \$10,000 more.

Mr. Sullivan requested moving \$22,000 from the Reserve Fund to the Revaluation Acct. & transferring \$3,087 from the Assessor's expenses line into the Revaluation Acct.

Mr. McDonald stated the FinCom will take this up next week.

D. FY 2015 Budget.

Mr. McDonald revised budget #3 distributed last night. The budget deficit number is no \$2.9 million up from \$2.5 million.

Mr. Sullivan stated the Cherry Sheet has come out. He stated State aid was less than expected & assessments were substantially more than anticipated to the tune of \$300,000 more. Tuition assessments went up as well.

Mr. Sullivan discussed recent revisions to the budget. The main revisions were:

1. A decrease in Chapter 70 aid.
2. Increase in county & State assessments.

Mr. Sullivan stated the health insurance costs are higher than the \$7.1 million projected. He stated the \$7.1 million reflects the \$358,000 that the WPCF will be covering.

Mr. Sullivan stated this is the second year of the employee health care split increase where employees pay more for towards health insurance. The splits are as follows:

FY 2013 – 75/25

FY 2014 – 70/30

FY 2015 through FY 2019 – 67.5/32.5

Mr. Sullivan stated these splits are contractual & include the school employees.

Brief discussion ensued re: the WPCF health insurance assessment.

Ms. Donahue explained that re: the Districts, the Town doesn't get anything in lieu of taxes. Mr. Sullivan stated this is correct, but the Town does some work for the two Districts & receives a 1.5% of the levy base from the two Districts. The Town receives \$171,000 from the two Districts for assessing work, collection work, etc. He noted the Town will be incurring substantially higher costs for this tri-annual revaluation year. He stated letters will be sent to the two Districts requesting their portion of payment be raised for this year. The Town will try to recoup these costs from the two Districts for the Town doing the work for them.

Mr. McDonald recapped the joint meeting held last evening w/ the BOS & the School Committee. He feels the meeting was more about getting a grasp on the \$2.9 million deficit than anything else. He stated to assume this deficit number can be cut out of the budget would be on the "crazy side." He stated last year, it took two months for the BOS & the School Committee to hash out cutting \$800,000. He stated this deficit could effectively shut down services in Town & cut employees from both the Town & school side.

Mr. McDonald stated the other option is to seek a "revenue adjustment" (override). He has volunteered the FinCom to do a framework. He explained the framework would include two budgets being presented at Town Meeting. He stated one budget would essentially be the worst case scenario w/out an override. The other budget would be a budget w/ an override. He asked Mr. Sullivan to gather information for both options for next week.

Mr. Sullivan stated there will be a meeting on Friday to go over all the information & review.

Ms. Donahue stated she would like Mr. Sullivan to bullet what the Town has already lost as well as including the school side. She wants people to remember over the years what has already been cut.

Mr. McDonald stated there is a need to fix the issues this year because the issues will not go away & they will continue for years until there is a receivership. Ms. Donahue stated w/in the next few years, the Town will have additional revenue coming on line. Mr. McDonald stated there is a need to also show a plan re: what will be done now & going forward to fix the issues & prepare for the future. He stated the FinCom needs to be part of the framework to fix the problem.

Mr. Cammarano stated the two Districts are in good shape. He asked if there was anything the Town could tap into (from the Districts). Mr. McDonald stated most of the money the two Districts have are earmarked for projects. He stated the Town is not the

Districts' responsibility. Discussion ensued. Ms. Donahue stated the two Districts are not part of the Town, but they are supported by the taxpayers of the Town. Mr. McDonald stated this was a large part of the discussion held at last night's joint meeting. Discussion continued. Mr. McDonald stated this will not solve the problem. Ms. Donahue stated getting money from the two Districts from this angle will not work.

Ms. Cottuli asked re: timelines relative to presenting two budgets & voting & possibly needing a special election. Mr. Sullivan discussed the process if the two budgets are presented. He feels there would be time if done properly.

Mr. Sullivan departed at this time.

Mr. McDonald stated that next week, the Capital Planning Committee will be coming in before the FinCom & the FinCom should have school figures. He stated Mr. Sullivan will offer a budget dealing w/ the \$2.9 million deficit. With this information, the FinCom needs to look at where the Town is going, what is wanted, & how an override would be utilized. After all this information is generated, the FinCom can then share it w/ the BOS & the School Committee.

Ms. Cottuli asked if Mr. McDonald is referencing an override to get to the \$2.9 million. Mr. McDonald & Ms. Donahue stated they would not support this. Ms. Donahue stated it can't just be an operational override because the Town cannot just deal w/ this year. She stated cuts are also needed. She stated this is why she wants to show cuts that have already been made. She stated the Town would also have to show "the light at the end of the tunnel" & w/ an override there is a way out of this. Mr. McDonald stated this is the framework. Ms. Donahue stated the FinCom will need to be comfortable, believe in it, & be able to be in favor of it. She stated there is a need to get all the questions out to address the matter & make sure it is a good plan. Mr. McDonald stated the FinCom, School Committee, & the BOS all need to brainstorm together.

Ms. Jordan stated there is a need to make an argument that the whole system will change. She stated people in her neighborhood will not be in favor of an override because they are just coming out of a \$18,000+ betterment for a sewer project. She stated many people in her neighborhood are financially in the hole & now the Town may be asking for an override. She noted many in her neighborhood are on fixed incomes. She stated the FinCom will have to more than sell the idea. Ms. Cottuli stated it is not the FinCom's job to sell the idea. She stated the FinCom's job is to be educated & give information about it...not to sell it.

Mr. McDonald stated the problem w/ only cutting money from the budget is things will only get worse in the future until the State comes in & takes over. He stated the Town is just going in a spiraling down direction.

Ms. Cottuli feels the FinCom has an obligation to present the alternative in an open forum, have it well documented, & show the possibilities of what it means for the Town's future in the next five years.

Mr. McDonald briefly discussed an analysis of revenue he created. He stated his analysis shows the Town shouldering more & the State shouldering less. Brief discussion ensued.

Mr. McDonald noted that benefits are a huge item. He stated that the Town attempted to get into the Mayflower Group (for health insurance), but it required an amount as a down payment that the Town did not have. He also noted that debt will continue to increase as well as capital issues.

Mr. Worthen doesn't feel the Town's organization & structural system is as efficient as it could be. He feels someone from the outside needs to come & evaluate the Town's structural system, including the two Districts & Fire Departments & see what can be done, for example cost sharing w/ neighboring communities & coming up w/ more efficient ways of doing things & how money is spent. Mr. McDonald stated the Districts would have to agree to this & the Town doesn't have the money to do something like this right now.

Mr. McDonald stated he understands there have been poor management decisions made in the past. He stated there is a need for a five-year plan as well as looking into regionalization of services. He noted that the DOR also has concerns re: the Town's accounting.

Mr. Tufts stated there are so many long term needs & the government & economy are so slow to react to make anything a reality. He stated the key is, whatever the FinCom does needs to be based on complete fact & honesty. He stated the FinCom should not get into campaign mode.

Mr. McDonald stated the FinCom needs to understand that when voting for an override, the FinCom is voting to allow it to go before the BOS. The FinCom is not voting on the override question itself.

Mr. Heard stated there are serious problems in Town & the first step is acknowledging it. He feels Mr. Sullivan & the FinCom have done this. He stated to get out of it will be difficult. He stated Mr. Worthen has made a good suggestion re: how can things be done differently & how can the Town improve things. He stated this needs to be done long-term to address, such as technology, capital infrastructure, maintaining public ways, etc. He stated the Town also needs to recognize that many people cannot afford to pay more.

VI. FINANCE COMMITTEE MATTERS

A. Recruitment for FY2015.

B. Leadership.

Brief discussion ensued.

It was stated that Mr. Tufts is filling in a term. The terms for Mr. McDonald & Mr. Worthen are up in June of 2014.

C. ANY OTHER BUSINESS

D. LIAISON REPORTS

E. APPROVAL OF MEETING MINUTES: DECEMBER 18, 2013

MOTION: Ms. Cottuli moved to approve the meeting minutes of December 18, 2013. Mr. Cammarano seconded.

VOTE: (7-0-2)

F. NEXT MEETING DATE & TIME

The next meeting will be held on Wednesday, February 5, 2014 at 6:30 P.M.

G. ADJOURNMENT

MOTION: A motion was made & seconded to adjourn the meeting at 9:05 P.M.

Respectfully submitted,

Kelly Barrasso
Kelly Barrasso, Transcriptionist

Date signed: 2/26/14

Attest: Bonnie Cottuli (KB)
Bonnie Cottuli, Clerk
WAREHAM FINANCE COMMITTEE

Date copy sent to Town Clerk: 2/27/14