



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)
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CFAC Committee:

Chair:

John Schoenherr

Members:

Robert Ciolek
Cynthia Crossman
Ralph Krau
Gregory Plunkett
Lillian Woo
Joseph Mladinich
Allen Fullerton
Vacant

Staff Liaison:

Mark Milne
Nathan Empey

Councilor Liaison:

John T. Norman

MEETING MINUTES

10.23.17

6:00 PM

Growth Management Conference Room

Roll Call:

- CFAC Members Present: Robert Ciolek, Joseph Mladinich, Cynthia Crossman, Lillian Woo, John Schoenherr, Allen Fullerton, and Ralph Krau
- CFAC Members Absent: Gregory Plunkett
- Councilors Present: None
- Staff Present: Mark Milne, Finance Director, Nathan Empey, Budget Analyst
- Other Present: None

Call to Order:

John Schoenherr called the CFAC meeting to order at 6:00 PM in the Growth Management Conference Room of Town Hall.

Act on Minutes:

The following minutes were approved by unanimous vote:

Minutes 10.10.17

New Business:

Mark M. reviewed the FY 2019 Action Budget Calendar with the committee. He noted Oct 23rd is the deadline for departments to submit permit and fee adjustments. The Town Manager has only received submissions from Marina, Golf Course, and Regulatory Services. A public hearing will be held on those proposed permit and fee adjustments on November 7th. These proposed changes will be posted to the town's website for public view before the hearing. Mark M. noted the Town Manager would most likely wait 30 days to make a final decision on any fee adjustments. Mark M. noted the Capital Improvements Plan (CIP) submissions are coming in, and that a formal review of the submissions will take place after the deadline. The task force scoring will also take place after the deadline to rank the projects against ten evaluation criteria. Mark M. noted CFAC could invite the department heads to meetings based on the largest CIP submissions. Joseph M. asked who are the members of the task force scoring? Mark M. responded two personnel from each department. Mark M. noted the CIP program costs should begin to increase because of the 208plan. Mark M. noted that CFAC would follow the same process as last year and write a CIP report. Mark M. noted Town Council did request to have budget items submitted earlier this fiscal year.

Mark M. noted the Asset Management Committee presented to Town Council last Thursday. This committee was developed by Town Council to help assist the Town Manager in keeping an inventory of town owned properties. Many of these properties have been acquired over the years, but the town needs to verify how the property was acquired to ensure they are free of any liens. The town has received about ninety of one-hundred-and-sixty properties through tax foreclosure. Thirty of these properties can be easily disposed of. Some of these properties are potentially buildable lots, and that the town may auction off through a proposal process. Bob C. asked how did Town Council react? Mark M. responded well, and that they are trying to get a handle on these things. The big question is how were these properties acquired? They may have restrictions. Joseph M. asked who is spearheading this committee? Mark M. noted the committee members are Town Councilors, and that Councilor Philip Wallace is Chair. Mark M. noted David Anthony, Procurement Director is doing most of the legwork. Mark M. noted any Request for Proposal (RFP) would go on the town's website. Bob C. noted there should be restrictions on the buildable lands and that properties should be developed within a specific time or purchasers lose the property.

Mark M. reviewed the Tyler Technology Application Service Providers (ASP) investment. He noted the current cost to the town for license support is over \$200,000. Mark M. noted the town received a proposal from ASP to host as an application service provider, but it would cost \$110,000 with no significant cost savings from staff reductions. Mark M. noted our servers do not support their software, and that purchasing our own application tools would cost \$25,000 for the hardware to build servers. Mark M. noted the town would continue to host the servers in-house, but long-term it may be a more viable option to outsource.

Mark M. reviewed the Department of Revenue (DOR) certified free cash results. These balances will be available for fiscal year 2018 and capital development if needed. Bob C. asked what deferred revenue in the General Fund calculation includes? Mark M. responded the town sets aside reserves for abatements and exemptions on real estate and personal property. Ralph K. asked what is the difference in deferred revenue for Sandy Neck? Mark M. noted Sandy Neck receives prepayments for leasing the cottages, but revenue cannot be realized until services are provided. Lillian W. asked how do these figures compare to last year? Mark M. noted the General Fund certified free cash is \$3 million more than last year due to actual revenues exceeding expectations and returned appropriations.

Old Business:

John S. opened discussion on the pay-in-lieu-of-taxes (PILOT) initiative. John S. asked the committee what direction it would like to take on this project? Lillian W. asked Mark M. what percentages of properties in town are tax-exempt? Mark M. noted he could get the committee that information through the assessing database. Joseph M. responded who are the major drivers of these tax-exempt properties? Ralph K. noted

with the right data, we could pursue a similar deal like the Lowell and UMass. Bob C. noted Lowell cut a deal as an expense sharing agreement with UMass. Bob C. also noted if the committee pursues this, expectation should be kept manageable. There may not be a lot of money available through these tax-exempt properties. Lillian W. noted we should analyze the data to see if it is worth the effort. John S. noted the Steamship Authority and Cape Cod Transit are both tax exempt. Bob C. responded the Steamship Authority is a government entity. Ralph K. noted the Steamship Authority should contribute in a PILOT program because it receives shipping activity, which causes many trucks to use our roads, and thus contributes to its deterioration. Joseph M. noted these tax-exempt entities provide services to the community that should be quantified and offset against the PILOT program. Mark M. responded this information would have to come from the tax-exempt entities. Bob C. noted we would need to distinguish services to the community vs services to government, and identify what government expenses are being offset by those services. For example, how many Emergency Medical Services (EMS), fire personnel, or police are responding to these institutions? Lillian W. noted bigger non-for-profits are acquiring new land, which is taking taxes away. Mark M. responded yes, and that Sturgis Charter School is expanding. John S. noted his' biggest concern is that this PILOT project could be very expensive to pursue without the payoff. John S. also noted we are not being pushed on the operating budget to find revenue. Bob C. noted it would be at least 2 years before any revenue is received from the tax-exempt properties, if they cooperate. Mark M. responded it's always voluntary. Joseph M. noted we should take the top two or three tax-exempt properties and pursue them. Bob C. suggested looking at the top 10 exempt properties from the data to make a judgment. Bob C. noted he would review the 2007 PILOT report, and maybe we should include a subsection to the annual operating budget report. Bob C. also noted we should be looking at the revenue side of the budget because it is the most important part, we can always cut expenses. Lillian W. noted CFAC's responsibility is to keep up with trends. John S. asked what does this effort show us in return? Bob C. noted maximum we can get is 25% of assessed property value, but it is still voluntary. John S. asked what the consensus from the previous gathering at the Community College with non-for-profits was and how much revenue is realistic? Cynthia C. responded the non-for-profits didn't want to give anything. Bob C. noted you never know until you try. Bob C. noted give the list of tax-exempt properties to the committee for review. Lillian W. asked would the data include the list of new acquisitions? John S. asked is there any way to categorize the data between land and buildings? Ralph K. commented that we know the non-for-profits are growing, and we need to know the value of those properties.

Matters not reasonably anticipated by the chair:

None

Discussion of topics for the next meeting:

Review the tax-exempt data list.

Adjournment:

CFAC's next meeting will be Monday November 13, 2017 at 6:00pm.

List of documents handed out

1. 10.10.17 Minutes
2. Department of Revenue Certified Free Cash
3. FY 2019 Budget Action Calendar
4. Lowell, UMass strike historic multi-year PILOT agreement