



# The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)  
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## CFAC Committee:

### Chair:

Laura Cronin

### Members:

Robert Ciolek  
Cynthia Crossman  
Ralph Krau  
Gregory Plunkett  
Lillian Woo  
John Schoenherr  
Joseph Mladinich

### Staff Liaison:

Mark Milne

### Councilor Liaison:

John T. Norman

## MEETING MINUTES

04.11.16

7:00 PM

### Finance Conference Room

CFAC Members Present: Laura Cronin, Lillian Woo, John Schoenherr, Joseph Mladinich, Cynthia Crossman, and Gregory Plunkett

CFAC Members Absent: Robert Ciolek, Ralph Krau

Councilors Present: None

Staff Present: Mark Milne, Director of Finance, Nathan Empey, Finance/Budget Analyst

### 1. Call to Order

Laura Cronin called the CFAC meeting to order at 7:00 PM in the Finance Conference Room of Town Hall.

### 2. Act on Minutes

The following minutes were approved by unanimous vote:

03.28.2016

### 3. New Business

Mark Mine reviewed the Barnstable's Tax Title Analysis 2014 through 2016 Report. This analysis tracks real estate parcels that have fallen into arrears. Currently as of March 31, 2016, Barnstable has outstanding \$3.2 million in back taxes and \$2 million in interest. In fiscal year 2014, 80 parcels were liened by the Town Collector for the FY 2011 tax year and 70 parcels for the FY 2012 tax year. 52 parcels paid off their liens in FY 2014. As of FY 2016 to date, 43 parcels that equal a value of \$382,254 in outstanding back taxes have been paid off. The tax year 2013 is the most recent tax year Barnstable has liened which amounted to 96 parcels. The Town Collector is still collecting taxes from the FY14 and FY15 tax years and has not placed any liens on properties yet for these tax years. Once the Town collector places a lien on the property, the collection responsibility falls to the town Treasurer.

Joseph M. asked what the Treasurer could do about these outstanding back taxes, which Mark M. replied they could send out notices to parcel owners as well as setup payment plans. They can also move to place the property in Land Court. There are currently 386 parcels in tax title as of March 31, 2016, and several of those are on active payment plans. The interest charged on outstanding tax liens is 16%. John S. asked how the interest rate is identified, which Mark M. replied it is a state statutory limit. Mark M. mentioned a request has been made of the treasury division to group the accounts in tax title, so that they can be analyzed and possibly bundled for sale. This bundling of properties will make it more attractive to bidders when selling off tax titles. Once the tax liens are sold, the winning bidder has the option to collect the outstanding taxes owed with interest or to proceed through the Land Court process, which can take up to 2 years in order to redeem the property. Some properties may have problems with titles and properties owners still entitled to six months to pay off taxes, and thus claim back the property from the Town and/or tax title purchaser.

Barnstable recently met with a company by the name of Tallage to discuss its uncollected back taxes and a tax title sale process. Tallage is a group from Boston that purchases tax titles from communities. This group evaluates the inventory of properties being auctioned for any potential title problems or anything that would impede their ability to collect the back taxes or proceed through the Land Court. Laura C. asked when the last time inventory was taken for Barnstable's tax titles, which Mark M. replied it has been several years. Mark M. noted the Town Attorney indicated it didn't go well the last time Barnstable had gone through a property auction process, so there has not been a push to go through it again. However, property auction and tax title sales are different. The company bidding on the purchase of tax liens will group the receivables based on clean vs problem property titles. Mark M. noted we have to be sensitive on which tax titles to auction off because we do not want to make anyone homeless. In addition, many of these tax titles are vacant lots or could have 21E problems. Laura C. noted the tax titles outstanding keeps accumulating yearly, Mark M. commented that we are the largest town on Cape, and therefore, will most likely have the largest outstanding balance in back taxes.

John S. asked what happens to messy titles, which Mark M. replied these properties can have problems through Land Court, and can drag on for years. Laura C. asked if properties with messy titles are flagged, Mark M. replied you could not build on these properties without getting building permits. John S. commented if we could not figure out who owns these properties, and town has all these taxes due, can the town take these properties? Mark M. commented land court decides based on evidence. John S. asked if the town could ever take these properties, Mark M. replied probably not. Joseph M. commented if there is any potential for forgiveness on debts, and if interest on those debts is being recognized on the town's

financial statements. Mark M. replied yes the interest is being recognized, and that there is no tax amnesty. The property owners will first be given a public notice, if that doesn't entice owners, then a public bid will be issued. Sometimes just the notification will entice property owners to come forward and pay off taxes with loans.

Mark M. reviewed the Department of Revenue Community Comparison Report. This report compares Massachusetts municipalities' outstanding 2013 tax liens as a percentage of various town criteria such as, police department budgets, free cash, and stabilization fund. As of 2013, the Town of Barnstable had \$1.9 million in tax liens, which represented 17% of the entire police budget, comparing this to Arlington with 15%. John S. asked if any other Cape towns have used Tallage, Mark M. replied Yarmouth has used them.

Mark M. reviewed the town's payment of lieu of taxes. Mark M. indicated there are only two payments received a year for this revenue source. The town receives a payment from the Barnstable Housing Authority and state owned lands. Payments for state own lands are funded through the state budget process and this account is never fully funded by the state. Laura C. asked if the fire districts receive a portion of that money, Mark M. replied no the fire districts do not. The Barnstable Housing Authority payments received is based on a percentage of net income they generate. The state pays Barnstable every month for their owned land, which has been kept level funded at \$107,000 since the substantial cuts back in 2008. These state owned properties include a highway facility on Route 132, and pieces throughout town. Gregory P. asked any idea on what percentage is still owed to Barnstable, Mark M. commented probably around 50%, which can be seen through the state budget. Laura C. asked who values the properties; Mark M. replied the state values these properties. Mark M. noted that Boston has the largest pay-in-lieu-of-taxes (PILOT) program in the country. This can be associated with the well-endowed hospitals and educational institutions in the area. It has been noted that some private institutions benefit from public services, however, due to not-for-profit status do not share in the cost. The Emerson College vs City of Boston, which the courts sided with Emerson College when the city's fire department tried to imposed a fee for fire protection as a property tax. The judge sided with Emerson because any user fee has to be directly tied to a cost, which the fire department could not accurately prove. John S. asked is there renewed interest to seek a PILOT program locally; Mark M. replied none that he is aware. Laura C. commented Hyannis Fire District covers a significant amount of property value, which is exempt from property taxes. John S. commented it is a hard problem because these hospitals create many jobs.

Laura C. reviewed the email from Lindsey Counsell Chair of the Water Resource Advisory Committee (WRAC) requesting a joint meeting with CFAC. Laura C. was looking for clarity amongst the committee members on Lindsey's request, and if CFAC should be providing a presentation or just seeking conversation at the joint meeting. Bob C. had modified CFAC's original 2010 Funding Clean Water Protection Cost as a potential presentation tool for the requested joint meeting. Mark M. noted CFAC could send this drafted version to Lindsey asking if he would want an updated version. Laura C. requested that Bob's 2016-drafted version of CFAC's original 2010 presentation be distributed amongst members for review. Joseph M. asked if Town Council acted on CFAC's original presentation, and Mark M. replied council adopted the meals & rooms' tax and 50% betterment policy. Lillian W. commented that WRAC wants to find out from CFAC suggestions on how to finance the 208 plan. Laura C. suggested Lillian W. to ask Lindsey what WRAC would like from CFAC at the joint meeting. Mark M. suggested at the May 9<sup>th</sup> meeting to discuss the WRAC and what to present to them.

Mark M. conducted an Open Budget training session for CFAC members. Mark M. noted he is pushing town employees to publicize the website through email signatures. Mark M. reviewed the town's general fund breakdown that offers three years of budget information, and that only one fiscal year can be viewed at a time. The data is updated every Sunday night, and because the town's Munis accounting software does not include accumulators for weekly totals, it creates a lag between current year actuals versus historical data for the same period. There are a few ways to view the data, so by selecting table view allows comparisons between budget vs actuals, and percentages of budget and totals. Category level breakouts the general fund into revenue types. The expenditure side is more detailed because it can be separated by departments/divisions. John S. asked about the overtime line item, Mark M. replied it just gives you the budget and actual spent year-to-date as well as how it is funded. Mark M. noted you could also download any data from the website via "Get this data on Socrata". There are thousands of line items in expenditure data to review and analyze. The Open Budget website also provides the town's FY16 \$29.8 million capital program for all existing projects, and is updated monthly. This section of the website also provides project locations indicated by colored circles. The size of the circles corresponds to the size of the project. The capital program includes Community Preservation Committee (CPC) projects. In addition, these project years range from 2007-2016 and that any projects older than three years directly tie to CPC. Some of these projects are still in work in progress, completed, or haven't even started. The capital projects are segregated into municipal/school, enterprise funds, and special revenue funds. We are trying to create an inventory of pictures of projects before and after; however, some projects will not have pictures such as water pipe replacement. Furthermore, the site is currently limited with comparison tools because there is no option to compare multiple years on the same screen, that is, you can't view motor vehicle tax collections against previous years at once. John S. indicated that expenses are difficult to understand, and if it is possible to add popup-boxes that can define an expense line item. Mark M. noted he talked to Socrata about popups and that Socrata will look into this and possibly add it to their next software release.

Joseph M. asked when the town's operating budget is due, Mark M. replied May 5<sup>th</sup> to Town Council, and that we'll try and get the books to CFAC before then. CFAC's report to Town Council is due June 2<sup>nd</sup>.

Laura C. provided positive feedback on Cynthia's CFAC's CIP Report to Town Council on April 7<sup>th</sup>. Cynthia noted council commended CFAC's for the Financial Overview Report. Mark M. noted we have ordered additional copies at the Town Manager's request.

Mark M. noted that the rest of the CIP items should be completed at the April 21<sup>st</sup> Town Council hearing.

Joseph M. asked how the CFAC's operating budget review process is conducted. Laura C. commented that the subcommittee will separate responsibilities of the operating booklet by department.

John M. asked if the town manager search ever gets down to zero candidates, Mark M. noted this happened in Yarmouth recently. Mark M. noted that Councilor Flores said there are five strong applicants to interview. These will be public interviews, and that the search committee will draft interview questions. Mark M. noted these five candidates will be contacted, and names will be made public.

#### 4. Other matters not reasonably anticipated by the chair

## 5. Discussion of topics for the next meeting

The next meeting is April 25, 2016, and topic of discussion will include reviewing the school department's fiscal 2017 proposed budget.

## 6. Adjournment

### List of documents handed out

1. 03.28.16 Draft Minutes
2. Barnstable Tax Title Analysis
3. Department of Revenue Community Comparison Report
4. Letter from Water Resource Advisory Committee