



# 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

11.02.09

7:00 PM

Growth Management Conference Room

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

CFAC Members Absent: None

Councilors Present: James Munafo Jr.

Staff Present: Mark Milne - Finance Director, Deb Childs - Finance/Budget Analyst, David Anthony - Chief Procurement Officer

#### 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 10.19.09

Vote: Unanimous

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

Councilor Munafo inquired if the committee was doing any analysis for comment on the split tax rate that would be upcoming for a vote?

Mark Milne responded that he was planning to come forward at the next council meeting to suggest a workshop be held for the councilors outlining the tax classifications that would be up for a vote - the residential exemption, split tax rate, and the small business exemption. This would mainly benefit the new councilors that will be coming on board.

These items should be up for a vote at the first council meeting in December so that the 3rd and 4<sup>th</sup> quarter tax bills could be sent out by the end of December. Mark invited the CFAC committee members to the meeting and welcomes questions or recommendations. Mark noted that in the past CFAC has not provided any recommendation rather the Board of Assessors have sent a letter to the council.

Mark reviewed the current budget cuts announced by Governor Patrick and their impacts.

- approximately \$18M in Regional school transportation that will likely result in a higher assessment from the Regional Technical School in the next fiscal year.

- approximately \$7M in SPED Circuit Breaker Funding which will impact the school budget. Towns are required to pay the first \$38K of costs and normally receive a reimbursement of 40% of any cost above and beyond the first \$38K. Mark thinks this cut could reduce the reimbursement rate closer to 35%.

- approximately \$5.2M in the Charter School Reimbursement Fund. Mark foresees a potential small revenue deficit for FY10 that can probably be absorbed by the operating budget.

- approximately \$1.5M for School Based Health Programs. Barnstable does use some grant funds to help fund school/district nurse salaries which may be impacted.

- \$0.5 M in Sewer Rate Relief statewide completely eliminated.

Also included in the cuts is a reduction in the payment in lieu of taxes account by \$11M (Barnstable's portion is currently \$150K which could be reduced by \$50K) and elimination of \$5M for the Quinn Bill with anticipation it would be completely eliminated by 2011. Legislation is being filed to clarify language in the Quinn Bill and there is a current court case challenging a Town's need to pay regardless of state funding.

Mark noted the Chapter 70 has not been touched nor has general/lottery aid. He cautions that this is only a first wave and we need to see what revenue looks like in January. Traditionally, the first round of cuts is to Human Services and Higher Education and the second round is Local aid.

Bob Ciolek commented that a recent Boston Globe editorial article advocated for cuts to local aid rather than the cuts that were made, he does not think this bodes well for future cuts.

Councilor Munafo commented that indicators are pointing to a dismal forecast for local aid in FY11. Are we anticipating it?

Mark M. responded that we are taking a cautious approach. The recent presentation he provided on the budget planning is accounting for a 15 % decrease in local aid or approx. \$1.5 M. Mark noted that some towns are trying to level fund their budgets. He does not think that is a conservative enough position.

Mark updated the committee on the recent extension of unemployment benefits from 59 to 79 weeks. He noted that the Federal Government is not providing funding for the added weeks.

Ralph inquired when was this in the paper?

Mark M. was not sure as he received notification from the Human Resources office who in turn was notified by the Office of Unemployment. He will seek more details.

Ralph wondered if there would be a backlash ?

Mark M. replied there could be a supplemental appropriation or local governments may be squeezed.

Ralph inquired when the change takes effect?

Mark M. was unsure - he thought immediately but would confirm.

Mark M. reported that an email address has been set up for the committee. The chairman has access to that account to forward any communications.

Bill B. returned to the topic of the tax rate proposals. In light of no direct request from the Town Manager or Town Council requesting CFAC review and short time prior to the council vote, what did the committee think?

Ralph concurs with Bill that there is not enough time to review it this year but it could be brought up next year.

Bob Ciolek inquired if the committee is allowed to appoint themselves to look at an issue that is finance related?

Mark M. responded that the language reads “ advise on matters” and he felt it would be appropriate.

Bob C. agreed that the time did not allow for review this year.

Bill B. recommends it be brought back up for discussion in August of 2010.

Laura C. inquired about the information regarding revenues from fees & services.

Mark M. brought some sample files that outlined the fees and fines for various general ordinances. He noted that some require council action while others are set by statute or mandate. He still needs to gather the list under the Town Manager. He offered to run some reports with the revenue by department.

#### 4. Old Business

##### Procurement -

A finalized draft document for review was presented to the committee members. David Anthony reviewed the changes to the document. He indicated that the procedural elements were removed leaving the policy sections. Numerical sequences were updated as needed. The dates will be updated once approved by the Town Manager to reflect the accurate date.

Tom Michaels commented that he had review several other Towns documents for comparison and did not see any content missing. He commended David for a job well done.

Motion made and seconded to approve.

Vote: Unanimous.

Ralph inquired about when the documents would be presented to the Town Manager.

Mark will check the Town Managers schedule and get back to the committee.

Ten Year Forecast -

Mark M. reviewed the current Town Council policy is to have a 4% reserve of the General Fund operating budget. Mark thinks that is a low number. The GFOA recommends a minimum 5%. Mark is curious if any of the committee members have experience with other organizations or if they think the 4 % is an adequate amount. He is not looking for an immediate answer and responded at the next meeting would be fine.

Mark M. reviewed the OPEB liability. The most recent actuarial study has Barnstable's liability at \$160M. The major factor is health insurance. There is a need to have a mechanism in place to accumulate assets to meet this unfunded liability. Mark is seeking suggestions on ways to set up a process. Some communities such as Wellesley, Weston, Sudbury have started Irrevocable Trusts to appropriate money into it. Mark warns that we will need to address this eventually.

Bob C. agrees it will need to be addressed but does not see the Town being able to do anything significant in the next year or two. He suggests starting to look into what is involved with an Irrevocable Trust and possibly start the process.

Mark M. commented the Irrevocable Trust may provide for an assumption of higher returns resulting in lower unfunded liability.

Laura C. questioned what was done now?

Mark M. responded it is currently a "pay as you go" program.

Laura C. inquired about the amount?

Mark M. responded it is approximately \$3.7M a year.

Bob C. inquired when is the next rating?

Mark M. indicated this spring but acknowledged it has been an issue for the past 4 to 5 years. The workshops with Bond raters have warned communities not to ignore the issues that they are being given a benefit right now.

Bob C. inquired about forcing retirees 65 and older to move to Medicare.

Mark M. discussed the MGL Chapter 32 B, Section 18 statute that the Town is considering adopting. It would require eligible retirees to go on Medicaid but also the Town would be required to offer a gap plan that would equate to the active health plan. This would cost less money for the Town as well as most of the participating retirees. The Human Resource Department has been working to educate retirees about their options. There are still a few vocal opponents.

## 5. New Business

### Sewer Sub- Committee Status Report-

Laura C. updated that the sub-committee met with Ruth Weil and David Houghton from the legal department today. They discussed differences in a per unit betterment versus and assessment, a frontage proposal vs. a per unit proposal etc. but overall they are still gathering information. They hope to meet with Dale Saad and Mark Nelson and anticipate scheduling a public forum to gather citizen input on financing options only.

The sub-committee would like to have an outside moderator and discussed potential candidates. A venue and date will be pursued.

### CFAC Action Calendar -

The committee is on track with the action calendar. Mark M. brought the 2011 budget calendar to review the critical dates for the CFAC committee. The CIP report will be due to the Town Manager by 2.15.10.

A draft calendar for scheduled meetings in 2010 was presented to the committee for review.

Bill B. suggested Tom M. , Stan H. and himself be on the CIP sub-committee as the other committee members are currently working on the Sewer sub-committee. All agreed.

## 6. Discussions

Bill B. mentioned that the committee still has three vacancies. He wondered who the new chair of the appointments committee was so they may pursue filling the vacancies.

Mark M. responded he would inquire with the Town Council.

Stan H. acknowledged the recent announcement that the Town had been awarded the GFOA budget award. He extended congratulations to Mark Milne for his efforts.

Next meeting is scheduled for Monday November 16, 2009 in the Growth Management conference room.

Meeting adjourned at 8:15 PM.