



# The Town of Barnstable

## Comprehensive Financial Advisory Committee (CFAC)

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### CFAC Committee:

#### Chairman:

Bill Brower

#### Members:

Robert Ciolek  
Laura Cronin  
Stanley Hodkinson  
Ralph Krau  
Tom Michael

#### Staff Liaison:

Mark Milne

#### Councilor Liaison:

James Munafo Jr.

### CFAC MEETING MINUTES

10.19.09

7:00 PM

Growth Management Conference Room

CFAC Members Present: Bill Brower, Laura Cronin, Stanley Hodkinson, Robert Ciolek

CFAC Members Absent: Ralph Krau, Tom Michael

Councilors Present: None

Staff Present: Mark Milne - Finance Director, Deb Childs - Finance/Budget Analyst

#### 1. Call to Order

Upon a quorum duly present, Bill Brower called the CFAC meeting to order at 7:00 PM in the Growth Management Conference Room.

#### 2. Act on Minutes

Motion made and seconded to accept minutes of 10.05.09

Vote: Unanimous

#### 3. Chairman, Staff & Councilor Comments

None

#### 4. Old Business

##### Procurement -

A finalized draft document for review was presented to the committee members. Bill B. would like to wait and address at the next meeting when Tom Michael will be available to provide comments and background.

##### Ten Year Forecast -

Mark M. reviewed the recent meeting with Town Council that focused on the budget process. He shared a copy of his presentation from the meeting.

The 2010 budget was adjusted down but it did not affect programs or services. The debt services program had a balance and was able to create the offset.

The Dept. of Revenue is currently here and working with the Assessing department on the approval of their re-evaluations of property values.

Some topics that may be before the Town Council at it's second meeting of November on the 19<sup>th</sup> could be the Residential Exemption, Small Business Exemption and Commercial factor.

Bill B. inquired if Mark anticipated more changes to the 2010 budget?

Mark M. responded he could not predict.

Mark M. reviewed his presentation. He reviewed the Governor's ability to seek expanded 9C authority which could impact local aid. The state is predicting a potential \$500M to \$1B decline in revenue. Mark is hoping the numbers will be updated monthly.

Bill B. inquired about what the restricted funds and saving were?

Mark M. reviewed that the restricted funds are for certain assessments such as the Barnstable County Retirement assessment and the Embarkation fees revenue paid from the sale of ferry boat tickets.

Mark discussed that the future property tax growth will likely come more from redevelopment versus new development.

Stan H. inquired if that included commercial property?

Mark M. mentioned that although building permit requests are on the up it may not indicate growth.

Stan asked if the North Street project was considered re-development?

Mark M. responded redevelopment is considered a substantial change to the foot print of the building or an increase in value may be a possibility where commercial property is concerned. Mark would defer to the Assessing department as they would have more in depth details on projects.

Stan inquired what would the Hilton project have brought in for new money?

Mark M, replied that according to the developer it would have been a few \$100K but he was not sure about the accuracy of that figure. It would be the net between the old building and the new building. Mark noted with the lack of available land for development the town will be required to focus on redevelopment possibilities.

Laura C. asked about the impact of existing properties that are given to conservation or declared open space?

Mark M. replied that they would be removed from the tax valuation which may ultimately impact the tax rate as the taxes would be redistributed to the other taxpayers. He did note however that it would require \$145k in taxes being removed from the tax valuation process in order to impact the tax rate by 1 cent. He concluded that the assessors are close to the estimated new growth value.

Mark reviewed that excise tax revenue continues to decrease. Hotel / Motel excise also appears to be down but Mark would like to review the December payment which will have the peak season activity from July, August and September.

Stan commented that he had talked with several of the hotels and they indicated they were even now.

Mark stated that January would be the next estimate on excise tax.

Jim Kinsella from the Barnstable Enterprise inquired what the excise tax on a Hotel was?

Mark replied is the room tax. The state gets 5.7% and the local communities can adopt up to an additional 4.0%.

Mark mentioned that the local communities can change the rate to be up to 6% but that would require approval by Town Council. The Town Council can also vote to increase meals tax by 0.75% where all of that increase would go back to the community. Currently, the meals tax is 6.25% and all of it goes to the state.

Mark reviewed investment income and it is significantly declining. As a benchmark the Mass Municipal Depository Trust rate is currently around 0.50%. This is a good indication as to what is available for investment rates.

Bob C. and Mark M. both wondered if the “cash for clunkers” program information in regards to any impact to the excise taxes was available at a state or county level.

Jim Kinsella from the Barnstable Enterprise inquired if the unemployment cost figure was a worst case scenario?

Mark M. replied yes.

Mark reviewed the budget impact of potential winter storms due to ice and snow removal.

Bob C. inquired if the ARAA funds were incorporated in this presentation?

Mark responded that no the ARAA funds are not factored into the General Fund budget.

Bob C. commented that there was some concern the state was using ARAA funds and borrowing against future funding to pay for operating budget costs now. This could be a big concern due to the impact to future local aid.

Mark M. replied that yes some of it does appear to be being used that way.

Bob C. commented that since some may be being used to prevent layoffs it could be justified but may still be a concern at some point later.

Mark M. indicated he will be tracking the town revenues monthly and may have a 1<sup>st</sup> quarter report available for the next meeting. There may be some need for mid year cuts.

Mark M. will be starting to put together the current Ten Year Forecast and welcomes comments via email. He believes the major issues that have been highlighted in past forecasts will continue to be issues.

Bob C. questioned if we are on an approved schedule for the pension assessments?

Mark M. responded yes. The county retirement system has adopted a funding plan that amortizes the unfunded liability until FY2029. The plan's actuarial calculation was updated last year and the liability grew significantly; and as a result, our annual assessment will most likely increase significantly.

Bob C. commented that due to the lack of investment performance it could continue to be bad news.

Mark M. replied that as a result of poor investment performance the planned assessment increases may grow from 4.5 to 10 percent each year. He has heard that the state may be considering increasing the amortization schedule to help alleviate the annual cost increases.

Laura C. requested data on the fee, licenses and permits related to charges for services.

Mark M. replied yes and he will forward that detail.

## 5. New Business

## Sewer Sub- Committee Status Report-

Bob C. and Laura C. reported that the sub- committee is making good progress with their fact finding.

They have seen some information in response to the questions they had posed about the background and facts.

Bob C. met with Mark Ells for a second time as a follow up. Mark E. has agreed to clarify some ambiguity in the numbers.

The sub-committee received a letter from a citizen with suggestions about the funding.

Laura C. thinks the sub-committee should provide a response to the citizen.

Bob C. volunteered to draft a letter of response.

Bob C. attended a meeting of the selectman's association where he learned a lot about what other communities are doing in response to similar issues.

Bob C. discussed the request to have the sub-committee be connected to a Citizens Advisory Committee (CAC) and thinks the committee should give some thought to incorporating a dual track. He thinks the CFAC sub-committee may be on a faster pace than the CAC.

Bob C. commented that the CFAC committee may want to give some consideration to what they want to see in a report and under what timeline. He suggests the funding piece should be an early product and the scientific and technical piece a later product.

Bill B. suggests the sub-committee not feel rushed to put something on record.

Bob C. followed up with Hillard Welch from the last meeting and is keeping the line of communication open for ideas.

Bill B. inquired if there is a way to allow for citizens to contact the committee without requiring they attend a meeting?

Mark M. will follow up with the IT department to see if they can set up a link or email address for the committee to receive citizen feedback.

Laura C. asked if there was any update on the status of a CAC?

Mark M. thought some good candidates had expressed interest in participating but he thinks it will probably be a focus for after the November elections.

#### 6. Discussions

None

Next meeting is scheduled for Monday November 2, 2009 in the Growth Management conference room.

Meeting adjourned at 8:25 PM.