



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

9.21.09

7:00 PM

Growth Management Conference Room

CFAC Members Present: Bill Brower, Laura Cronin, Ralph Krau, Tom Michael, Stanley Hodkinson

CFAC Members Absent: Robert Ciolek

Councilors Present: James Munafo, Jr.

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 09.08.09.

Vote: Unanimous

3. Chairman, Staff & Councilor Comments

None

4. Old Business

Review of financial section within the Barnstable Administrative Code -

Investment Policy Statement - A final draft was provided to the committee for review and approval.

Motion made and seconded to accept and approve.

Vote: Unanimous

Bill B. discussed that the finalized information should be transmitted to the Town Manager with a cover letter from the committee.

Ralph K. suggested that be done in person.

Mark M. agreed that would allow for an explanation of the process and give the Town Manager the opportunity to ask any questions.

Procurement -

Tom M is set to meet with David Anthony on Tuesday Sept. 29th @ 2 p.m. to review. He welcomes any questions or input from the committee prior to that date.

5. New Business

Sewer Sub- Committee Status Report-

Ralph K. stated the only updates are a planned site visit to the Water Pollution Control Center scheduled for 09.23.09 and the planned meeting with Paul N. from the Cape Cod Commission on 09.30.09.

Laura C. shared that she attend the recent public meeting in Chatham in regards to their town efforts to implement sewerage.

The next regular sub-committee meetings is set for 10.05.09.

Ten Year Forecast -

Mark M. provided an extensive overview of the Ten Year Forecast budget assumptions. He stressed that the forecast should not be construed as a spending plan.

Property Taxes:

Very little new property tax growth. The tax base will be increased by the 2 ½ percent allowed under Proposition 2 ½ but that will likely only cover increased costs due to inflation and other declining revenues.

Ch 70. State Aid :

This is the single largest form of state aid. FY09 used \$300M from stimulus money to cover the 4th quarter payments. FY10 saw a small decrease approx. 2 % and also used stimulus money. FY11 expecting a significant reduction that could be as much as 20% which would equate to approx. 1.5 million.

Lottery Aid:

Decrease in amounts similar to above. Casino discussion continues which would be an unknown impact to this category.

School Building Assistance Program:

We are currently being reimbursed on three school construction projects and anticipate they will continue to be funded.

Investment Income:

The Town is unable to invest money at a significant rate of return. The 1st priority is safety and 2nd liquidity. Smaller returns are projected as the Town needs to be conservative.

Expenses -

Salaries:

Cost of Contracts will be a key. All School contracts have expired and are currently in negotiations. The rest of the contracts are set to expire at the end of FY10.

Ralph K. inquired if there was any indication that wage freezes would be accepted and agreed to?

Mark M. responded that he feels the staff understands the situation and he hopes contracts will reflect the current economic environment. However, he noted that if you allow the contracts to go to mediation or arbitration you risk not knowing what you will get and they may only be focused on the short term and not the long term financial interest of the town.

Tom M. stated due to the teacher salary steps it may be difficult to break from the traditional contract increases.

Mark M. noted that the Municipal payroll amounts to approx. \$20M and the money projected in revenues would equate to about a 2 % total available for wage increases. He stress the budget is Revenue driven not Expense driven.

Health Costs:

Mark noted that Health Insurance has been constantly increasing above the rate of inflation. Barnstable currently contributes the lowest amount allowable at 50%. The Town did introduce some "Rate Saver" plans that they have had some success with employees switching into from higher priced plans. The town is looking into adopting Section 18 which would require retirees to go to Medicare. They have scheduled to have some representatives come in and review what that entails.

Tom M. inquired what the deadline is to make that change?

Mark M. replied the end of May in order to implement for the June payroll.

Utilities / Fuel:

This still remains volatile requiring planning for contingencies should prices increase.

Private Roads:

Discussion revolved around the differences between Private Roads versus Public Roads. Potential costs if Private Roads were accepted by the Town.

Wastewater/Water Supply :

Major infrastructure issues currently under review.

Special Education (SPED) costs:

Out of District Tuition continues to be a major factor. The State Circuit Breaker Program provides reimbursement for a percentage of costs. A huge reduction in that reimbursement is anticipated for 2010 as the rate was reduced from 75% to approx. 32%.

Facility Maintenance:

Three school buildings were closed reducing costs. RFP's have been issued and await responses. An additional building had been declared surplus and also awaits action.

Green Energy Initiative:

Various "green" initiatives and options are under review and being pursued such as Co-Generation, Photo Voltaic panels, and Wind Power.

Technology:

Need work in place for replacement cost of computers and software. The current budget is \$55K which is not sufficient.

Overall the anticipated lost revenue will utilize the anticipated 2 ½ percent increase in taxes. Any further cost increases will require reductions elsewhere in the budget.

Jim Kinsella from the Barnstable Enterprise inquired what the tax levy is currently?

Mark M. replied it is approx. \$89 M.

Ralph inquired if Mark knew how well the "cash for clunkers" program did in Barnstable?

Mark M. was not sure and thought Councilor Tinsley may have some information.

Laura C. inquired about the Revenue for the HYCC.

Mark M. explained that as an Enterprise Fund it will try to be self supporting, generating revenue through various events and marketing, but that it is not required to be self supporting and the town may provide a general fund subsidy as needed.

Laura C. inquired about the establishment of a gift account for the HYCC.

Mark M. explained that was created to help subsidize operating costs. Any department head can accept money but require the Council's approval to use the money. Setting up this gift account allows for the money to become part of the budget process and to be appropriated straight from the account. It would not require going back to the Council every time a gift is received.

Net school spending was discussed. Mark M. explained there is no direct correlation between the net school spending amount and declining enrollment.

Laura C. asked is Mark had any projections for this year?

Mark did not due to the complexity of the formula. He did state that FY2010 budget is approx. \$57M which is \$4.5M above the net school spending requirement.

Mark concluded by over viewing the Revenue sharing policy with the School Dept., the Bond rating staying as AAA with the S&P, and AA1 with Moody's. He indicates we will need to be conservative and should consider if any other assumptions should be taken into account.

Laura had some questions about the assessing of businesses. Mark explained that increased focus in that area could lead to more equitable distribution of tax base but would not generate new tax growth.

The forecast is due in January of 2010.

6. Discussions

None

Next meeting is scheduled for Monday October 5, 2009 in the Growth Management conference room.

Meeting adjourned at 8:50 PM.