



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)

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Email: cfac@town.barnstable.ma.us

CFAC Committee:

Chair:

Laura Cronin

Members:

Robert Ciolek
Stanley Hodkinson
Ralph Krau
Henry McClean
Jacqueline Michelove
Gregory Plunkett
Laurie Young

Staff Liaison:

Mark Milne

Councilor Liaison:

James Tinsley
Debra Dagwan

CFAC MEETING MINUTES

10.15.12

7:00 PM

Growth Management Conference Room

CFAC Members Present: Laura Cronin, Robert Ciolek, Gregory Plunkett, Henry McClean, Stanley Hodkinson

CFAC Members Absent: Ralph Krau, Laurie Young, Jacqueline Michelove

Councilors Present: None

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

1. Call to Order

Laura Cronin called the CFAC meeting to order at 7:00 PM in the Growth Management Conference Room.

2. Staff, Council & Chairman's Comments

Laura stated that she has not received any response on the committee's letter regarding the review of the Danforth property. She would like it noted that the subject is now in the hands of the Town Manager and Town Council.

Laura stated that she has reviewed the CFAC email box through last week and no correspondence has been received.

Mark Milne informed the committee that this Thursday's Town Council meeting will include a presentation on health care benefits. The Town Manager hired an outside party to review the Town's participation in the CCMHG. The consultant was to review alternate options to procuring health insurance. The consultants report is complete and will be presented in a workshop format.

Mark will provide the committee with a copy of the report.

Mark stated the Town was in the middle of contract negotiations with each union. He anticipates questions to arise about changes to the contribution rates; currently 50/50.

Laura inquired if just municipal contracts were under review. Mark replied that both school and town were up for renewal.

3. Old Business

None

4. New Business

FY 14 Budget

Mark reviewed the FY14 Budget Calendar and noted that some dates had been pushed back by a week.

Mark reviewed his handout on the options for cash flow of the Capital Trust Fund.

Option A:

\$3.25M Public Roads Every year

\$2.5M Bond Financed Program FY14 to FY18

Option B:

\$3.25M Public Roads Every year

\$3.5M Bond Financed Program FY14 to FY18

\$4M Additional General Fund contribution in FY14

Comprehensive Financial Advisory Committee

Option C:

\$3.25M Public Roads Every year

\$5M Bond Financed Program FY14 to FY18

\$4M Additional General Fund contribution in FY14

Greg Plunkett inquired about who the funds were borrowed from.

Mark replied it is conducted through a competitive bid process with a financial advisor. Currently, First Southwest is the advisor.

Bob C. inquired about Option B, why a one time \$4M contribution rather than \$1M over several years.

Mark responded that the one time contribution would dedicate the funds to the capital program and not allow them to be used for another purpose.

Bob C. inquired what the optimum amount to be held in reserve would be?

Mark responded that it depends upon a community's volatility in its resources and exposure to extraordinary events. The benchmark guideline from the GFOA and other rating agencies is between 8 -15% of the total operating budget. The Town Council has a policy 4% reserve policy.

The General Fund and the Capital Trust Fund total reserve is currently in the neighborhood of 15%.

Greg P. inquired where that money was currently held.

Mark M. referred him to the Comprehensive Financial report.

Bob C. stated the biggest pressing issue is the wastewater issue. Would the funds be better served in the waste water fund?

Mark replied no as that fund has a dedicated source of funding and the capital trust fund is used to meet the large list of other capital needs.

Laura asked who decides?

Mark replied the Town Manager ultimately decides what will be recommended to the council for funding and the council decides. It will also depend on what types of needs are submitted.

Mark commented that he tried to provide scenarios that presented the maximum level he was comfortable with from a financial aspect. All based on today's assumptions.

Bob C. advocates that committee make an opinion on the options by drafting a letter to the Town Manager. He would recommend Option C.

Laura asked for other comments.

Greg commented borrowing money now at lower rates would be beneficial in the long run.

Laura commented that she would caution that the Town be prudent in spending and the use of resources for projects.

Laura called a vote on drafting a letter of support for Option C as outlined related to the cash flow for funding Capital Projects with respect to FY14 budget.

Vote: Unanimous in support of drafting a letter of support.

Bob C. will draft.

Mark mentioned that the School Committee may be coming forward at some point to request a re-purpose related to School Debt Exclusions. As they have one set to expire in 2015. They would need to go to the voters to approve. There would be no impact on the tax levy.

Mark reviewed the preliminary projections related to the FY14 Operating budget.

5. Discussion

Laura would like the next agenda to reflect reviewing who would participate on the Operating Budget Sub -committee and CIP Budget sub-committee.

Mark recommended the committee consider who they may wish to invite in to discuss the capital budget.

Meeting adjourned at 8:15 p.m.

Next Meeting - Monday November 5th @ 7 p.m.

Document List:

The following documents were distributed during the meeting.

FY14 Budget Calendar
Capital Trust Fund Cash Flow Analysis
FY14 General Fund Budget Planning